



City of Bakersfield, California

Comprehensive Annual Financial Report
For the Fiscal Year Ended, June 30, 2016



CITY OF BAKERSFIELD CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2016



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

On the Cover
Rabobank Arena

CITY OF BAKERSFIELD

Comprehensive Annual Financial Report
Year Ended June 30, 2016

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December 12, 2016

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

In accordance with the requirements of our Municipal Code (Section 2.08.020F), I am pleased to submit the City's Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2016. 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 379,110 as of January 1, 2016.

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 of Bakersfield 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 2015-16 capital budget included over \$123 million of funding for the TRIP projects as outlined below:

- 24th Street Improvements
(Right of Way & Construction) \$ 36,123,000
- Centennial Corridor
(Design, Right of Way & Construction) \$ 81,252,000
- Truxtun Widening
Right of Way & Construction) \$ 3,950,000
- Westside Parkway Operational Improvements
(Design & Construction) \$ 2,070,000

The City had four of the TRIP projects under construction during the fiscal year, including the Beltway Operational Improvements to State Routes 58 & 99, the Rosedale Highway Widening, the State Route 178 Widening and the State Route 99 Auxiliary Lane/Rosedale Highway Off-ramp improvements.

The Centennial Corridor project made significant progress on right of way acquisitions needed for the project. As of November 2016, the City has successfully negotiated the voluntary acquisition of 188 single family properties, 9 multi-family properties and 14 commercial/industrial properties.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy and Local Budget Issues - The City of Bakersfield is recovering in certain areas of the local economy, but continues to be impacted by the depressed oil industry. General Fund property tax revenues grew by 6.1% in fiscal year 2015-16 and are estimated to increase by an additional 3.0% in fiscal year 2016-17. However, the recovery of sales tax revenue in the Bakersfield area has been stifled by dramatic reductions in oil prices and associated oil drilling activity. Sales tax revenues were basically flat (0.6% increase) in fiscal year 2015-16 and are expected to decrease by about 5.0% in fiscal year 2016-17. While the local economic environment continues to show some signs of recovery with improvement in property values and continued building activity, it is hampered by the depressed oil prices and lack of drilling activity in the area.

The City Council (the Council) continues to support a conservative approach in adopting our budget for 2016-17. The Council has maintained a \$12,800,000 cash basis reserve fund along with a \$3,200,000 facilities reserve fund to provide a level of protection for the City. The Council continued to fund 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 and more significantly, its lower than projected earnings over the past two years. 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. The methodology change and resulting rate increases will have a significant impact on retirement costs for the City. CalPERS rates are based on projected earnings on its portfolio of investments of 7.5% per year. Actual CalPERS earnings over the past two years have been 2.4% and 0.6%, respectively. CalPERS estimates the impact of these returns will increase our annual retirement benefit costs by approximately \$3.0 million to \$5.0 million per year for the next five to seven years.

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

Accounting System and Internal Controls - The City's accounting system is organized and operated on a fund basis. Each fund is a distinct self-balancing accounting entity. Various funds utilized by the City 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 2015-16 City of Bakersfield appropriation limit established as required by state statute was \$345,718,719.

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 (2015-16) is the fifth year of the 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles and Audit Requirements for Federal Awards* (Uniform Guidance). 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, 2015, marking the thirty-fifth consecutive year Bakersfield has received the GFOA certificate. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

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

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

Respectfully,

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

Nelson K. Smith
Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Bakersfield
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

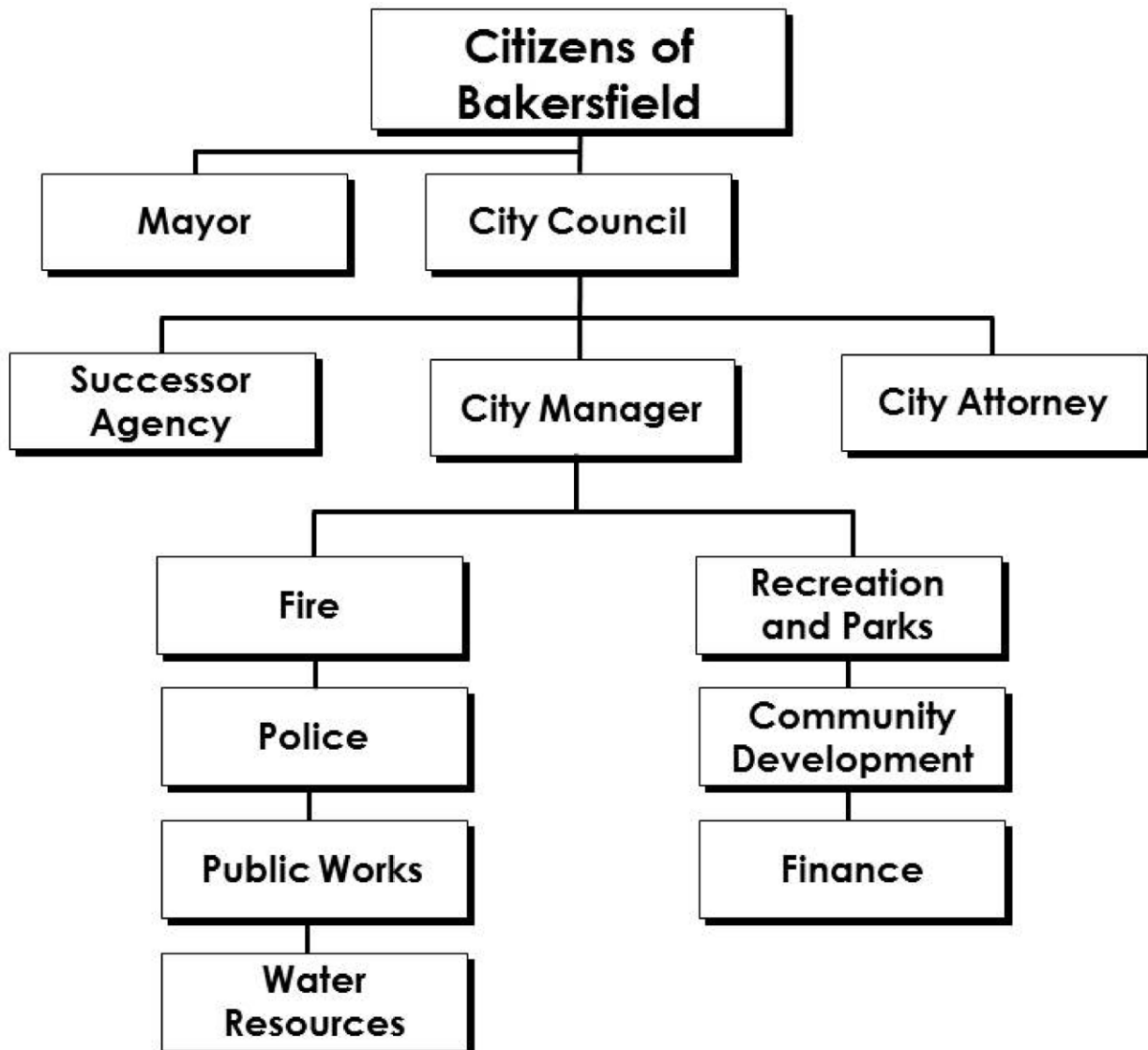
June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is fluid and cursive, with the first letters of each word being capitalized and prominent.

Executive Director/CEO

CITY OF BAKERSFIELD

Organizational Chart



CITY OF BAKERSFIELD

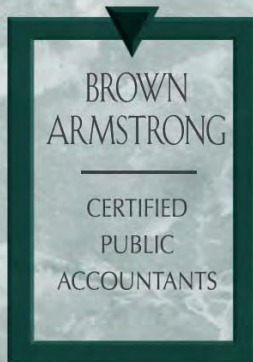
June 30, 2016

City Council

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

Administrative Personnel

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



BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

7673 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL 559.476.3592
FAX 559.476.3593

PASADENA OFFICE

260 S. LOS ROBLES AVENUE
SUITE 310
PASADENA, CA 91101
TEL 626.204.6542
FAX 626.204.6547

STOCKTON OFFICE

5250 CLAREMONT AVENUE
SUITE 150
STOCKTON, CA 95207
TEL 209.451.4833

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in the Note 1 to the financial statements, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement No. 68*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, during the fiscal year 2016. Our opinion is not modified with respect to the matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 18 and 102 through 104, and the City's Retirement Plans' Schedule of Changes in the Net Pension Liability and Related Ratios and the Schedule of Pension Contributions on pages 105 through 107, as well as Other Postemployment Benefit (OPEB) schedules of funding progress on page 108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual major and nonmajor fund financial statements and schedules, as well as schedules of long-term debt recorded in private purpose trust fund on pages 112 through 143, 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 112 through 143 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 112 through 143 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 December 12, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 12, 2016

CITY OF BAKERSFIELD

Management's Discussion and Analysis

This discussion and analysis of the City of Bakersfield's (City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with the accompanying letter of transmittal, the basic financial statements, and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$2.0 billion (net position).
- The City's total net position increased by \$20.8 million over the prior fiscal year. This increase is attributable to a \$37.0 million increase in capital asset investments, a \$0.1 million decrease in restricted net position and a \$16.1 million decrease in unrestricted net position.
- As of the close of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$179.5 million, a decrease of \$15.0 million in comparison with the prior year. Amounts available for spending include restricted, committed, assigned and unassigned fund balances. Of this amount \$22.0 million is restricted by law or externally imposed requirements and \$93.7 million is committed for specific purposes, \$55.1 million is assigned and \$8.8 million is unassigned and available.
- Available fund balance for the General Fund increased \$1.0 million to \$41.8 million, which equates to 22.0% of total General Fund expenditures for the year.
- The City's long-term debt showed a decrease of \$(6.7) million during the current fiscal year.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

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

CITY OF BAKERSFIELD

Management's Discussion and Analysis

FUND FINANCIAL STATEMENTS

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

CITY OF BAKERSFIELD

Management's Discussion and Analysis

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$2.0 billion at the close of the most recent fiscal year, which is a \$20.8 million increase, or 1.1% increase in comparison with the prior year.

The largest portion of the City's net position (98.3% of the total) reflects its net investment in capital assets of \$2.0 billion (e.g., land, buildings, machinery, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A small portion of the City's net position of \$42.2 million (2.1% of the total) represents resources that are subject to external restrictions on how they may be used.

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

The following table presents the government-wide assets, liabilities, and net position for both 2015 and 2016. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 23 for prior period adjustments.

City of Bakersfield - Net Position

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015*	2016	2015*	2016	2015*	2016
Assets						
Current and other assets	\$ 323,852	\$ 311,143	\$ 149,949	\$ 147,808	\$ 473,801	\$ 458,951
Capital assets (net)	1,307,508	1,324,524	863,553	864,773	2,171,061	2,189,297
Total assets	1,631,360	1,635,667	1,013,502	1,012,581	2,644,862	2,648,248
Deferred Outflows of Resources	30,727	66,335	3,153	17,108	33,880	83,443
Liabilities:						
Long-term liabilities						
outstanding	334,353	366,715	244,153	241,450	578,506	608,165
Other liabilities	39,486	40,800	19,319	17,667	58,805	58,467
Total liabilities	373,839	407,515	263,472	259,117	637,311	666,632
Deferred Inflows of Resources	51,086	54,051	5,717	5,537	56,803	59,588
Net Position						
Net investment in capital assets	1,285,116	1,304,906	648,359	665,588	1,933,475	1,970,494
Restricted	22,112	21,989	20,202	20,202	42,314	42,191
Unrestricted	(70,067)	(86,460)	78,905	79,244	8,838	(7,216)
Total Net Position	<u>\$ 1,237,161</u>	<u>\$ 1,240,435</u>	<u>\$ 747,466</u>	<u>\$ 765,034</u>	<u>\$ 1,984,627</u>	<u>\$ 2,005,469</u>

* as restated

CITY OF BAKERSFIELD

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Governmental Activities – Total assets for governmental activities increased by \$4.3 million, with current and other assets in governmental activities decreasing by \$12.7 million and a capital assets increase of \$17.0 million. Total liabilities increased by \$33.7 million, with other liabilities increasing by \$1.3 million and long-term liabilities increasing by \$32.4 million.

Of the \$3.3 million increase in governmental activities total net position, unrestricted net position decreased by \$16.4 million, net investment in capital assets increased by \$19.8 million and restricted net position decreased by \$0.1 million. The increase in restricted net position is due primarily to an increase in capital improvements, mainly TRIP construction, offset by the decrease in unrestricted net position due to the depressed oil economy.

Business-Type Activities – Total assets for business-type activities decreased by \$0.9 million, with current and other assets decreasing by \$2.1 million offset by a \$1.2 million increase in capital assets. Total liabilities decreased by \$4.4 million, with other liabilities decreasing by \$1.7 million and long-term liabilities also decreasing by \$2.7 million. Total net position for business-type activities increased by \$17.6 million. Of that amount, net investment in capital assets increased by \$17.2 million. Restricted net position remained constant and unrestricted net position increased by \$0.3 million.

Change in Net Position of the City

The following table presents the government-wide changes in net position for both 2015 and 2016. The City's total revenues of \$491.9 million exceeded expenses of \$473.3 million for an increase in net position before transfers & other items of \$18.6 million. The governmental and business-type activities columns reflect amounts that have been restated in this financial report. See Note 23 for prior period adjustments.

City of Bakersfield - Changes in Net Position						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program revenues						
Charges for services	\$ 52,489	\$ 56,060	\$ 101,398	\$ 102,276	\$ 153,887	\$ 158,336
Operating grants and contributions	12,964	11,217	8,750	7,284	21,714	18,501
Capital grants and contributions	101,312	120,302	7,403	16,428	108,715	136,730
Total program revenues	166,765	187,579	117,551	125,988	284,316	313,567
General Revenues:						
Taxes:						
Property taxes	71,383	74,343	-	-	71,383	74,343
Sales taxes	70,366	70,787	-	-	70,366	70,787
Other taxes	1,178	1,177	-	-	1,178	1,177
Intergovernmental:						
Intergovt, unrestricted	151	149	-	-	151	149
Grants and contributions not restricted to specific programs	25,498	25,382	-	-	25,498	25,382
Investment earnings	488	2,296	1,968	1,729	2,456	4,025
Miscellaneous	2,174	1,614	-	-	2,174	1,614
Gain/(loss) on sale of property	(8,512)	827	391	18	(8,121)	845
Total Revenues	329,491	364,154	119,910	127,735	449,401	491,889
Expenses:						
Governmental						
General government	21,956	24,203	-	-	21,956	24,203
Public safety - Police	82,574	87,315	-	-	82,574	87,315
Public safety - Fire	35,577	37,257	-	-	35,577	37,257
Public works	158,959	176,573	-	-	158,959	176,573
Recreation and parks	22,743	24,993	-	-	22,743	24,993
Community development	9,896	10,019	-	-	9,896	10,019
Interest on long-term debt	164	40	-	-	164	40
Subtotal - Governmental	331,869	360,400	-	-	331,869	360,400

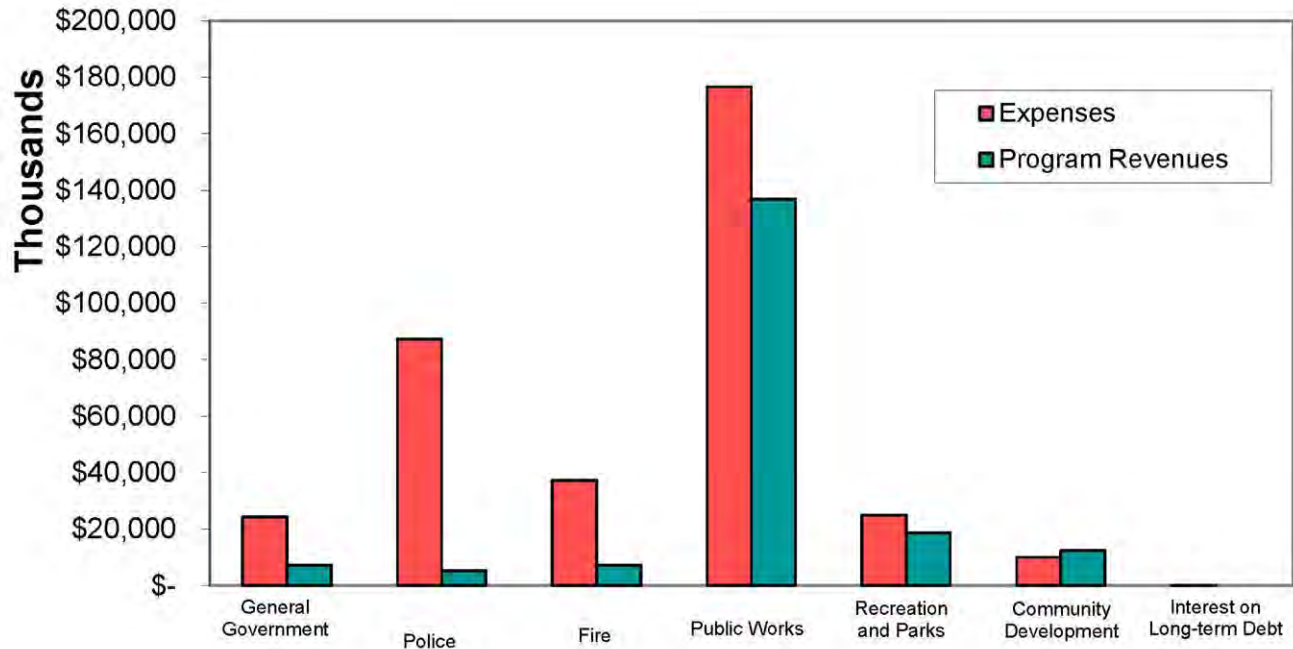
CITY OF BAKERSFIELD

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City of Bakersfield - Changes in Net Position						
(in thousands)						
	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Business-Type:						
Wastewater treatment	-	-	41,603	38,038	41,603	38,038
Refuse collection	-	-	42,861	44,067	42,861	44,067
Agricultural water	-	-	4,751	4,396	4,751	4,396
Domestic water	-	-	25,456	25,757	25,456	25,757
General aviation	-	-	527	481	527	481
Offstreet parking	-	-	164	113	164	113
Subtotal - Business-Type	-	-	115,362	112,852	115,362	112,852
Total Expenses	331,869	360,400	115,362	112,852	447,231	473,252
Change in net position before transfers & other items	(2,378)	3,754	4,548	14,883	2,170	18,637
Transfers	3,585	1,353	(3,585)	(1,353)	-	-
Extraordinary loss on Successor						
Changes in net position	1,207	5,107	963	13,530	2,170	18,637
Net Position - Beginning of Year (as restated)	1,235,954	1,235,328	746,503	751,504	1,982,457	1,986,832
Net Position - End of Year	\$ 1,237,161	\$ 1,240,435	\$ 747,466	\$ 765,034	\$ 1,984,627	\$ 2,005,469

Governmental Activities – Governmental activities increased the City’s net position by \$3.3 million during the year. In the table below, the difference between the program revenue and expense bars by activity illustrates the amount each respective activity is supported by program revenues. Public Safety and Recreation and Parks service delivery costs exceeded program revenues by \$112.2 million and \$6.3 million, respectively. Public Safety programs rely heavily on taxes to support their operations whereas Recreation and Parks relies on both taxes and charges for services to support their operations. This fiscal year Public Works service delivery costs exceeded program revenues by \$39.7 million because the majority of their services are also tax supported.

Expenses and Program Revenues - Governmental Activities



Total expenses in Governmental Activities had a net increase of \$28.5 million from the previous fiscal year for an overall 8.6% increase. The largest increase of \$17.6 million was in Public Works which is primarily due to increased acquisition activities on the Centennial Corridor project. Public Safety – Police increased by \$4.7 million due to California Public Employees' Retirement System (CalPERS) increases and operating at almost full compliment for a majority of the fiscal year. General Government increased by \$2.2 million due to CalPERS increases and also due to the Information Technology Department absorbing telecommunications staff that was previously funded in the Equipment Fund.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

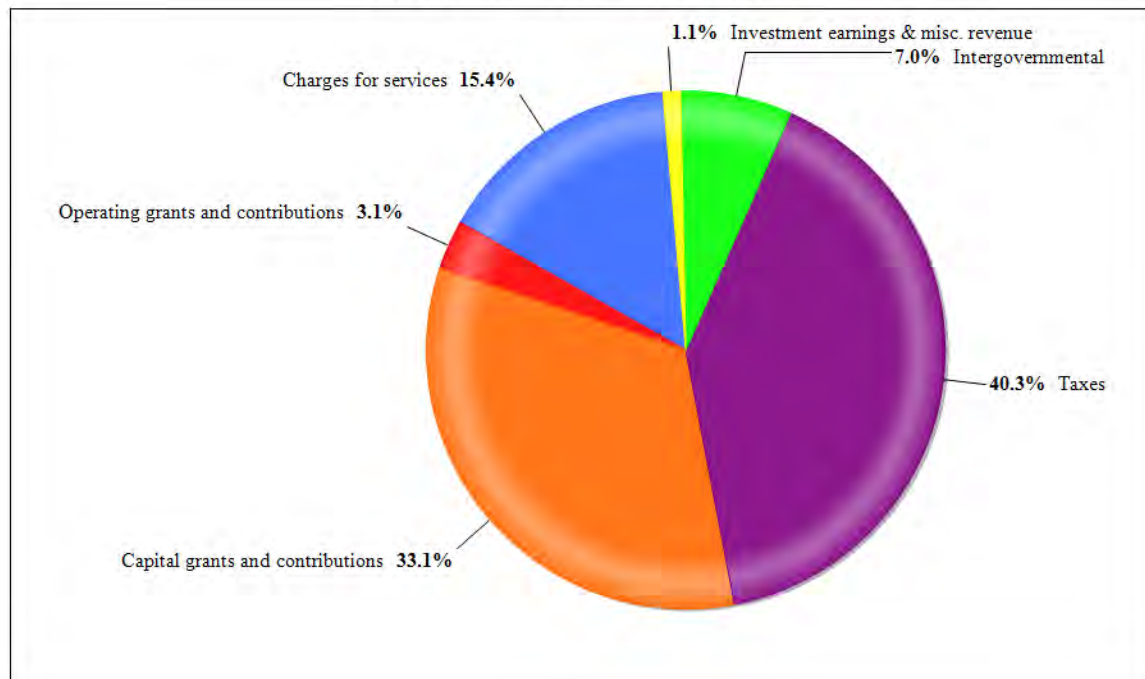
The taxes category is the largest revenue source for governmental activities, amounting to \$146.3 million or 40.3% of total revenues. Capital grants and contributions is also a significant revenue source for the City's governmental activities, amounting to \$120.3 million or 33.1% of total revenues. Next in line is charges for services, amounting to \$56.1 million or 15.4% of total revenues.

Governmental Activities Revenue increased \$34.7 million, a 10.5% increase compared to the previous fiscal year. This increase is due primarily to a 8.5%, or \$13.8 million, increase in General Revenues and a 12.5%, or \$20.8 million, increase in Program Revenues.

General Revenues - Sales tax revenues increased by 0.6%, or \$0.4 million, while property taxes increased by 4.1%, or \$3.0 million. The stagnant sales tax revenue can generally be attributed to the depression in the oil industry.

Program Revenues - Capital Grants and Contributions increased by \$19.0 million due to more special project activity compared to the prior year. Operating Grants and Contributions decreased \$1.7 million with the majority of the decrease due to less reimbursement received for pre-2004 Senate Bill (SB) 90 Mandates.

Governmental Activity Revenues

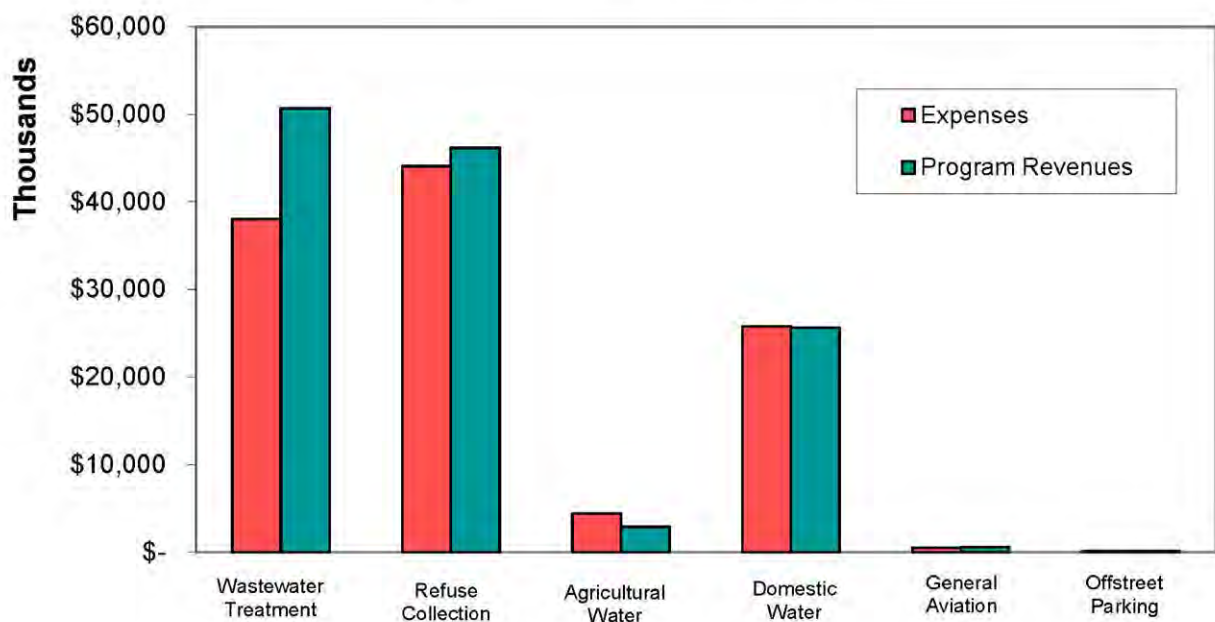


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Business-Type Activities – The City operates six Enterprise Funds that offer wastewater services, refuse collection, agricultural water, domestic water to City residents, downtown parking and a municipal airport.

Expenses and Program Revenues - Business-Type Activities

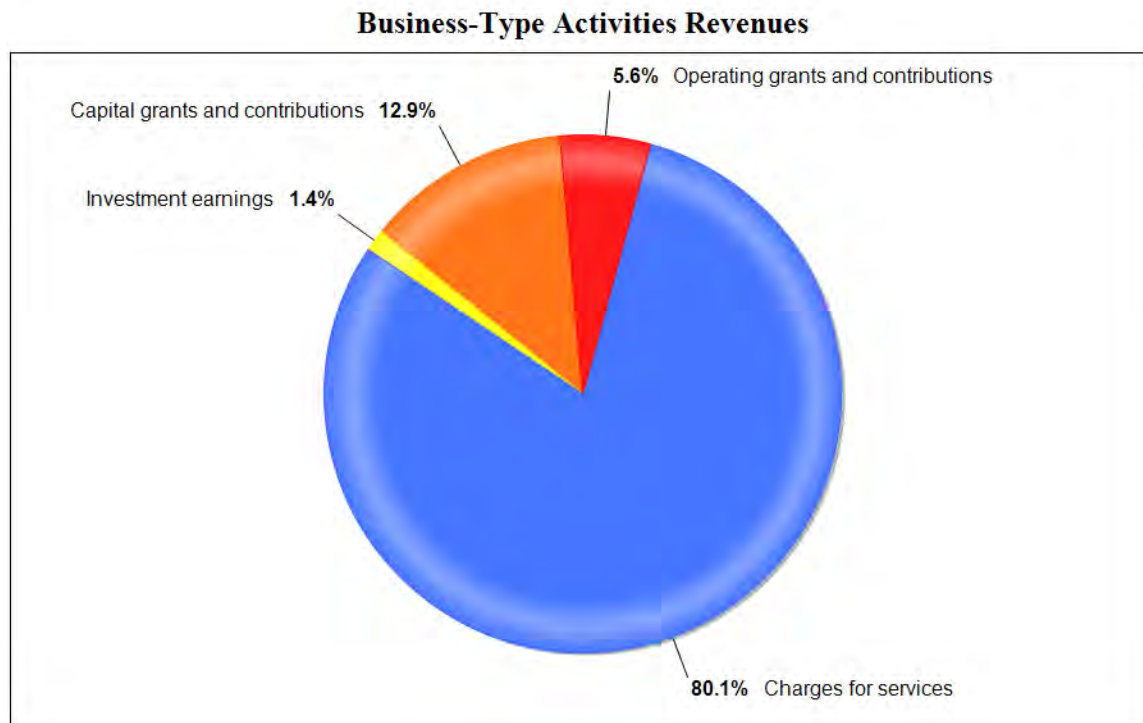


Business-type activities increased the City's net position by \$13.5 million during the current year. The bar chart above compares total program revenues and expenses.

Program revenues exceeded program expenses in Wastewater Treatment by \$12.7 million and Refuse Collection by \$2.1 million. These increases were offset by program expenses exceeding program revenues in Domestic Water by \$0.1 million and Agricultural Water by \$1.5 million.

Total expenses decreased by \$2.5 million, 2.2%, over the prior year.

The pie chart illustrates the distribution of business-type revenues by category. The City's business-type activities rely heavily on charges for services to fund their operations, making up 80.1% of total revenues. Capital grants and contributions is the second largest revenue source at 12.9% of total revenues.



Business-Type activities program revenues increased by \$8.4 million, 7.2%, over the prior year. The majority of this can be attributed to a \$6.1 million, 13.6%, increase in Wastewater Treatment, a \$3.6 million, 5.9%, increase in Refuse Collection, a \$0.5 million, 1.8%, increase in Domestic Water offset by a decrease of \$0.8 million, 21.6%, in Agricultural water. The increase in Wastewater Treatment was due to an increase in Capital contributions due to bond refinancing in the current year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

As of the end of the current fiscal year, the City's Governmental Funds reported combined ending fund balances of \$179.5 million, a decrease of \$14.9 million in comparison with the prior year. The components of total fund balance are as follows (for more information see Note 14 – Fund Balances):

- **Nonspendable fund balance**, \$45,508 are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of prepaid expenses and deposits.
- **Restricted fund balance**, \$22.0 million, consists of amounts with constraints put on their use by external creditors, grantors, contributions, laws, regulations or enabling legislation. Examples of restrictions on funds are those for (1) \$14.0 million for the purpose of the fund (i.e., Gas Tax and Road projects), (2) \$5.7 million from the Redevelopment Successor Agency Housing Fund for projects and (3) \$1.6 million for traffic safety projects.
- **Committed fund balance**, \$93.7 million, are amounts for specific purposes determined by the Bakersfield City

CITY OF BAKERSFIELD

Management's Discussion and Analysis

Council, such as funds collected from fees paid to mitigate the traffic impacts to the regional circulation system of \$45.8 million and \$29.0 million for appropriations for next year's budget.

- **Assigned fund balance**, \$55.1 million, for funds set aside by management for specific purposes. Amounts include \$48.7 million set aside for capital projects and \$2.3 million for the fund purposes related to transient occupancy fees.
- **Unassigned fund balance**, \$8.8 million, represents the residual classification for the City's General Fund.

General Fund: The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the General Fund's total fund balance increased by 2.6%, or \$1.0 million from \$40.8 million to \$41.8 million. Major factors for this overall decrease:

- Total operating revenues increased by \$4.7 million (2.6%). Property Tax revenue increased by \$4.6 million while Intergovernmental revenue decreased by \$1.3 million offset by a \$1.3 million increase in interest income based on better rates of return over the previous fiscal year. All other revenues remained fairly constant compared to the previous fiscal year.
- Total operating expenditures decreased by \$0.8 million (a 0.5% decrease). Of this amount, Public Safety increased by \$2.6 million due less vacancies in the Police department and increases in CalPERS retirement contributions. General Government also saw an increase of \$1.1 million due primarily to the absorption of communications staff previously funded in an Internal Services Fund. Total Non-departmental expenditures saw a \$2.3 million decrease. Of this amount, \$2.1 million is the result of the City choosing to use the balance of its Net Other Post-employment Benefits (OPEB) asset to meet its annual OPEB annual required contribution.

Other governmental funds: As compared with the prior year, the total fund balances of the remaining governmental funds decreased by 10.4%, or \$16.0 million, to \$137.7 million with the following significant changes:

- The Transient Occupancy Tax Fund decreased by \$0.7 million from \$3.1 million to \$2.4 million. The decrease is due to increased investment in the various street and road projects. The majority of the fund balance is assigned for spending at the City's discretion. This fund accounts for the local hotel taxes collected by the City. The fund also accounts for the operations, maintenance and capital needs of the Rabobank Arena, the Convention Center, the Bakersfield Ice Sports Center, Visit Bakersfield and the Brighthouse Amphitheater.
- The Community Development Block Grant Fund decreased by \$56,620 from \$387,546 to \$330,926. Amounts contained in this fund are restricted per the Federal Housing and Community Development Act of 1974.
- The Gas Tax and Road Fund increased by \$2.5 million from \$11.5 million to \$14.0 million. Amounts in this fund are restricted by state and federal statute. The increase is due to multiyear projects in various stages of completion.
- The Capital Outlay Fund decreased by \$12.4 million from \$70.5 million to \$58.2 million. Of this amount, \$6.2 million is committed for contractual obligations and \$3.3 million is committed for facility replacement. The remaining amount of \$48.7 million is assigned and available for use at management's discretion. The resulting decrease is due to less revenue from sale of property compared to the previous year, increase of local related costs of the TRIP projects continuing to increase as the projects move forward with acquisitions and demolition and no funds transferred from the General Fund to fund capital projects.
- The Park Improvement Fund increased by \$0.7 million from \$8.6 million to \$9.3 million. Of this amount, \$9.3 million is committed for contractual obligations. The increase is due to two projects moving forward for the Sports Village Complex and the Coral Keys playground.
- The Transportation Development Fund decreased by \$4.5 million from \$50.3 million to \$45.8 million. Of this amount, \$45.8 million is committed for contractual obligation and/or current projects. This change is the result of a decrease in traffic impact fee revenue and an increase in expenditures due to three major road construction projects.

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- The fund balance for non-major governmental funds as a whole decreased by \$1.8 million from \$9.4 million to \$7.6 million. The significant changes occurred in the following funds:
 - Special Assessment Districts Fund decreased \$4.3 million due to the consolidation and refinance of five districts and the payoff of one.
 - Redevelopment Successor Agency Housing Fund increased by \$2.0 million due to the sale of Creekview Villas units and housing set aside of 20% on interagency loans paid.
 - Minor increases in the National Stabilization and State Safety Funds of \$104,795 and \$435,469, respectively, also offset to the overall decrease.

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

The Wastewater Treatment Fund has total net position of \$516.9 million at the end of the current year, an increase of \$13.7 million over the prior year. Total net position includes \$455.4 million net investment in capital assets and \$20.2 million of restricted assets which are not available to cover current expenses. The remaining net position of \$41.3 million is unrestricted and available to cover current operating and capital needs (including plant and equipment replacement) of the fund. The majority of the increase resulted from more development completed to infrastructure in the current year which was reflected in a \$7.2 million increase in Capital Contributions. Another factor that contributed to the increase was the decrease related to interest expense that was reduced because of both the reduction in cost for the refinanced bond issuance (2015A) and the reduction to interest that occurs with the related amortization of bond premiums on the new bond issuance.

The Refuse Collection Fund has total net position of \$2.2 million at the end of the current year, an increase of \$0.4 million from the prior year. The small increase is due to more revenues due to new residential services/rates increases offset by increased operations costs due to additional customers and the addition of capital assets which added depreciation expense that had never been recorded before.

The Agricultural Water Fund has total net position of \$20.4 million at the end of the current year, a decrease of \$1.5 million over the prior year. Total net position includes \$18.4 million net investment in capital assets, which is not available to cover current expenses. The remaining net position of \$2.0 million is unrestricted and available to cover current operating and capital needs of the fund. The decrease is due to lower revenues (less water to sell) and higher expenses (increased pumping expenses) due to consecutive years of drought.

The Domestic Water Fund has total net position of \$212.0 million at the end of the current year, an increase of \$0.2 million over the prior year. Total net position includes \$176.4 million net investment in capital assets, which is not available to cover current expenses. The remaining net position of \$35.6 million is unrestricted and available to cover current operating and capital needs of the fund.

The General Aviation Fund has total net position of \$10.9 million at the end of the current year, a increase of \$85,638 compared to the prior year. Total net position includes \$10.4 million net investment in capital assets, which is not available to cover current expenses. The remaining net position is unrestricted and available to cover current operating and capital needs of the fund.

The Offstreet Parking Fund has total net position of \$1.3 million at the end of the current year, a increase of \$45,705 compared to the prior year. Total net position includes \$1.1 million net investment in capital assets, which is not available to cover current expenses. The remaining net position is unrestricted and available to cover current operating and capital needs of the fund.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of June 30 of the current fiscal year amounts to \$2.2 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, bridges and construction in progress. The total increase in the City's investment in capital assets for the current fiscal year was \$18.2 million. Of this amount, \$17.0 million increase relates to Governmental Activities and is offset by a \$(1.2) million decrease that relates to Business-Type Activities. Depreciation expense of \$98.8 million exceeded additions to capital assets by this amount.

These financial statements include infrastructure assets constructed or acquired through fiscal year 2015-16.

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 \$87.9 million. This figure includes over \$83.7 million towards major street construction, traffic signal, and resurfacing projects throughout the City.
- The City added over \$32.1 million in new streets and roads primarily due to new residential developments completed in the current year. These newly constructed right of ways are transferred over to the City by the various developers when the work is finalized.

City of Bakersfield - Capital Assets

(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land and water storage rights	\$ 429,142	\$ 429,599	\$ 21,126	\$ 23,621	\$ 450,268	\$ 453,220
Depreciable buildings, property, equipment and infrastructure, net	821,973	807,046	805,316	803,373	1,627,289	1,610,419
Construction in progress	56,393	87,877	5,634	6,302	62,027	94,179
Non-amortizable intangible assets	-	-	31,477	31,477	31,477	31,477
Total Capital Assets	<u>\$ 1,307,508</u>	<u>\$ 1,324,522</u>	<u>\$ 863,553</u>	<u>\$ 864,773</u>	<u>\$ 2,171,061</u>	<u>\$ 2,189,295</u>

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Management's Discussion and Analysis

City of Bakersfield - Outstanding Debt

	Balance June 30, 2015	Incurred or Issued	Satisfied or Matured	Balance June 30, 2016
Governmental Activities				
Loans payable	\$ 3,932,118	\$ -	\$ (489,828)	\$ 3,442,290
Certificates of Participation*	18,460,000	-	(2,285,000)	16,175,000
Total governmental activities	<u>\$ 22,392,118</u>	<u>\$ -</u>	<u>\$ (2,774,828)</u>	<u>\$ 19,617,290</u>
Business-Type Activities				
Revenue Bonds Payable	\$ 190,545,190	\$ 145,500,000	\$ (148,667,577)	\$ 187,377,613
Loans Payable	4,512,759	-	(752,128)	3,760,631
Total business-type activities	<u>\$ 195,057,949</u>	<u>\$ 145,500,000</u>	<u>\$ (149,419,705)</u>	<u>\$ 191,138,244</u>
Total Debt	<u>\$ 217,450,067</u>	<u>\$ 145,500,000</u>	<u>\$ (152,194,533)</u>	<u>\$ 210,755,534</u>

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

- **Long-Term Debt** - At the end of the current fiscal year, the City had a total debt outstanding of \$210.8 million. The City's total debt decreased by a net amount of \$6.7 million during the current fiscal year. Of that amount \$1.7 million is the result of normal debt maturities with the remaining \$5.0 million due to a partial redemption payment on the Wastewater Revenue Refunding Bonds Series 2012A.

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

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

The 2015 Wastewater Revenue Bonds – Series A issued by the City in 2015, which redeemed a majority of the 2007 Wastewater Revenue Bonds – Series A, has an "Aa2" rating from Moody's and an "AA" rating from Standard & Poors. There is no assurance that such ratings will continue for any given period of time or that such ratings will not be revised or withdrawn by the rating agencies if, in their judgment, circumstances so warrant.

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

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Management's Discussion and Analysis

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget reflect an increase in resources of \$0.7 million and an increase in appropriations of \$3.7 million. Significant budgetary amendments (changes) are summarized as follows:

- \$1.4 million increase in various resources and appropriations due to revenues associated with open purchase orders at the end of the previous fiscal year. Also, \$0.7 million increase in various resources due to revenues associated with prior year appropriations not spent and carried forward to this fiscal year.
- \$0.9 million increase in resources and appropriations for reimbursement of personnel and equipment costs on state-wide master mutual aid assignments in the Fire Department.
- \$0.5 million increase in resources and appropriations for grant related projects in the Police Department.

The final amended revenue estimate budget figures in the General Fund were lower than actual revenue by \$8.2 million and appropriations were higher than actual expenditures by \$13.6 million. Significant differences between budget and actual amounts are as follows:

- \$6.3 million positive variance in tax revenue. This is the result of an increase in property tax revenue and in sales and use tax revenue. The City has continued to have uncertainty as to the level of revenues from sales taxes because of the impact of the oil industry on the local economy. The estimates made from this revenue source were conservative in nature while the actual revenue received was approximately \$4.0 million more than projected. This positive variance was due to the unwinding of the "triple-flip" during this fiscal year.
- \$0.9 million positive variance in charges for services is due primarily to more conservative estimates by all departments as to the use of the City's various services. Specifically, there has been a gradual increase in development activity.
- \$1.2 million positive variance in miscellaneous revenue. This is the result of reimbursements to the General Fund for industrial workers compensation claims above what is normally budgeted for in a fiscal year.
- \$6.3 million variance of appropriations over actual expenditures in Public Safety. The savings are due primarily to benefit savings from unfilled positions and plus some grant funded projects that were budgeted but not started.
- \$4.4 million variance of appropriations over actual expenditures in Departments other than Police are also due primarily to salary and benefit savings from unfilled positions.
- \$2.9 million variance of appropriations over actual expenditures in non-departmental. Of that amount \$1.6 million was the amount remaining for the OPEB annual required contribution. The City had a net OPEB asset at the end of the fiscal year and deposited less than budgeted. Another \$1.1 million is due to the non-use of monies set aside for possible employee cost of living adjustments. Both items above, and others not listed here, were needed in order for the City to balance the General Fund Budget for next fiscal year.

CITY OF BAKERSFIELD

Management's Discussion and Analysis

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The key assumptions in the General Fund revenue forecast for fiscal year 2016-17 were:

1. Property tax revenue is projected to grow at 3% compared to last year's estimate of 4% as projected by Kern County.
2. Sales and use tax revenue is projected to show no growth in fiscal year 2016-17, as compared to a revised 5% decrease for fiscal year 2015-16. Sales and use tax revenues are difficult to project this year because for nearly 18 months oil prices have remained depressed, both locally and globally, resulting in industry-wide layoffs, reduced spending and travel.
3. California Public Employees' Retirement System (CalPERS) approved new policies last year which have raised rates between 1% and 3% for next fiscal year. Similar increases are projected for the next five fiscal years.

New items specifically addressed in the 2016-17 budget include the following:

Police Department – The Police Department's operating budget had a slight decrease from fiscal year 2015-16 by 0.2%, totaling \$182,058. Due to the continued depressed oil industry, the City, where possible, implemented a zero growth budget.

Community Development – The Community Development Department's operating budget has increased from fiscal year 2015-16 by 2.5%, totaling \$10.3 million. In an effort to reduce General Fund expenditures, the Community Development Department is reducing General Fund appropriations by \$102,865 when compared to the FY 2015-16 Adopted Budget. The City will see an increase in Department of Housing and Urban Development (HUD) entitlement amounts for the next fiscal year. Two vacant positions are proposed to be eliminated, which include Chief Code Enforcement Officer and Associate Planner I.

Recreation and Parks – The Recreation and Parks Department's operating budget has decreased from fiscal year 2015-16 by 2.5%, totaling \$18.6 million. Four vacant positions are proposed to be eliminated, which include three Laborer positions and one Clerk Typist I.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

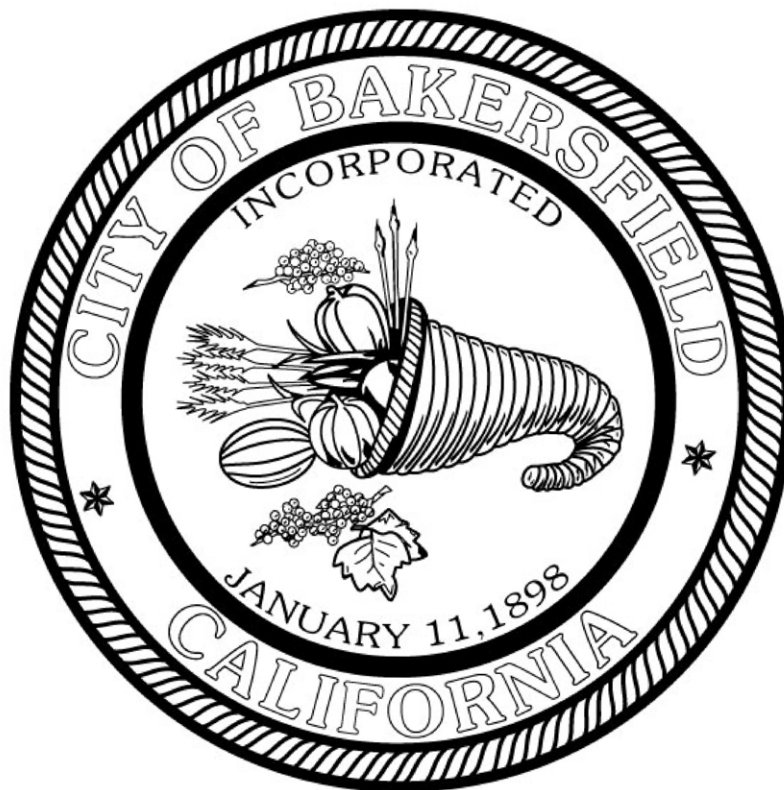
This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests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

Government-Wide Financial Statements

Statement of Net Position
June 30, 2016

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 214,033,968	\$ 139,138,568	\$ 353,172,536
Accounts receivable, net	25,688,144	4,591,063	30,279,207
Interest receivable	482,842	293,471	776,313
Notes/loans receivable - current	668,533	-	668,533
Due from other governmental agencies	51,392,739	897,233	52,289,972
Internal balances	(1,180,285)	1,180,285	-
Prepayments and inventories	1,164,677	-	1,164,677
Total current assets	292,250,618	146,100,620	438,351,238
Noncurrent assets:			
Capital assets:			
Land	429,599,386	23,620,851	453,220,237
Depreciable capital assets, net	807,047,267	803,372,573	1,610,419,840
Construction in progress	87,877,093	6,302,274	94,179,367
Non-amortizable intangible assets	-	31,476,906	31,476,906
Land held for resale	1,779,201	-	1,779,201
Notes/loans receivable	17,113,376	1,707,265	18,820,641
Total noncurrent assets	1,343,416,323	866,479,869	2,209,896,192
Total assets	1,635,666,941	1,012,580,489	2,648,247,430
Deferred Outflows of Resources:			
Deferred pensions (See Note 16)	66,334,924	6,062,458	72,397,382
Debt issuance	-	11,045,781	11,045,781
Total deferred outflows of resources	66,334,924	17,108,239	83,443,163
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	28,297,755	9,439,490	37,737,245
Customers' deposits	-	6,481,725	6,481,725
Advances from grantors and third parties	12,502,699	1,746,262	14,248,961
Total current liabilities	40,800,454	17,667,477	58,467,931
Noncurrent liabilities:			
Due within one year:			
Long-term debt	2,893,828	13,481,827	16,375,655
Capital leases payable	-	361,089	361,089
Kern River Levee District/Buena Vista	-	292,503	292,503
Claims and judgments payable	9,947,534	-	9,947,534
Compensated absences payable	4,023,626	818,287	4,841,913
Due in more than one year:			
Long-term debt	16,723,462	177,656,417	194,379,879
Capital leases	-	18,730,478	18,730,478
Claims and judgments payable	29,544,000	-	29,544,000
Net post-employment benefit obligation	(1,638,526)	-	(1,638,526)
Compensated absences payable	11,475,021	1,272,148	12,747,169
Net pension liability	293,745,898	28,837,272	322,583,170
Total noncurrent liabilities	366,714,843	241,450,021	608,164,864
Total liabilities	407,515,297	259,117,498	666,632,795
Deferred Inflows of Resources:			
Deferred pension (See Note 16)	54,051,495	5,536,924	59,588,419
Total deferred inflows of resources	54,051,495	5,536,924	59,588,419
Net Position:			
Net investment in capital assets	1,304,906,456	665,588,574	1,970,495,030
Restricted: Capital improvements	21,988,624	20,201,947	42,190,571
Unrestricted	(86,460,007)	79,243,784	(7,216,223)
Total net position	\$ 1,240,435,073	\$ 765,034,305	\$ 2,005,469,378

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



CITY OF BAKERSFIELD

Statement of Activities**For the Fiscal Year Ended June 30, 2016**

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
Primary Government:					
Governmental activities:					
General government	\$ 24,203,337	\$ 6,178,924	\$ 1,048,882	\$ -	\$ 7,227,806
Public safety - Police	87,314,992	3,138,617	2,022,604	-	5,161,221
Public safety - Fire	37,257,146	6,375,758	876,031	-	7,251,789
Public works	176,573,017	18,625,200	1,057,017	117,155,400	136,837,617
Recreation & parks	24,993,400	15,665,544	37,997	3,019,723	18,723,264
Community development	10,018,548	6,076,072	6,174,631	128,811	12,379,514
Interest on long-term debt	39,729	-	-	-	-
Total governmental activities	360,400,169	56,060,115	11,217,162	120,303,934	187,581,211
Business-type activities:					
Wastewater treatment	38,038,376	32,809,778	5,328,987	12,515,501	50,654,266
Refuse collection	44,067,358	45,865,520	294,353	-	46,159,873
Agricultural water	4,395,517	2,863,750	-	1,122	2,864,872
Domestic water	25,756,437	20,275,368	1,640,247	3,700,808	25,616,423
General aviation	480,754	327,491	20,000	210,678	558,169
Offstreet parking	112,986	134,404	-	-	134,404
Total business-type activities	112,851,428	102,276,311	7,283,587	16,428,109	125,988,007
Total primary government	\$ 473,251,597	\$ 158,336,426	\$ 18,500,749	\$ 136,732,043	\$ 313,569,218

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

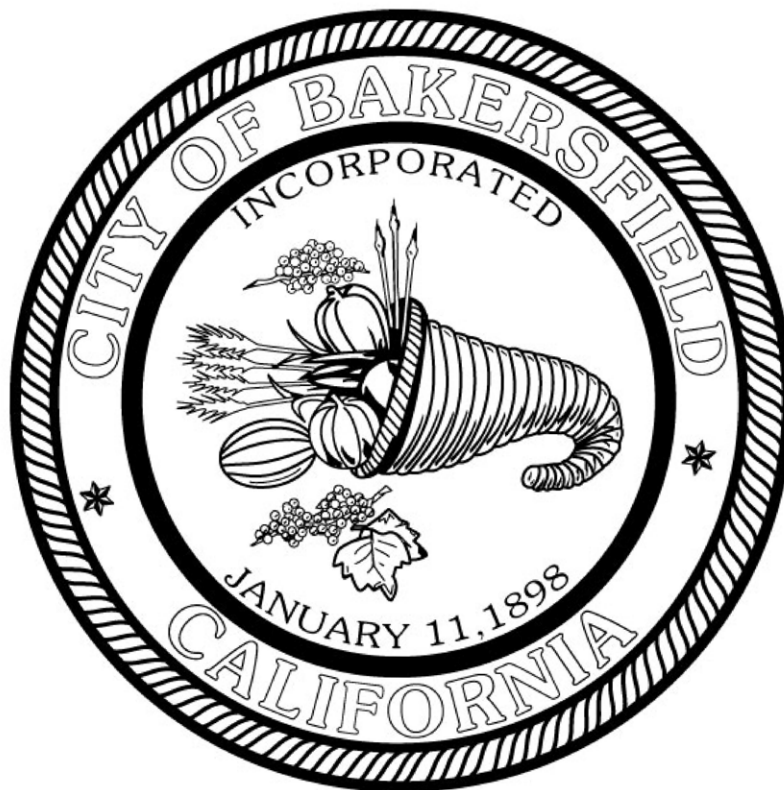
Transfers**Total general revenues and transfers****Change in net position**

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		
Governmental Activities	Business-Type Activities	Total
\$ (16,975,531)	\$ -	\$ (16,975,531)
(82,153,771)	-	(82,153,771)
(30,005,357)	-	(30,005,357)
(39,735,400)	-	(39,735,400)
(6,270,136)	-	(6,270,136)
2,360,966	-	2,360,966
(39,729)	-	(39,729)
(172,818,958)	-	(172,818,958)
-	12,615,890	12,615,890
-	2,092,515	2,092,515
-	(1,530,645)	(1,530,645)
-	(140,014)	(140,014)
-	77,415	77,415
-	21,418	21,418
-	13,136,579	13,136,579
(172,818,958)	13,136,579	(159,682,379)
74,342,784	-	74,342,784
70,786,792	-	70,786,792
1,176,713	-	1,176,713
149,089	-	149,089
25,381,927	-	25,381,927
2,295,536	1,728,927	4,024,463
1,613,591	-	1,613,591
826,990	17,545	844,535
1,352,562	(1,352,562)	-
177,925,984	393,910	178,319,894
5,107,026	13,530,489	18,637,515
1,235,328,047	751,503,816	1,986,831,863
\$ 1,240,435,073	\$ 765,034,305	\$ 2,005,469,378



Governmental Fund Financial Statements

CITY OF BAKERSFIELD

**Balance Sheet
Governmental Funds
June 30, 2016**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
Assets:				
Cash and investments	\$ 26,677,067	\$ 1,325,379	\$ 239,666	\$ -
Accounts receivable, net	1,030,150	1,152,032	14,761,356	22,031
Interest receivable	99,770	2,795	-	29,141
Due from other governmental agencies	23,312,267	-	868,263	26,600,505
Due from other funds	4,493,488	-	-	-
Notes/loans receivable	-	-	3,461,960	-
Prepaid items	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 55,612,742</u>	<u>\$ 2,480,206</u>	<u>\$ 19,331,245</u>	<u>\$ 26,651,677</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable	\$ 9,452,159	\$ 43,029	\$ 791,539	\$ 8,245,675
Due to other governmental agencies	550,123	-	-	-
Due to other funds	-	-	-	4,345,853
Advances from grantors and third parties	522,004	-	-	-
	<u>10,524,286</u>	<u>43,029</u>	<u>791,539</u>	<u>12,591,528</u>
Total liabilities	<u>10,524,286</u>	<u>43,029</u>	<u>791,539</u>	<u>12,591,528</u>
Deferred Inflows of Resources:				
Unearned revenue	<u>3,266,172</u>	<u>-</u>	<u>18,208,780</u>	<u>22,031</u>
Fund Balances:				
Nonspendable	1,000	-	-	-
Restricted	-	-	330,926	14,038,118
Committed	28,995,204	104,097	-	-
Assigned	4,042,766	2,333,080	-	-
Unassigned	8,783,314	-	-	-
	<u>41,822,284</u>	<u>2,437,177</u>	<u>330,926</u>	<u>14,038,118</u>
Total fund balances	<u>41,822,284</u>	<u>2,437,177</u>	<u>330,926</u>	<u>14,038,118</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 55,612,742</u>	<u>\$ 2,480,206</u>	<u>\$ 19,331,245</u>	<u>\$ 26,651,677</u>

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

Capital Outlay	Park Improvement	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$ 59,876,028	\$ 12,054,467	\$ 47,711,515	\$ 7,605,620	\$ 155,489,742
219,378	-	109,399	8,318,303	25,612,649
86,409	25,426	100,618	15,770	359,929
331,740	-	-	276,227	51,389,002
-	-	-	-	4,493,488
-	-	-	11,812,154	15,274,114
44,508	-	-	-	44,508
<u>\$ 60,558,063</u>	<u>\$ 12,079,893</u>	<u>\$ 47,921,532</u>	<u>\$ 28,028,074</u>	<u>\$ 252,663,432</u>
\$ 2,254,427	\$ 2,732,776	\$ 2,157,085	\$ 258,202	\$ 25,934,892
-	-	-	-	550,123
-	-	-	147,635	4,493,488
-	-	-	11,980,696	12,502,700
<u>2,254,427</u>	<u>2,732,776</u>	<u>2,157,085</u>	<u>12,386,533</u>	<u>43,481,203</u>
<u>120,208</u>	<u>-</u>	<u>-</u>	<u>8,021,961</u>	<u>29,639,152</u>
44,508	-	-	-	45,508
-	-	-	7,619,580	21,988,624
9,445,886	9,347,117	45,764,447	-	93,656,751
48,693,034	-	-	-	55,068,880
-	-	-	-	8,783,314
<u>58,183,428</u>	<u>9,347,117</u>	<u>45,764,447</u>	<u>7,619,580</u>	<u>179,543,077</u>
<u>\$ 60,558,063</u>	<u>\$ 12,079,893</u>	<u>\$ 47,921,532</u>	<u>\$ 28,028,074</u>	<u>\$ 252,663,432</u>

CITY OF BAKERSFIELD

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2016**

Total Fund Balances - Total Governmental Funds \$ 179,543,077

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	\$ 2,349,223,954	
Ending accumulated depreciation	<u>(1,024,700,208)</u>	1,324,523,746

Land held for resale is not a current financial resource and is not reported in the Governmental Funds. 1,779,201

Deferred outflows of resource related to pensions are not a current financial resource and are not reported in the Governmental Funds 66,334,924

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. (214,209)

Unearned revenue and other resources not available to liquidate liabilities of the current period are not recognized in the Governmental Funds. 29,639,152

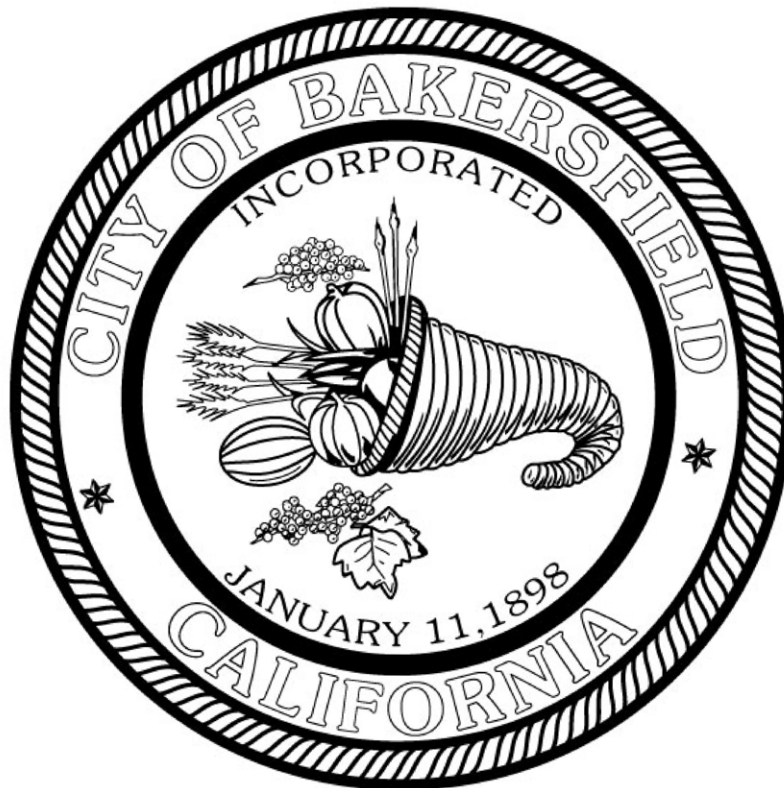
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide Statement of Net Position. 19,414,639

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	(19,617,290)	
Compensated absences payable	(14,809,300)	
Unfunded post-retirement employee benefits	1,638,526	
Unfunded pension benefits	<u>(347,797,393)</u>	<u>(380,585,457)</u>

Net Position of Governmental Activities \$ 1,240,435,073

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



CITY OF BAKERSFIELD

Statement of Revenues, Expenditures and Changes in Fund Balances**Governmental Funds****For the Fiscal Year Ended June 30, 2016**

	General Fund	Transient Occupancy Taxes	Community Development Block Grant	Gas Tax & Road Fund
Revenues:				
Taxes	\$ 154,904,489	\$ 9,450,710	\$ -	\$ -
Licenses and permits	2,979,725	-	-	-
Intergovernmental	3,753,153	7,500	5,356,388	116,905,677
Charges for services	21,858,953	7,211,624	-	-
Fines, forfeitures and assessments	1,230,466	-	-	15,939
Interest income	1,771,476	29,093	683	115,178
Loan payments	-	-	48,812	-
Contributions and donations	533,763	1,200,000	-	-
Other income	1,576,869	392,556	32,129	48,021
	<u>188,608,894</u>	<u>18,291,483</u>	<u>5,438,012</u>	<u>117,084,815</u>
Total revenues				
	<u>188,608,894</u>	<u>18,291,483</u>	<u>5,438,012</u>	<u>117,084,815</u>
Expenditures:				
Current:				
General government	12,210,627	8,792,151	-	-
Public safety - Police	84,228,610	-	-	-
Public safety - Fire	35,751,835	-	-	-
Public works	25,985,093	-	-	-
Recreation and parks	18,129,849	-	-	-
Community development	7,280,994	-	3,151,026	-
Non-departmental	6,591,803	3,141,150	-	-
Capital outlay	-	-	1,873,495	114,503,763
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>190,178,811</u>	<u>11,933,301</u>	<u>5,024,521</u>	<u>114,503,763</u>
Total expenditures				
	<u>190,178,811</u>	<u>11,933,301</u>	<u>5,024,521</u>	<u>114,503,763</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,569,917)</u>	<u>6,358,182</u>	<u>413,491</u>	<u>2,581,052</u>
Other financing sources (uses):				
Transfers in	2,692,989	-	-	-
Transfers out	(80,877)	(7,024,927)	(470,111)	-
	<u>2,612,112</u>	<u>(7,024,927)</u>	<u>(470,111)</u>	<u>-</u>
Total other financing sources (uses)				
	<u>2,612,112</u>	<u>(7,024,927)</u>	<u>(470,111)</u>	<u>-</u>
Net change in fund balances	1,042,195	(666,745)	(56,620)	2,581,052
Fund balances - beginning as restated	40,780,089	3,103,922	387,546	11,457,066
Fund balances - ending	<u>\$ 41,822,284</u>	<u>\$ 2,437,177</u>	<u>\$ 330,926</u>	<u>\$ 14,038,118</u>

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

	Capital Outlay	Park Improvement	Transportation Development	Other Governmental Funds	Total Governmental Funds
\$	5,564,794	\$ -	\$ -	\$ 1,424,064	\$ 171,344,057
	-	-	-	237,147	3,216,872
	1,253,963	-	-	1,814,778	129,091,459
	876,956	-	77,435	1,200,320	31,225,288
	54,365	2,055,551	15,766,188	1,214,954	20,337,463
	313,934	88,065	440,157	64,614	2,823,200
	-	-	-	104,795	153,607
	10,826	-	-	-	1,744,589
	502,023	-	-	2,080,912	4,632,510
	<u>8,576,861</u>	<u>2,143,616</u>	<u>16,283,780</u>	<u>8,141,584</u>	<u>364,569,045</u>
	-	-	401,366	-	21,404,144
	-	-	-	1,240,597	85,469,207
	-	-	-	1,205,093	36,956,928
	-	-	678,136	272,835	26,936,064
	-	-	-	15,669	18,145,518
	-	-	-	1,636,526	12,068,546
	248,813	4,065	31,371	3,330,998	13,348,200
	25,500,633	1,401,108	19,674,380	1,629,721	164,583,100
	-	-	-	489,828	489,828
	-	-	-	57,115	57,115
	<u>25,749,446</u>	<u>1,405,173</u>	<u>20,785,253</u>	<u>9,878,382</u>	<u>379,458,650</u>
	<u>(17,172,585)</u>	<u>738,443</u>	<u>(4,501,473)</u>	<u>(1,736,798)</u>	<u>(14,889,605)</u>
	6,790,000	-	-	566,943	10,049,932
	<u>(1,982,989)</u>	<u>-</u>	<u>-</u>	<u>(600,000)</u>	<u>(10,158,904)</u>
	<u>4,807,011</u>	<u>-</u>	<u>-</u>	<u>(33,057)</u>	<u>(108,972)</u>
	(12,365,574)	738,443	(4,501,473)	(1,769,855)	(14,998,577)
	<u>70,549,002</u>	<u>8,608,674</u>	<u>50,265,920</u>	<u>9,389,435</u>	<u>194,541,654</u>
\$	<u>58,183,428</u>	<u>\$ 9,347,117</u>	<u>\$ 45,764,447</u>	<u>\$ 7,619,580</u>	<u>\$ 179,543,077</u>

CITY OF BAKERSFIELD

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances to the Government-Wide Statement of Activities
For the Fiscal Year Ended June 30, 2016**

Net Change in Fund Balances - Total Governmental Funds **\$ (14,998,577)**

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.	\$ 32,145,967	
Depreciation expense is deducted from fund balance (net of Internal Service Fund depreciation of \$6,065,861 which has already been allocated to serviced funds).	(68,197,989)	
Contributions of infrastructure and improvements by developers are capitalized in the Statement of Activities, but are not recorded in the Governmental Fund Statements because no cash changed hands.	<u>51,433,845</u>	15,381,823

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	(762,857)	
Interest expense on long-term debt	17,386	
Net pension liability	5,025,579	
Other post-employment benefits	<u>(1,969,888)</u>	2,310,220

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. 2,774,828

Unearned revenue and other resources not available to liquidate liabilities of the current period are not recognized in Governmental Funds. Revenue in the Statement of Activities is not limited by availability, so certain revenues need to be reduced by the amounts that were unavailable at the end of the year. This adjustment records a net decrease in revenues - unavailable revenues at the beginning of the year exceed ending unavailable revenues by this amount. 1,547,032

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. (810,130)

Loss on disposal of governmental capital assets is not recorded in fund activity
but is included in Governmental Activities. (1,098,170)

Change in Net Position of Governmental Activities **\$ 5,107,026**

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

Proprietary Fund Financial Statements

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

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

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

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

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

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

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

CITY OF BAKERSFIELD

Statement of Net Position

Proprietary Funds

June 30, 2016

	Wastewater Treatment	Refuse Collection	Agricultural Water
Assets:			
Current assets:			
Cash and investments	\$ 77,080,707	\$ 16,679,912	\$ 4,127,752
Accounts receivable, net	1,138,302	962,026	1,036,129
Interest receivable	162,577	35,182	8,703
Notes/loans receivable	-	-	-
Due from other governmental agencies	137,978	613,050	359
Prepayments and inventories	-	-	-
Total current assets	<u>78,519,564</u>	<u>18,290,170</u>	<u>5,172,943</u>
Noncurrent assets:			
Capital assets:			
Land	10,238,095	2,785,456	2,175,944
Depreciable buildings, property, equipment and infrastructure, net	621,539,246	1,108,437	8,178,413
Construction in progress	3,708,554	-	-
Non-amortizable intangible assets	-	-	8,032,678
Notes/loans receivable	-	-	-
Other long-term receivable	781,436	-	36,795
Total noncurrent assets	<u>636,267,331</u>	<u>3,893,893</u>	<u>18,423,830</u>
Total assets	<u>714,786,895</u>	<u>22,184,063</u>	<u>23,596,773</u>
Deferred outflows of resources:			
Deferred pensions	1,670,588	3,370,844	507,805
Debt issuance	11,045,781	-	-
Total deferred outflows of resources	<u>12,716,369</u>	<u>3,370,844</u>	<u>507,805</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	4,176,426	3,037,066	126,031
Claims payable	-	-	-
Workers' compensation claims	-	-	-
Compensated absences payable	152,106	455,762	89,146
Long-term debt - due within one year	13,481,827	-	-
Capital leases payable - due within one year	-	-	-
Advances from grantors and third parties	781,436	134,222	-
Total current liabilities	<u>18,591,795</u>	<u>3,627,050</u>	<u>215,177</u>
Noncurrent liabilities:			
Long-term debt - due in more than one year	177,656,417	-	-
Capital leases payable - due in more than one year	-	-	-
Kern River Levee District/Buena Vista	-	-	292,503
Customers' deposits	3,631,796	416,550	-
Workers' compensation claims	-	-	-
Compensated absences payable	426,657	604,642	97,013
Net pension liability	8,657,010	15,642,949	2,571,481
Total noncurrent liabilities	<u>190,371,880</u>	<u>16,664,141</u>	<u>2,960,997</u>
Total liabilities	<u>208,963,675</u>	<u>20,291,191</u>	<u>3,176,174</u>
Deferred inflows of resources:			
Deferred pensions	<u>1,615,662</u>	<u>3,025,197</u>	<u>497,652</u>
Net position:			
Net investment in capital assets	455,393,431	3,893,893	18,387,036
Restricted for:			
Capital improvements	20,201,947	-	-
Unrestricted	41,328,548	(1,655,374)	2,043,716
Total net position	<u>\$ 516,923,926</u>	<u>\$ 2,238,519</u>	<u>\$ 20,430,752</u>
Adjustments to reflect the consolidation of internal service fund activities related to proprietary funds			
Net position of business-type activities			

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

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 40,599,584	\$ 518,761	\$ 131,852	\$ 139,138,568	\$ 58,544,227
1,453,296	-	1,310	4,591,063	75,495
85,638	1,094	277	293,471	122,914
-	-	-	-	668,533
-	145,846	-	897,233	3,738
-	-	-	-	1,120,169
<u>42,138,518</u>	<u>665,701</u>	<u>133,439</u>	<u>144,920,335</u>	<u>60,535,076</u>
547,102	7,464,254	410,000	23,620,851	-
169,102,534	2,732,851	711,092	803,372,573	34,455,958
2,400,225	193,495	-	6,302,274	-
23,444,228	-	-	31,476,906	-
-	-	-	-	1,839,263
<u>830,604</u>	<u>-</u>	<u>58,430</u>	<u>1,707,265</u>	<u>-</u>
<u>196,324,693</u>	<u>10,390,600</u>	<u>1,179,522</u>	<u>866,479,869</u>	<u>36,295,221</u>
<u>238,463,211</u>	<u>11,056,301</u>	<u>1,312,961</u>	<u>1,011,400,204</u>	<u>96,830,297</u>
487,490	25,731	-	6,062,458	1,650,833
-	-	-	11,045,781	-
<u>487,490</u>	<u>25,731</u>	<u>-</u>	<u>17,108,239</u>	<u>1,650,833</u>
2,066,902	26,309	6,756	9,439,490	1,598,534
-	-	-	-	3,790,534
-	-	-	-	6,157,000
99,451	21,822	-	818,287	319,696
-	-	-	13,481,827	-
361,089	-	-	361,089	-
<u>830,604</u>	<u>-</u>	<u>-</u>	<u>1,746,262</u>	<u>-</u>
<u>3,358,046</u>	<u>48,131</u>	<u>6,756</u>	<u>25,846,955</u>	<u>11,865,764</u>
-	-	-	177,656,417	-
18,730,478	-	-	18,730,478	-
-	-	-	292,503	-
2,433,379	-	-	6,481,725	-
-	-	-	-	29,544,000
143,836	-	-	1,272,148	369,651
<u>1,861,969</u>	<u>103,863</u>	<u>-</u>	<u>28,837,272</u>	<u>7,983,373</u>
<u>23,169,662</u>	<u>103,863</u>	<u>-</u>	<u>233,270,543</u>	<u>37,897,024</u>
<u>26,527,708</u>	<u>151,994</u>	<u>6,756</u>	<u>259,117,498</u>	<u>49,762,788</u>
<u>377,576</u>	<u>20,837</u>	<u>-</u>	<u>5,536,924</u>	<u>1,560,584</u>
176,402,521	10,390,600	1,121,092	665,588,573	34,455,958
-	-	-	20,201,947	-
<u>35,642,896</u>	<u>518,601</u>	<u>185,113</u>	<u>78,063,500</u>	<u>12,701,800</u>
<u>\$ 212,045,417</u>	<u>\$ 10,909,201</u>	<u>\$ 1,306,205</u>	<u>763,854,020</u>	<u>\$ 47,157,758</u>
			<u>1,180,285</u>	
			<u>\$ 765,034,305</u>	

CITY OF BAKERSFIELD

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds For the Fiscal Year Ended June 30, 2016

	Wastewater Treatment	Refuse Collection	Agricultural Water
Operating revenues:			
Intergovernmental	\$ -	\$ 294,353	\$ -
Charges for services	31,605,419	42,661,166	1,940,338
Cost recoveries	662,244	2,904,134	424,934
Rental income	378,026	-	24,214
Other sales or services	130	59,765	474,188
Miscellaneous	163,960	240,455	76
Total operating revenues	32,809,779	46,159,873	2,863,750
Operating expenses:			
General and administrative	14,500,498	43,653,905	3,970,588
Transmission and distribution	267,643	701,596	16,411
Workers compensation payments	-	-	-
Claims paid	-	-	-
Depreciation and amortization	19,085,403	435,007	417,701
Compensated absences	-	58,882	-
Total operating expenses	33,853,544	44,849,390	4,404,700
Operating income (loss)	(1,043,765)	1,310,483	(1,540,950)
Nonoperating revenues (expenses):			
Interest income	972,791	315,186	42,966
Connection fees	5,328,987	-	-
Interest expense	(4,062,711)	-	-
Gain/(loss) on sale of capital assets	-	7,023	-
Total nonoperating revenues (expenses)	2,239,067	322,209	42,966
Income (loss) before transfers and capital contributions	1,195,302	1,632,692	(1,497,984)
Capital contributions	12,515,501	-	1,122
Transfers in	-	-	-
Transfers out	-	(1,269,246)	(49,158)
Change in net position	13,710,803	363,446	(1,546,020)
Total Net Position - Beginning of Year - as restated	503,213,123	1,875,073	21,976,772
Total Net Position-End of Year	\$ 516,923,926	\$ 2,238,519	\$ 20,430,752
Adjustment to reflect the consolidation of internal service activity related to proprietary funds			
Change in net position of business-type activities			

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

Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 56,513	\$ 20,000	\$ -	\$ 370,866	\$ 21,428
18,588,313	325,482	134,404	95,255,122	32,787,945
50,654	1,241	-	4,043,207	1,384,581
-	-	-	402,240	-
1,578,688	-	-	2,112,771	-
1,200	767	-	406,458	31,977
<u>20,275,368</u>	<u>347,490</u>	<u>134,404</u>	<u>102,590,664</u>	<u>34,225,931</u>
19,399,260	218,056	23,248	81,765,555	28,106,367
1,038,049	48,270	-	2,071,969	-
-	-	-	-	2,568,760
-	-	-	-	282,180
4,407,528	211,990	84,675	24,642,304	6,065,861
-	-	-	58,882	43,384
<u>24,844,837</u>	<u>478,316</u>	<u>107,923</u>	<u>108,538,710</u>	<u>37,066,552</u>
<u>(4,569,469)</u>	<u>(130,826)</u>	<u>26,481</u>	<u>(5,948,046)</u>	<u>(2,840,621)</u>
387,974	5,786	4,224	1,728,927	527,636
1,640,247	-	-	6,969,234	-
(915,710)	-	-	(4,978,421)	-
10,524	-	-	17,547	335,635
<u>1,123,035</u>	<u>5,786</u>	<u>4,224</u>	<u>3,737,287</u>	<u>863,271</u>
(3,446,434)	(125,040)	30,705	(2,210,759)	(1,977,350)
3,700,808	210,678	-	16,428,109	371,393
-	-	15,000	15,000	1,782,297
<u>(49,158)</u>	<u>-</u>	<u>-</u>	<u>(1,367,562)</u>	<u>(320,763)</u>
<u>205,216</u>	<u>85,638</u>	<u>45,705</u>	<u>12,864,788</u>	<u>(144,423)</u>
211,840,201	10,823,563	1,260,500		47,302,181
<u>\$ 212,045,417</u>	<u>\$ 10,909,201</u>	<u>\$ 1,306,205</u>		<u>\$ 47,157,758</u>
			<u>665,701</u>	
			<u>\$ 13,530,489</u>	

CITY OF BAKERSFIELD

Statement of Cash Flows**Proprietary Funds****For the Fiscal Year Ended June 30, 2016**

	Wastewater Treatment	Refuse Collection
Cash flows from operating activities:		
Cash received from:		
Customers, including cash deposits	\$ 32,433,716	\$ 46,447,582
Prior year reimbursements and cost recoveries	653,992	-
Cash paid to:		
Suppliers	(9,880,959)	(33,909,714)
Employees	(5,842,235)	(10,675,303)
Cash deposits returned to customers	-	-
Net cash provided (used) by operating activities	17,364,514	1,862,565
Cash flows from noncapital financing activities:		
Cash transferred from other funds	-	-
Cash transferred to other funds	-	(1,269,246)
Inter-agency loan repayment (see Note 23)	-	-
County/developer project share	-	-
Connection fees	5,328,987	-
Net cash provided (used) by noncapital financing activities	5,328,987	(1,269,246)
Cash flows from capital and related financing activities:		
Principal payments:		
Notes/Loans/Bonds	(11,227,126)	-
Capital lease payments	-	-
Capital contributions	-	-
Interest paid	(8,042,950)	-
Purchase of capital assets	-	-
Proceeds from sale of capital assets	-	7,023
Construction in progress	(2,603,012)	-
Net cash provided (used) by capital and related financing activities	(21,873,088)	7,023
Cash flows from investing activities:		
Interest received	870,861	295,478
Net increase (decrease) in the fair value of investments	90,856	19,543
Net cash provided by investing activities	961,717	315,021
Net increase (decrease) in cash and investments	1,782,130	915,363
Cash and investments - Beginning of year	75,298,577	15,764,549
Cash and investments - End of year	\$ 77,080,707	\$ 16,679,912

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

Agriculture Water	Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
\$ 2,583,937	\$ 20,356,653	\$ 236,689	\$ 133,306	\$ 102,191,883	\$ 32,867,390
-	-	1,583	-	655,575	1,384,581
(2,607,568)	(19,696,080)	(261,877)	(19,911)	(66,376,109)	(18,846,607)
(1,533,223)	(1,271,781)	-	-	(19,322,542)	(7,208,744)
-	(176,784)	-	-	(176,784)	-
(1,556,854)	(787,992)	(23,605)	113,395	16,972,023	8,196,620
-	-	-	15,000	15,000	1,782,297
(49,158)	(49,158)	-	-	(1,367,562)	(320,763)
-	-	-	-	-	-
1,122	-	-	-	1,122	-
-	1,640,247	-	-	6,969,234	-
(48,036)	1,591,089	-	15,000	5,617,794	1,461,534
-	-	-	-	(11,227,126)	-
-	(556,212)	-	-	(556,212)	-
-	-	210,678	-	210,678	-
-	(915,710)	-	-	(8,958,660)	-
-	-	(223,339)	(85,423)	(308,762)	(8,455,135)
-	10,524	-	10,239	27,786	409,146
-	(3,333,018)	-	-	(5,936,030)	-
-	(4,794,416)	(12,661)	(75,184)	(26,748,326)	(8,045,989)
41,129	346,550	5,217	3,989	1,563,224	444,451
5,233	48,869	621	143	165,265	68,479
46,362	395,419	5,838	4,132	1,728,489	512,930
(1,558,528)	(3,595,900)	(30,428)	57,343	(2,430,020)	2,125,095
5,686,280	44,195,484	549,189	74,509	141,568,588	56,419,132
\$ 4,127,752	\$ 40,599,584	\$ 518,761	\$ 131,852	\$ 139,138,568	\$ 58,544,227

CITY OF BAKERSFIELD

Statement of Cash Flows (concluded)**Proprietary Funds****For the Fiscal Year Ended June 30, 2016**

	Wastewater Treatment	Refuse Collection
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (1,043,765)	\$ 1,310,483
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	19,085,403	435,007
(Increase) decrease in accounts receivable	(301,916)	296,178
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable	(668,194)	226,000
Increase in workers' compensation claims	-	-
Increase (decrease) in unearned revenue	-	(44,364)
Increase (decrease) in customers' deposits	579,845	35,895
Increase (decrease) in compensated absences	(20,010)	(5,099)
Increase (decrease) in net pension liability	579,963	1,334,235
Increase (decrease) in deferred outflows/inflows of resources for pensions	(846,812)	(1,725,770)
Net cash provided (used) by operating activities	<u>\$ 17,364,514</u>	<u>\$ 1,862,565</u>
Noncash investing capital and financing activities:		
Contribution of equipment from other departments	\$ -	\$ -
Contributions of infrastructure and improvements by developers	\$ 12,515,501	\$ -

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

Agriculture Water	Domestic Water	General Aviation	Offstreet Parking	Totals	Governmental Activities Internal Service Funds
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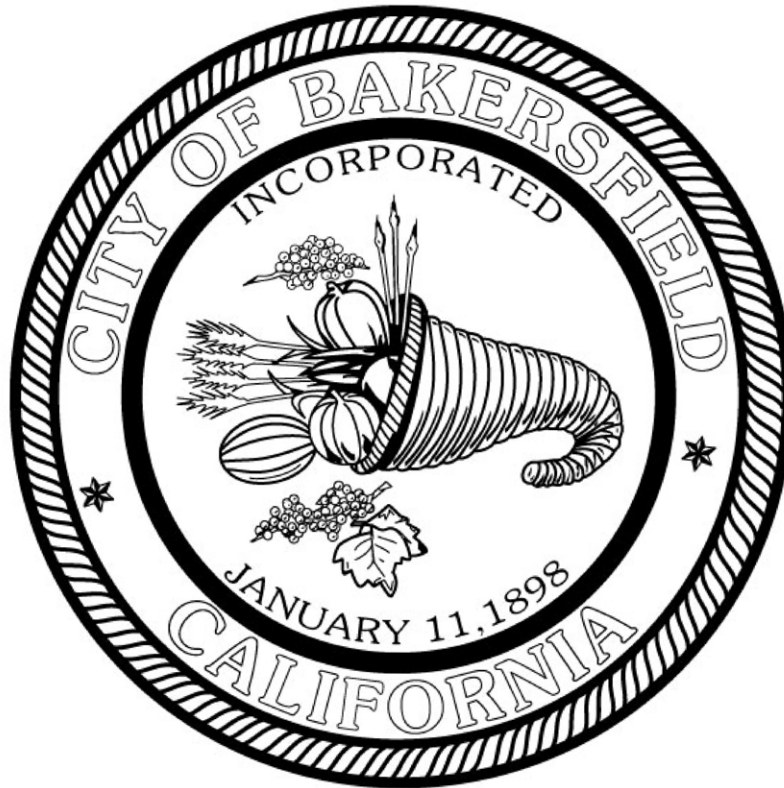
\$ (1,540,950) \$ (4,569,469) \$ (130,826) \$ 26,481 \$ (5,948,046) \$ (2,840,621)

417,701	4,407,528	211,990	84,675	24,642,304	6,065,861
(326,185)	(102,457)	(109,218)	(1,098)	(544,696)	26,040
-	-	-	-	-	(4,286)
(41,515)	(454,754)	7,577	3,337	(927,549)	162,836
-	-	-	-	-	4,812,303
-	-	-	-	(44,364)	-
46,372	6,958	-	-	669,070	-
(95,956)	(15,598)	(342)	-	(137,005)	43,384
220,285	206,155	10,892	-	2,351,530	726,068
(236,606)	(266,355)	(13,678)	-	(3,089,221)	(794,965)

\$ (1,556,854) \$ (787,992) \$ (23,605) \$ 113,395 \$ 16,972,023 \$ 8,196,620

\$ - \$ 3,700,808 \$ - \$ - \$ 3,700,808 \$ 371,393

\$ - \$ - \$ - \$ - \$ 12,515,501 \$ -



Fiduciary Fund Financial Statements

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

Private Purpose Trust Funds

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

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

Pension and Other Employee Benefit Trust Funds

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

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

Agency Funds

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

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

CITY OF BAKERSFIELD

Statement of Fiduciary Net Position**Fiduciary Funds****June 30, 2016**

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Agency Funds
Assets:			
Current assets:			
Cash and investments	\$ 16,655,286	\$ 58,781,787	\$ 29,677,651
Retirement system investments	-	906,885	-
Interest receivable	34,408	29,405	32,821
Due from other governmental agencies	-	-	24,881
Total current assets	<u>16,689,694</u>	<u>59,718,077</u>	<u>29,735,353</u>
Noncurrent assets:			
Land held for resale	414,092	-	-
Total noncurrent assets	<u>414,092</u>	<u>-</u>	<u>-</u>
Total assets	<u>17,103,786</u>	<u>59,718,077</u>	<u>29,735,353</u>
Liabilities:			
Payables:			
Accounts payable	5,600	-	-
Advances from grantors and third parties	3,768,352	-	-
Deposits	-	-	24,942,820
Accrued bond interest	-	-	917,533
Bonds	2,770,000	-	3,875,000
Notes	<u>23,203,497</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>29,747,449</u>	<u>-</u>	<u>29,735,353</u>
Net Position:			
Held in trust for:			
Individuals, organizations and other governments	(12,643,663)	-	-
Pension benefits and other purposes	-	59,718,077	-
	<u>\$ (12,643,663)</u>	<u>\$ 59,718,077</u>	<u>\$ -</u>

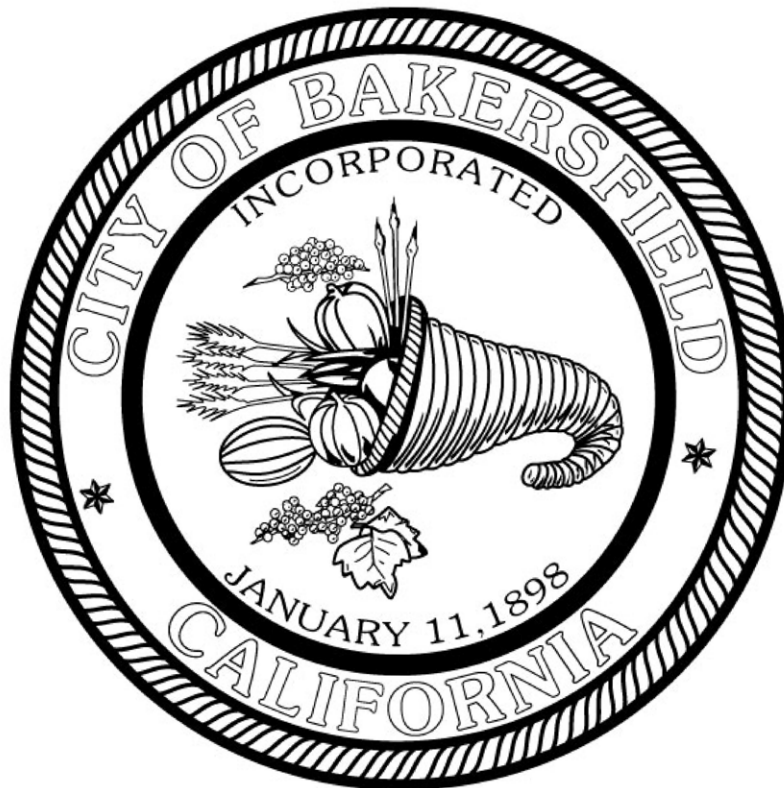
The accompanying notes are an integral part of these financial statements.

CITY OF BAKERSFIELD

Statement of Changes in Fiduciary Net Position**Fiduciary Funds****For the Fiscal Year Ended June 30, 2016**

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds
Additions		
Contributions to pooled investments	\$ -	\$ 5,645,840
Developer fees	800,091	-
Successor agency property tax deposits	2,997,682	-
Charges for services/capital lease revenue	3,141,150	-
Other income	1,793	-
Interest income	99,640	2,016,377
	<u>7,040,356</u>	<u>2,016,377</u>
Total additions	<u>7,040,356</u>	<u>7,662,217</u>
Deductions:		
Benefits	-	4,461,573
Purchase of uninhabited land	467,440	-
Obligation retirement	3,972,716	-
Administrative expenses	-	174,339
	<u>4,440,156</u>	<u>4,635,912</u>
Total deductions	<u>4,440,156</u>	<u>4,635,912</u>
Change in net position	<u>2,600,200</u>	<u>3,026,305</u>
Net position - beginning of year	<u>(15,243,863)</u>	<u>56,691,772</u>
Net position - end of year	<u>\$ (12,643,663)</u>	<u>\$ 59,718,077</u>

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



Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Description of Reporting Entity

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

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

B. Basis of Presentation

Government-Wide Financial Statements

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

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

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

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Governmental Fund Financial Statements

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

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

The City reports the following major governmental funds:

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

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

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

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

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

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

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.

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

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

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

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

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

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

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

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

The City reports the following additional fund types:

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**C. Basis of Accounting**

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Interfund Transactions

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

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

Receivables

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

Inventory and Prepaid Items

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

Capital Assets

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

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

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

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Long-Term Obligations

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

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

Deferred Outflows and Inflows of Resources

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

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

Notes to the Financial Statements

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

The government-wide and proprietary 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, 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, 2016, net position is as follows:

	Governmental Activities	Business-Type Activities	Total
Net investment in capital assets	\$ 1,304,906,456	\$ 665,588,574	\$ 1,970,495,030
Restricted	21,988,624	20,201,947	42,190,571
Unrestricted	<u>(86,460,007)</u>	<u>79,243,784</u>	<u>(7,216,223)</u>
Total net position	<u>\$ 1,240,435,073</u>	<u>\$ 765,034,305</u>	<u>\$ 2,005,469,378</u>

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

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

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Fund Balance Flow Assumptions

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

Property Taxes

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

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

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Cash Flow Statements

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

Use of Estimates

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

E. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

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

Budgets are adopted for all governmental fund types and are prepared on a basis consistent with GAAP. Budgeted amounts are as originally adopted, or as amended by the City Council. During the fiscal year ended June 30, 2016, the City Council approved \$21,105,785 of increases to the originally adopted budget, excluding carryovers of prior year encumbered balances and selected capital appropriations.

Deficit Net Position

The Self-Insurance Internal Service Fund reported a deficit in net position of \$8,161,045 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.

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Stewardship, Compliance, and Accountability (continued)

Reclassification and Eliminations

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

Excess of Expenditures Over Appropriations

For the fiscal year ended June 30, 2016, expenditures exceeded appropriations in the Transient Occupancy Taxes Fund by \$1,324,004. These over-expenditures relate to incorrect budget estimates related to anticipated costs for events in the Rabobank Arena and Convention Center facilities. These are technically considered budgetary violations and management will take steps to review periodic budget reports to ensure compliance in the future.

F. New Accounting Pronouncements

During the fiscal year ending June 30, 2016 the City implemented the following standards:

GASB Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The results of implementation of this statement have been reported in the accompanying note disclosures (Note 2) .

GASB Statement No. 73, *Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68*. The objective of this statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. Upon implementation, there was no effect on the City's accounting or financial reporting.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles. Upon implementation, there was no effect on the City's accounting or financial reporting .

GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement addresses accounting and financial reporting for certain external investment pools and pool participants. Upon implementation, there was no effect on the City's accounting or financial reporting .

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

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

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. New Accounting Pronouncements (continued)

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

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

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

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. This statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The City has elected not to early implement GASB Statement No. 80 and has not determined its effects on the City's financial statements.

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The City has elected not to early implement GASB Statement No. 81 and has not determined its effects on the City's financial statements.

In March 2016, GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City has elected not to early implement GASB Statement No. 82 and has not determined its effects on the City's financial statements.

Notes to the Financial Statements

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and investments	\$ 353,172,536
Fiduciary funds:	
Cash and investments	105,114,724
Retirement system investments	<u>906,885</u>
	<u>\$ 459,194,145</u>

Cash and investments as of June 30, 2016, consist of the following:

Cash on hand	\$ 1,694,681
Deposits with financial institutions	21,473,600
Investments	435,641,227
GASB Stmt. No. 31 Market Value Adjustment	<u>384,637</u>
	<u>\$ 459,194,145</u>

Investment Authorized by the California Government Code and the City's Investment Policy

The table below identifies the investment types that are authorized for the City by the California Government Code, or the City's investment policy, where more restrictive. 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 any 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.

Authorized Investment Types	Maximum Percentage of Portfolio	Maximum Maturity
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

Notes to the Financial Statements

NOTE 2 - CASH AND INVESTMENTS (continued)

Investment Authorized by Debt Agreements

The City has \$359,868 in investments held by bond trustees pledged to the payment or security of certain debt issues. These investments are held in direct obligations of, or obligations that are fully guaranteed as to principal and interest by, the United States Government or an agency thereof. The California Government Code provides that monies held by a bond trustee pledged to the payment or security of debt issues, in absence of specific statutory provisions governing the issuance of the debt, may be invested in accordance with the ordinances, resolutions, or indentures specifying the types of investments the respective bond issue's trustee may make. The obligations described above are authorized per the investment agreements with the bond trustees and include, but are not limited to, Federal Land Bank Bonds, Federal Home Loan Bank notes and bonds, Export-Import Bank notes and guaranteed participation certificates, obligations of or fully guaranteed by the Government National Mortgage Association, Federal National Mortgage Association notes, debentures and guaranteed certificates of participation, obligations of the International Bank of Reconstruction and Development and Federal Home Loan Mortgage Corporation notes, debentures and guaranteed certificates of participation.

Interest Rate Risk

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

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

Investment Type	Fair Value	Cost	Remaining Maturity (In Months)			
			12 Months Or Less	13 - 24 Months	25-60 Months	More Than 60 Months
U.S. Government Agency Obligations:						
Federal Farm Credit Bank	\$ 43,057,600	\$ 42,988,840	\$ -	\$ 5,000,000	\$ 37,988,840	\$ -
Federal Home Loan Bank	30,374,160	30,329,913	5,000,000	5,329,913	20,000,000	-
Federal Home Loan Mortgage Corp.	44,359,181	44,332,101	5,000,000	15,000,000	24,332,101	-
Federal National Mortgage Assn.	44,372,997	44,330,947	4,997,500	11,000,000	28,333,447	-
Commercial Paper	-	-	-	-	-	-
Bankers' Acceptances	-	-	-	-	-	-
Time Certificates of Deposit	65,702,500	65,500,000	65,500,000	-	-	-
U.S. Treasury Bills, Notes, and Bonds	-	-	-	-	-	-
Local Agency Investment Fund	130,005,490	130,005,490	130,005,490	-	-	-
Mutual Funds (1)	77,794,068	77,794,068	77,794,068	-	-	-
Investment Contracts	359,868	359,868	-	-	-	359,868
Total	<u>\$436,025,864</u>	<u>\$435,641,227</u>	<u>\$ 288,297,058</u>	<u>\$ 36,329,913</u>	<u>\$110,654,388</u>	<u>\$ 359,868</u>

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

Notes to the Financial Statements

NOTE 2 - CASH AND INVESTMENTS (continued)

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Credit Risk

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

Investment Type	Minimum Legal Rating	Remaining as of the Year-End		
		AAA	AA+	Not Rated
U.S. Government Agency Obligations:				
Federal Farm Credit Bank	\$ 42,988,840	\$ -	\$ 42,988,840	\$ -
Federal Home Loan Bank	30,329,913	-	30,329,913	-
Federal Home Loan Mortgage Corp.	44,332,101	-	44,332,101	-
Federal National Mortgage Assn.	44,330,947	-	44,330,947	-
Commercial Paper	-	-	-	-
Bankers Acceptances	-	-	-	-
Time Certificates of Deposit	65,500,000	-	-	65,500,000
U.S. Treasury Bills, Notes, and Bonds	-	-	-	-
Local Agency Investment Fund	130,005,490	-	-	130,005,490
Mutual Funds (1)	77,794,068	77,794,068	-	-
Investment Contracts	359,868	-	-	359,868
Total	<u>\$435,641,227</u>	<u>\$ 77,794,068</u>	<u>\$161,981,801</u>	<u>\$195,865,358</u>

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

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount	Percentage
Federal Farm Credit Bank	Federal Agency Securities	\$ 42,988,840	10%
Federal Home Loan Bank	Federal Agency Securities	30,329,913	7%
Federal Home Loan Mortgage Corp.	Federal Agency Securities	44,332,101	10%
Federal National Mortgage Assn.	Federal Agency Securities	44,330,947	10%

NOTE 2 - CASH AND INVESTMENTS (continued)**Custodial Credit Risk**

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

As of June 30, 2016, all of the City's deposits with financial institutions in excess of federal depository insurance limits were held in fully collate accounts, as permitted by the California Government Code. As of June 30, 2016, all of the City's investments were held by the City itself or by a broker-dealer (counterparty) other than the broker-dealer used by the City to purchase the securities in the City's name.

Investment in State Investment Pool

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

GASB Statement No. 79 establishes specific criteria used to determine whether a qualifying investment pool may elect to use and amortized cost exception to fair value measurement. Those criteria will provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. The statement also establishes additional note disclosures to qualifying external investment pools. There was no material impact on the City's financial statement as a result of the implementation of GASB Statement no. 79.

Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy used to measure the fair value of the asset is based on the following:

Level 1 - unadjusted price quotations in active markets/exchanges for identical assets or liabilities, that each Fund has the ability to access.

Level 2 - other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market-corroborated inputs).

Level 3 - unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund's own assumptions used in determining the fair value of investments).

The City has a reported fair value of investments of \$436,025,864, of which \$277,866,438 are valued using Level 1 inputs. These include all of the U.S Government Agency Obligations and Time Certificates of Deposit. The remaining investments are recorded at amortized costs.

Notes to the Financial Statements

NOTE 3 - COMPOSITION OF ACCOUNTS RECEIVABLE AND PAYABLE BALANCES

Accounts receivable at June 30, 2016 of the City's major individual funds and non-major and internal service funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows:

Accounts Receivable - Governmental Funds:	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay	Transportation Development	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
Taxes	\$ -	\$1,152,032	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,152,032
Accounts	<u>1,030,150</u>	<u>-</u>	<u>14,761,356</u>	<u>22,031</u>	<u>219,378</u>	<u>109,399</u>	<u>8,318,303</u>	<u>231,583</u>	<u>24,692,200</u>
Gross Receivables	1,030,150	1,152,032	14,761,356	22,031	219,378	109,399	8,318,303	231,583	25,844,232
Less: Allowance for Uncollectible	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(156,088)</u>	<u>(156,088)</u>
Total Accounts Receivable - Net	<u>\$1,030,150</u>	<u>\$1,152,032</u>	<u>\$ 14,761,356</u>	<u>\$ 22,031</u>	<u>\$ 219,378</u>	<u>\$ 109,399</u>	<u>\$ 8,318,303</u>	<u>\$ 75,495</u>	<u>\$ 25,688,144</u>

Accounts Receivable - Proprietary Funds:	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Water Fund	General Aviation Fund	Offstreet Parking Fund	Total Business-Type Activities
Accounts	<u>\$ 1,138,302</u>	<u>\$ 962,026</u>	<u>\$1,036,129</u>	<u>\$ 1,453,296</u>	<u>\$ -</u>	<u>\$ 1,310</u>	<u>\$ 4,591,063</u>
Gross Receivables	1,138,302	962,026	1,036,129	1,453,296	-	1,310	4,591,063
Total Accounts Receivable - Net	<u>\$ 1,138,302</u>	<u>\$ 962,026</u>	<u>\$1,036,129</u>	<u>\$ 1,453,296</u>	<u>\$ -</u>	<u>\$ 1,310</u>	<u>\$ 4,591,063</u>

Accounts payable and accrued liabilities at June 30, 2016, are composed of the following:

Accounts Payable and Accrued Liabilities Governmental Activities:	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay Fund	Park Improvement Fund	Transportation Development Fund
Accounts payable	\$ 9,452,159	\$ 43,029	\$ 791,539	\$ 8,245,675	\$ 2,254,427	\$ 2,732,776	\$ 2,157,085
Due to other governments	<u>550,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accounts Payable and Accrued Liabilities	<u>\$ 10,002,282</u>	<u>\$ 43,029</u>	<u>\$ 791,539</u>	<u>\$ 8,245,675</u>	<u>\$ 2,254,427</u>	<u>\$ 2,732,776</u>	<u>\$ 2,157,085</u>

Accounts Payable and Accrued Liabilities Governmental Activities:	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts payable	\$ 258,202	\$ 1,598,534	\$ 27,533,426
Due to other governments	<u>-</u>	<u>-</u>	<u>550,123</u>
Total Accounts Payable and Accrued Liabilities	<u>\$ 258,202</u>	<u>\$ 1,598,534</u>	<u>\$ 28,083,549</u>

Notes to the Financial Statements

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

Accounts Payable and Accrued Liabilities - Business-Type Activities:	Wastewater Treatment Fund	Refuse Collection Fund	Agricultural Water Fund	Domestic Water Fund	General Aviation Fund	Offstreet Parking Fund	Total Business-Type Activities
Accounts payable	\$1,842,488	\$3,037,066	\$ 126,031	\$ 2,066,902	\$ 26,309	\$ 6,756	\$ 7,105,552
Accrued interest	2,333,938	-	-	-	-	-	2,333,938
Total Accounts Payable and Accrued Liabilities	<u>\$4,176,426</u>	<u>\$ 3,037,066</u>	<u>\$ 126,031</u>	<u>\$ 2,066,902</u>	<u>\$ 26,309</u>	<u>\$ 6,756</u>	<u>\$ 9,439,490</u>

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments at June 30, 2016 are comprised of the following:

	Federal Government	State of California	County/City Agencies	Total Governmental Activities	Business-Type Activities	Total Reporting Entity
Senate Bill (SB) 90 Claims	\$ -	\$ 3,004,074	\$ -	\$ 3,004,074	\$ -	\$ 3,004,074
Sales Tax	-	11,148,975	-	11,148,975	-	11,148,975
Property Tax	-	-	9,125,568	9,125,568	715,914	9,841,482
Public Employee Retirement System	-	3,738	-	3,738	-	3,738
Department of Water Resources	-	212,986	-	212,986	-	212,986
Department of Justice	17,496	-	-	17,496	-	17,496
Department of Transportation	26,600,588	137,004	-	26,737,592	35,473	26,773,065
Federal Aviation Administration	-	-	-	-	145,846	145,846
Economic & Community Development	868,263	-	-	868,263	-	868,263
Kern Council of Governments	-	-	155,378	155,378	-	155,378
Kern County Public Works	-	-	118,669	118,669	-	118,669
Totals	<u>\$ 27,486,347</u>	<u>\$ 14,506,777</u>	<u>\$ 9,399,615</u>	<u>\$ 51,392,739</u>	<u>\$ 897,233</u>	<u>\$ 52,289,972</u>

Notes to the Financial Statements

NOTE 5 - CAPITAL ASSETS

Capital asset activities for the year ended June 30, 2016, were as follows:

	Balance June 30, 2015	Adjustments	Additions	Retirements	Balance June 30, 2016
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 429,141,693	\$ -	\$ 457,694	\$ -	\$ 429,599,387
Construction in progress	56,392,737	-	37,586,467	6,102,111	87,877,093
Total capital assets, not being depreciated	485,534,430	-	38,044,161	6,102,111	517,476,480
Capital assets, being depreciated					
Buildings, structures and improvements	141,632,090	(743,262)	2,087,609	-	142,976,437
Infrastructure	1,532,147,533	(742,816)	49,468,112	-	1,580,872,829
Rolling equipment	78,632,324	1,345,486	8,550,128	2,697,538	85,830,400
Furniture and other equipment	23,906,538	(2,097,044)	335,997	77,679	22,067,812
Total capital assets, being depreciated	1,776,318,485	(2,237,636)	60,441,846	2,775,217	1,831,747,478
Less accumulated depreciation for					
Buildings, structures and improvements	(65,046,863)	32,118	(3,564,813)	-	(68,579,558)
Infrastructure	(825,497,326)	462,083	(63,852,633)	-	(888,887,876)
Rolling equipment	(47,723,774)	(1,274,214)	(5,846,518)	(2,651,867)	(52,192,639)
Furniture and other equipment	(16,076,965)	1,957,589	(989,714)	(68,952)	(15,040,138)
Total accumulated depreciation	(954,344,928)	1,177,576	(74,253,678)	(2,720,819)	(1,024,700,211)
Total capital assets, being depreciated, net	821,973,557	(1,060,060)	(13,811,832)	54,398	807,047,267
Governmental activities capital assets, net	\$ 1,307,507,987	\$ (1,060,060)	\$ 24,232,329	\$ 6,156,509	\$ 1,324,523,747
Business-Type Activities					
Capital assets, not being depreciated					
Land	\$ 21,126,467	\$ -	\$ 2,785,456	\$ 291,072	\$ 23,620,851
Water rights	31,476,906	-	-	-	31,476,906
Construction in progress	5,634,388	-	3,221,868	2,553,982	6,302,274
Total capital assets, not being depreciated	58,237,761	-	6,007,324	2,845,054	61,400,031
Capital assets, being depreciated					
Buildings, structures and improvements	322,222,121	-	2,073,411	-	324,295,532
Infrastructure	773,813,148	-	18,271,270	-	792,084,418
Equipment	70,257,790	-	2,354,618	-	72,612,408
Total capital assets being depreciated	1,166,293,059	-	22,699,299	-	1,188,992,358
Less accumulated depreciation for					
Buildings, structures and improvements	(96,590,842)	-	(8,303,626)	-	(104,894,468)
Infrastructure	(239,789,421)	-	(12,280,992)	-	(252,070,413)
Equipment	(24,597,218)	-	(4,057,686)	-	(28,654,904)
Total accumulated depreciation	(360,977,481)	-	(24,642,304)	-	(385,619,785)
Total capital assets, being depreciated, net	805,315,578	-	(1,943,005)	-	803,372,573
Business-type activities capital assets, net	\$ 863,553,339	\$ -	\$ 4,064,319	\$ 2,845,054	\$ 864,772,604

Notes to the Financial Statements

NOTE 5 - CAPITAL ASSETS (continued)

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

Governmental functions:	<u>Depreciation</u>
General government	\$ 224,026
Public safety - Police	408,450
Public safety - Fire	749,953
Public works	69,236,821
Recreation and parks	3,273,550
Community development	<u>360,878</u>
Total	<u>\$ 74,253,678</u>
 Business-type functions:	
Wastewater treatment	\$ 19,085,403
Refuse collection	435,007
Agricultural water	417,701
Domestic water	4,407,528
General aviation	211,990
Offstreet parking	<u>84,675</u>
Total	<u>\$ 24,642,304</u>

NOTE 6 - LAND HELD FOR RESALE

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

	Balance at June 30, 2015	Additions	Deletions	Balance at June 30, 2016
Redevelopment Successor Agency - Housing				
Land Held for Resale	<u>\$ 2,779,202</u>	<u>\$ -</u>	<u>\$ 1,000,001</u>	<u>\$ 1,779,201</u>
	<u>\$ 2,779,202</u>	<u>\$ -</u>	<u>\$ 1,000,001</u>	<u>\$ 1,779,201</u>

Notes to the Financial Statements

NOTE 7 - OTHER LONG-TERM RECEIVABLES

Other long-term receivables consist of the following:

Governmental Activities

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

Deferred loans receivable associated with the low and moderate income housing project. These loans bear 0-3% interest and are not due until ten years after the loan agreement date (also see deferred revenue at Note 9). 3,461,960

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

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

Down payment assistance loans. 1,858,659

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

Park 20th Apartments, a 55 year loan term beginning upon recordation of the Certificate of Completion with an interest rate of 3.0%. 2,732,783

CalHOME Downpayment Assistance for a grant from the State which provided downpayment and closing cost assistance to seventeen (17) families within the Metropolitan Bakersfield area. The assistance was provided to those families whose incomes were at or below 120% of area median income. The loans of up to \$40,000 are forgiven at 1/15th per year. 423,480

Golden Empire Housing, Park Place Apartments, 55 year loan term beginning July 12, 1999, ending on July 12, 2054, with the interest payment being deferred for first ten years, until year 2010, with an interest rate of 1.5%. 837,717

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

Canyon Hills Assembly of God, Senior Housing Project 30 year loan term beginning July 30, 2001 ending July 30, 2031, with an interest rate of 0%. 310,000

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%. 2,520,000
Face value of loans \$ 17,781,909

Current portion \$ 668,533
Long-term portion 17,113,376
Total governmental activities receivable \$ 17,781,909

Notes to the Financial Statements

NOTE 7 - OTHER LONG-TERM RECEIVABLES (continued)**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. \$ 36,795

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. 781,436

Long-term receivable under agreement 14-042 between the City and a local citizen to purchase surplus land adjacent to their business. Property was held in the Offstreet Parking Fund. 58,430

Various long-term receivables in the Domestic Water Fund relate to contracts under which the City has agreed to provide future water services to properties to be developed and the land owners have agreed to pay the receivable amounts upon filing of the tract maps. The amounts due are liens against the respective properties upon execution of the agreements. The revenues related to these contracts are deferred. 830,604

Total business-type noncurrent receivables \$ 1,707,265

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, 2016 were:

Fund	Due from Other Funds	Due to Other Funds
Governmental Funds:		
Major Funds:		
General Fund	\$ 4,493,488	\$ -
Gas Tax & Road Fund	-	4,345,853
Non-Major Fund:		
High Speed Rail Fund	-	120,850
State (TDA) Transportation Fund	-	26,785
	<u>\$ 4,493,488</u>	<u>\$ 4,493,488</u>

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

Notes to the Financial Statements

NOTE 8 - INTERFUND TRANSACTIONS (continued)

Interfund transfers at June 30, 2016 consisted of the following:

	Transfers In	Transfers Out
<u>Governmental Funds:</u>		
Major Funds:		
General Fund	\$ 2,692,989	\$ 80,877
Transient Occupancy Taxes Fund	-	7,024,927
Community Development Block Grant Fund	-	470,111
Capital Outlay Fund	6,790,000	1,982,989
Non-Major Funds:		
Traffic Safety Fund	20,000	600,000
General Obligation Debt Fund	546,943	-
<u>Proprietary Funds:</u>		
Major Funds:		
Refuse Collection Fund	-	1,269,246
Agricultural Water Fund	-	49,158
Domestic Water Fund	-	49,158
Offstreet Parking Fund	15,000	-
Internal Service Funds:		
Self-Insurance Fund	-	320,763
Equipment Management Fund	1,782,297	-
	<u>\$ 11,847,229</u>	<u>\$ 11,847,229</u>

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

- The \$2,692,989 transfer in to the General Fund includes \$600,000 from the Traffic Safety Fund to subsidize the cost of the traffic division of the police department for parking fine violations. \$110,00 was transferred from the Transient Occupancy Tax Fund for a City sign project east of town. In addition \$1,983,989 was transferred from the Capital Improvement Fund to cover operational costs necessary because of the reduction in Sales Tax revenue. Amount transferred was the results of costs saving on past projects as well as deferrals of some capital improvements.
- The \$80,877 transfer from the General Fund includes a transfers to the Municipal Debt Fund of \$45,877 for the repayment of a loan from PG&E for lighting improvement projects downtown. Other transfers included a transfer to the Certified Unified Public Agency (CUPA) Fund of \$20,000 for medical waste clean-up licenses and a transfer of \$15,000 to the Offstreet Parking Fund to cover the costs of additional security at the facility.
- The \$7,024,927 transfers from the Transient Occupancy Taxes Fund include: \$6,790,000 transferred to the Capital Outlay Fund to fund a number of capital projects, \$93,972 transferred to the Equipment Management Fund for additional equipment, and \$30,955 to the General Obligation Debt Fund for the repayment of a loan from PG&E for an energy efficiency retrofit at Rabobank Arena.
- The \$470,111 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; Refuse Collection Fund (\$1,269,246), the Domestic Water Fund (\$49,158), the Agricultural Water Fund (\$49,158) and the Self-Insurance Fund (\$320,763).

Notes to the Financial Statements

NOTE 9 - ADVANCES FROM GRANTORS AND THIRD PARTIES

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

The following table summarizes Advances from Grantors and third parties for the City at June 30, 2016:

	<u>Balance at June 30, 2016</u>
Governmental Activities:	
General Fund	
Dog License	\$ 103,702
Business License	<u>418,302</u>
General Fund Total	522,004
Non-Major Funds:	
State Transportation - Grants Advanced	168,542
Redevelopment Successor Agency - Housing	<u>11,812,154</u>
Total Governmental Activities	<u><u>\$ 12,502,700</u></u>
 Business-Type Activities:	
Wastewater Treatment	\$ 781,436
Refuse Collection	134,222
Domestic Water	<u>830,604</u>
Total Business-Type Activities	<u><u>\$ 1,746,262</u></u>

Notes to the Financial Statements

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. On March 1, 2016, KCWA issued Water Revenue Refunding Bonds. These new bonds refunded the previous debt that the City's lease payments were based upon. The City's lease payments coincide with the amortization schedule for the related KCWA debt with the value of the related water rights at \$19,091,567. The total lease obligation for the term of this agreement is as follows:

Year ending	Business-Type Activities		
	Lease	Interest	Total
2017	\$ 361,089	\$ 1,027,826	\$ 1,388,915
2018	415,184	970,041	1,385,225
2019	643,995	703,637	1,347,632
2020	670,700	679,306	1,350,006
2021	695,722	653,095	1,348,817
2022-2026	3,740,914	3,004,271	6,745,185
2027-2031	4,746,556	2,001,362	6,747,918
2032-2036	5,735,051	1,011,842	6,746,893
2037-2041	2,082,356	117,919	2,200,275
Totals	<u>\$ 19,091,567</u>	<u>\$ 10,169,299</u>	<u>\$ 29,260,866</u>

	Balance at June 30, 2015	Additions	Principal Retirement	Balance at June 30, 2016
Business-Type Activities				
Capital Leases:				
Water rights	<u>\$ 20,135,757</u>	<u>\$ 19,091,567</u>	<u>\$ 20,135,757</u>	<u>\$ 19,091,567</u>
	<u>\$ 20,135,757</u>	<u>\$ 19,091,567</u>	<u>\$ 20,135,757</u>	<u>\$ 19,091,567</u>

Notes to the Financial Statements

NOTE 11 - LONG-TERM DEBT

Long-term debt transactions for the fiscal year ending June 30, 2016 are summarized below:

		Business-Type Activities			
	Governmental Activities	General Obligations	Revenue Obligations	Total	Total Government
Payable at June 30, 2015:					
Bonds	\$ -	\$ -	\$ 190,545,190	\$ 190,545,190	\$ 190,545,190
Certificates of Participation	18,460,000	-	-	-	18,460,000
Notes	3,932,118	4,512,759	-	4,512,759	8,444,877
Contracts/Loans	-	246,131	-	246,131	246,131
Claims and Judgments Payable	34,679,231	-	-	-	34,679,231
Compensated Absences	14,692,406	2,227,440	-	2,227,440	16,919,846
Subtotal	<u>71,763,755</u>	<u>6,986,330</u>	<u>190,545,190</u>	<u>197,531,520</u>	<u>269,295,275</u>
New debt incurred:					
Bonds	-	-	145,500,000	145,500,000	145,500,000
Contracts/Loans	-	46,372	-	46,372	46,372
Claims and Judgments Payable	4,812,303	-	-	-	4,812,303
Compensated Absences	9,615,497	1,051,175	-	1,051,175	10,666,672
Subtotal	<u>14,427,800</u>	<u>1,097,547</u>	<u>145,500,000</u>	<u>146,597,547</u>	<u>161,025,347</u>
Principal reductions:					
Bonds	-	-	148,667,577	148,667,577	148,667,577
Certificates of Participation	2,285,000	-	-	-	2,285,000
Notes	489,828	752,128	-	752,128	1,241,956
Compensated Absences	8,809,256	1,188,180	-	1,188,180	9,997,436
Subtotal	<u>11,584,084</u>	<u>1,940,308</u>	<u>148,667,577</u>	<u>150,607,885</u>	<u>162,191,969</u>
Payable at June 30, 2016:					
Bonds	-	-	187,377,613	187,377,613	187,377,613
Certificates of Participation	16,175,000	-	-	-	16,175,000
Notes	3,442,290	3,760,631	-	3,760,631	7,202,921
Contracts/Loans	-	292,503	-	292,503	292,503
Claims and Judgments Payable	39,491,534	-	-	-	39,491,534
Compensated Absences	15,498,647	2,090,435	-	2,090,435	17,589,082
Total Payables	<u>\$ 74,607,471</u>	<u>\$ 6,143,569</u>	<u>\$ 187,377,613</u>	<u>\$ 193,521,182</u>	<u>\$ 268,128,653</u>

Notes to the Financial Statements

NOTE 11 - LONG-TERM DEBT (continued)

	Governmental Activities	Business-Type Activities			Total Government
		General Obligations	Revenue Obligations	Total	
Due Within One Year:					
Bonds	\$ -	\$ -	\$ 12,729,701	\$ 12,729,701	\$ 12,729,701
Certificates of Participation	2,390,000	-	-	-	2,390,000
Notes	503,828	752,126	-	752,126	1,255,954
Total Long-term Debt	2,893,828	752,126	12,729,701	13,481,827	16,375,655
Contracts/Loans	-	292,503	-	292,503	292,503
Claims and Judgments Payable	9,947,534	-	-	-	9,947,534
Compensated Absences	4,023,626	818,287	-	818,287	4,841,913
Total Due Within One Year	\$ 16,864,988	\$ 1,862,916	\$ 12,729,701	\$ 14,592,617	\$ 31,457,605
Due in More Than One Year					
Bonds	\$ -	\$ -	\$ 174,647,912	\$ 174,647,912	\$ 174,647,912
Certificates of Participation	13,785,000	-	-	-	13,785,000
Notes	2,938,463	3,008,504	-	3,008,504	5,946,967
Total Long-term Debt	16,723,463	3,008,504	174,647,912	177,656,416	194,379,879
Claims and Judgments Payable	29,544,000	-	-	-	29,544,000
Compensated Absences	11,475,021	1,272,148	-	1,272,148	12,747,169
Total Due in More Than One Year	\$ 57,742,484	\$ 4,280,652	\$ 174,647,912	\$ 178,928,564	\$ 236,671,048

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

Long-term debt payable at June 30, 2016, was comprised of the following individual issues:

Bonds

General obligation bonds serviced by business-type activities:

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

\$12,030,000

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

\$ 5,000,000

\$145,500,000 Wastewater Revenue Bonds 2015 Series A - the 2007 Series A bonds were refunded in 2015 with a partial call of the outstanding principal amount of \$156,750,000 as well as payment of the issuance costs. The proceeds of the original Series 2007A refunded bonds were used to finance a portion of certain capital improvements at the City's wastewater and sewage collection treatment and disposal system. (This issue is serviced by the Wastewater Treatment Fund.)

145,500,000

Unamortized Bond Premium on Wastewater Revenue Bonds

24,847,613

Total Bonds

\$187,377,613

Notes to the Financial Statements

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

Certificates of participation serviced by Transient Occupancy tax revenue via lease payments from the City to the Redevelopment Successor Agency:

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

\$ 11,760,000

\$9,470,000 - 2006 Refunding Certificates of Participation Series B assumed by the City as the successor agency of the former redevelopment agency. Certificates are due in annual principal installments of \$345,000 to \$830,000 commencing October 1, 2006 through 2022; interest ranging from 4.00% to 5.00%.

4,415,000

Total Certificates of Participation

\$ 16,175,000

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 Housing & Urban Development (HUD) Section 108 Loan 2003 - Due in annual principal installments of \$137,000 to \$320,000 commencing August 1, 2004 through August 2022; interest ranging from 1.75% to 4.76%.

\$ 1,952,000

General obligation note serviced by Community Development Block Grant Fund (via the Municipal Debt Service Fund with Community Development Block Grant Entitlement): \$800,000 HUD Section 108 Loan 2003 - due in annual principal installments of \$24,000 to \$61,000 commencing August 1, 2005 through August 2023; interest ranging from 1.61% to 4.76%.

413,000

General obligation note serviced by Community Development Block Grant Fund (via the Municipal Debt Service Fund with Community Development Block Grant Entitlement, (\$1,800,000 HUD Section 108 Loan 009 - due in annual principal installments of \$140,000 to \$230,000 commencing August 2010 through August 2021; interest ranging from 0.56% to 3.73%.

855,000

General obligation loan serviced by General Fund (via the Municipal Debt Service Fund): \$237,033 PG&E loan used for an energy efficient lighting upgrade at in the Downtown area of the City. The payments will be made on PG&E bills starting March 2015. These loans contain no interest charges.

175,863

General obligation loan serviced by Transient Occupancy Tax Fund (via the Municipal Debt Service Fund) \$170,173 PG&E loan used for an energy efficient lighting upgrade at Rabobank Arena that was split over two payments. Check #1 was for \$25,736 to be paid off in 20 monthly payments of \$1,286, and check #2 was for \$144,437 to be paid off in 56 monthly payments of \$2,579. These loans contain no interest charges.

46,426

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.

3,760,632

Total general obligation notes/loans payable

\$ 7,202,921

Notes to the Financial Statements

NOTE 11 - LONG-TERM DEBT (continued)Compensated Absences:

Government Activities	\$ 15,498,647
Business-Type Activities	<u>2,090,435</u>
Total Compensated Absences	<u>\$ 17,589,082</u>

A summary of the City's debt service requirements outstanding at June 30, 2016, is as follows:

	<u>Total Government</u>
Principal:	
Governmental Activities	\$ 74,607,472
Business-Type Activities:	
General Obligations	6,143,570
Revenue Obligations	<u>187,377,611</u>
Subtotal - Principal	<u>268,128,653</u>
Less: Claims and Judgments Payable included above that bear no interest and have no schedule of repayment terms	39,491,534
Less: Kern River Levee District Payable included above that bears no interest and has no schedule of repayment terms	292,503
Less: Unamortized premium for Wastewater revenue bond	24,847,613
Less: Compensated Absences included above that bear no interest and have no schedule of repayment terms	<u>17,589,082</u>
Total Principal with Scheduled Repayment Terms	185,907,921
Interest on Obligations	<u>82,103,129</u>
Total Debt Service Requirements	<u>\$268,011,050</u>

Notes to the Financial Statements

NOTE 11 - LONG-TERM DEBT (continued)

The annual requirement to amortize the principal and interest on long-term debt at June 30, 2016 is as follows:

Government-Type Activities						
Year ending	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds	Notes/Loans	Total
2017	\$ 2,390,000	\$ 503,828	\$ 2,893,828	\$ 741,900	\$ 65,870	\$ 807,770
2018	2,510,000	502,352	3,012,352	622,400	59,324	681,724
2019	2,640,000	501,877	3,141,877	496,900	51,546	548,446
2020	2,760,000	509,232	3,269,232	374,526	41,791	416,317
2021	2,875,000	486,000	3,361,000	256,625	30,500	287,125
2022-2026	3,000,000	939,001	3,939,001	133,724	25,004	158,728
Totals	<u>\$ 16,175,000</u>	<u>\$ 3,442,290</u>	<u>\$ 19,617,290</u>	<u>\$ 2,626,075</u>	<u>\$ 274,035</u>	<u>\$ 2,900,110</u>
Business-Type Activities						
Year ending	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds	Notes/Loans	Total
2017	\$ 11,055,000	\$ 752,126	\$ 11,807,126	\$ 7,733,187	\$ 150,429	\$ 7,883,616
2018	5,975,000	752,126	6,727,126	7,414,438	150,429	7,564,867
2019	5,525,000	752,126	6,277,126	7,136,875	150,429	7,287,304
2020	5,955,000	752,126	6,707,126	6,849,875	150,429	7,000,304
2021	7,245,000	752,127	7,997,127	6,519,875	150,428	6,670,303
2022-2026	33,035,000	-	33,035,000	26,609,500	-	26,609,500
2027-2031	52,280,000	-	52,280,000	14,495,500	-	14,495,500
2032-2036	41,460,000	-	41,460,000	1,691,625	-	1,691,625
2042-2045	-	-	-	-	-	-
Totals	<u>\$ 162,530,000</u>	<u>\$ 3,760,631</u>	<u>\$ 166,290,631</u>	<u>\$ 78,450,875</u>	<u>\$ 752,144</u>	<u>\$ 79,203,019</u>
Total Reporting Entity						
Year Ending	Principal			Interest		
	Bonds/COP	Notes/Loans	Total	Bonds/COP	Notes/Loans	Total
2017	\$ 13,445,000	\$ 1,255,954	\$ 14,700,954	\$ 8,475,087	\$ 216,299	\$ 8,691,386
2018	8,485,000	1,254,478	9,739,478	8,036,838	209,753	8,246,591
2019	8,165,000	1,254,003	9,419,003	7,633,775	201,975	7,835,750
2020	8,715,000	1,261,358	9,976,358	7,224,401	192,220	7,416,621
2021	10,120,000	1,238,127	11,358,127	6,776,500	180,928	6,957,428
2022-2026	36,035,000	939,001	36,974,001	26,743,224	25,004	26,768,228
2027-2031	52,280,000	-	52,280,000	14,495,500	-	14,495,500
2032-2036	41,460,000	-	41,460,000	1,691,625	-	1,691,625
2042-2045	-	-	-	-	-	-
Totals	<u>\$ 178,705,000</u>	<u>\$ 7,202,921</u>	<u>\$ 185,907,921</u>	<u>\$ 81,076,950</u>	<u>\$ 1,026,179</u>	<u>\$ 82,103,129</u>

Notes to the Financial Statements

NOTE 12 - PLEDGED REVENUES

The City has pledged net revenues generated by the Wastewater Enterprise Fund to repay a total of \$162.5 million in wastewater revenue bonds series 2007A, 2012A and 2015A issued to finance a portion of the expansion and improvement of the City's wastewater and sewage collection and disposal system.

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 2018 for 2007A bonds, 2017 for 2012A bonds, and 2034 for 2015A bonds. The covenants of the ordinances authorizing the bonds include, among other things, an obligation of the City to fix, prescribe, revise, and collect rates, fees, and charges for the services and facilities of the system and revise the same whenever necessary, which will provide gross revenues in each fiscal year sufficient to pay the cost of operation and maintenance of the system; one hundred twenty five percent (125%) of the bond service requirement becoming due in such fiscal year on the outstanding bonds; plus one hundred percent (100%) of all reserve and other payments required to be made pursuant to the ordinances authorizing the bonds.

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, 2016 were as follows:

	<u>Balance at June 30, 2016</u>
General Fund	
California Water Receivable	\$ 240,209
Code Enforcement Receivable	7,895
Police Service Receivable	13,994
State Agencies (SB90)	<u>3,004,074</u>
General Fund Total	<u>3,266,172</u>
CDBG - Deferred Loans	18,208,780
Gas Tax & Road Fund	22,031
Capital Outlay Fund	120,208
Non-Major Funds	
National Stabilization	<u>8,021,961</u>
 Total Governmental Funds	 <u><u>\$ 29,639,152</u></u>

Notes to the Financial Statements

NOTE 14 - FUND BALANCES

Fund balances for all major and non-major governmental funds as of June 30, 2016 are as follows (see Note 1 for description of the categories used):

	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay Fund	Park Improvement Fund	Transportation Development Fund	Non-Major Governmental Funds	Total
Nonspendable									
Prepays/Deposits	\$ 1,000	\$ -	\$ -	\$ -	\$ 44,508	\$ -	\$ -	\$ -	\$ 45,508
Subtotal	1,000	-	-	-	44,508	-	-	-	45,508
Restricted									
Development services grants	-	-	330,926	-	-	-	-	246,147	577,073
Community redevelopment projects	-	-	-	-	-	-	-	5,745,432	5,745,432
Police services grants	-	-	-	-	-	-	-	1,409,374	1,409,374
Fire services grants	-	-	-	-	-	-	-	218,627	218,627
Assessment district projects	-	-	-	-	-	-	-	-	-
Public works grants	-	-	-	14,038,118	-	-	-	-	14,038,118
Subtotal	-	-	330,926	14,038,118	-	-	-	7,619,580	21,988,624
Committed									
Legal & Professional services	32,727	-	-	-	41,853	-	-	-	74,580
Utility service agreements	30,250	-	-	-	-	-	-	-	30,250
City facility construction & refurbishment projects	-	-	-	-	4,942,048	-	-	-	4,942,048
Police service contracts	130,000	-	-	-	-	-	-	-	130,000
Fire service contracts	-	-	-	-	718,519	-	-	-	718,519
Civil Engineering/Land Survey contracts	71,880	-	-	-	-	-	-	-	71,880
Public works improvement contracts	-	-	-	-	272,579	-	45,764,447	-	46,037,026
Park improvement contracts	-	-	-	-	61,262	9,347,117	-	-	9,408,379
Recreation facility contracts	-	104,097	-	-	-	-	-	-	104,097
Community development contracts	122,469	-	-	-	129,487	-	-	-	251,956
Cash basis reserve	12,922,135	-	-	-	-	-	-	-	12,922,135
Facility replacement reserve	-	-	-	-	3,280,138	-	-	-	3,280,138
Appropriation for next year's budget	15,685,743	-	-	-	-	-	-	-	15,685,743
Subtotal	28,995,204	104,097	-	-	9,445,886	9,347,117	45,764,447	-	93,656,751

Notes to the Financial Statements

NOTE 14 - FUND BALANCES (continued)

	General Fund	Transient Occupancy Taxes Fund	Community Development Block Grant Fund	Gas Tax & Road Fund	Capital Outlay Fund	Park Improvement Fund	Transportation Development Fund	Non-Major Governmental Funds	Total
Assigned									
Legal & Professional services	139,419	-	-	-	-	-	-	-	139,419
Police operations	38,643	-	-	-	-	-	-	-	38,643
Fire operations	107,752	-	-	-	-	-	-	-	107,752
Public works - General Services department	23,646	-	-	-	-	-	-	-	23,646
Facility improvements	-	-	-	-	3,938,869	-	-	-	3,938,869
Highway and road projects	-	-	-	-	44,754,165	-	-	-	44,754,165
Recreation projects	15,337	2,333,080	-	-	-	-	-	-	2,348,417
Park development projects	26,285	-	-	-	-	-	-	-	26,285
Community development projects	29,347	-	-	-	-	-	-	-	29,347
Other miscellaneous agreements	10,772	-	-	-	-	-	-	-	10,772
Petty Cash accounts	21,970	-	-	-	-	-	-	-	21,970
Compensated absences	3,629,595	-	-	-	-	-	-	-	3,629,595
Subtotal	4,042,766	2,333,080	-	-	48,693,034	-	-	-	55,068,880
Unassigned	8,783,314	-	-	-	-	-	-	-	8,783,314
	<u>\$ 41,822,284</u>	<u>\$ 2,437,177</u>	<u>\$ 330,926</u>	<u>\$ 14,038,118</u>	<u>\$ 58,183,428</u>	<u>\$ 9,347,117</u>	<u>\$ 45,764,447</u>	<u>\$ 7,619,580</u>	<u>\$179,543,077</u>

NOTE 15 - REIMBURSABLE DEVELOPER COSTS

Reimbursable developer costs of \$2,355,991 at June 30, 2016 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.

Notes to the Financial Statements

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS

General

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

Miscellaneous Plan

Plan Description

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

Benefits Provided

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

Contributions and Employees Covered

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

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

As of June 30, 2015 (the measurement date), there are 949 active employees and 773 inactive employees or beneficiaries receiving benefits. For the fiscal year ended June 30, 2016, the employee contribution rate was 7.946 percent of annual pay, and the employer's minimum contribution rate was 19.443 percent of annual payroll. Employer contribution rates may change if plan contracts are amended.

Notes to the Financial Statements

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)

Actuarial Methods and Assumptions

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Age-Entry Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation Rate	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% [a]
Mortality Rate Table [b]	CalPERS' Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

[a] Net of Pension Plan Investment and Administrative Expenses; included inflation.

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

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study dated January 2014 which was derived from data collected for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The 2014 Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement No. 68 section.

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

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

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS' Board effective on July 1, 2014.

Notes to the Financial Statements

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)

Asset Class	Current Target Allocation	Real Return Years 1-10 [a]	Real Return Years 11+ [b]
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)

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

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

Changes in Net Pension Liability

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

	Total Pension Liability [1]	Plan Fiduciary Net Position [2]	Net Pension Liability/(Asset) [3]=[1] - [2]
Balance at June 30, 2014 [a]	\$ 470,823,046	\$ 357,277,899	\$ 113,545,147
Changes Recognized for the Measurement Period:			
- Service Cost	9,371,317	-	9,371,317
- Interest on the Total Pension Liability	34,880,653	-	34,880,653
- Changes of Benefit Terms	-	-	-
- Differences between Expected and Actual Experience	(682,929)	-	(682,929)
- Changes of Assumptions	(8,541,600)	-	(8,541,600)
- Plan to Plan Movement	-	-	-
- Contributions - Employer	-	10,017,697	(10,017,697)
- Contributions - Employees	-	4,653,169	(4,653,169)
- Net Investment Income	-	7,966,951	(7,966,951)
- Benefit Payments Including Refund of Employee Contributions	(20,655,868)	(20,655,868)	-
- Administrative Expenses	-	(403,815)	403,815
Net Changes during 2014-15	14,371,573	1,578,134	12,793,439
Balance at June 30, 2015 [a]	\$ 485,194,619	\$ 358,856,033	\$ 126,338,586

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

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

	Discount Rate - 1% (6.65%)	Current Discount Rate (7.65 %)	Discount Rate + 1% (8.65%)
MISCELLANEOUS PLAN			
Plan Net Pension Liability/(Asset)	\$ 191,402,244	\$ 126,338,586	\$ 72,486,171

Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

Notes to the Financial Statements

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)

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

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

The expected average remaining service lifetime (EARSL) for the plan for the June 30, 2015 measurement date is 3.8 years, which is obtained by dividing the total service years of 9,345 (the sum of remaining lifetimes of active employees) by 2,463 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2014), the net pension liability/(asset) is \$113,545,147. For the measurement period ending June 30, 2015 (the measurement date), the City incurred a pension expense/(income) of \$8,254,900 for the plan. Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2016, the City had deferred outflows related to pensions of \$14,122,021 for contributions made subsequent to the measurement date and \$15,226,265 for the net difference between projected and actual earnings on pension plan investments. Deferred inflows of resources related to pensions were \$18,380,981 for the net difference between projected and actual earnings on pension plan investments, \$6,293,811 for changes in assumptions, and \$503,211 for differences between expected and actual experiences.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension revenue and expense amortized annually as follows:

Measurement Periods	Deferred Outflows/ (Inflows)
Ended June 30:	of Resources
2016	\$(4,747,934)
2017	\$(4,747,934)
2018	\$(4,262,437)
2019	\$3,806,567
Remaining	\$0

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)**Safety Fire Plan**Plan Description

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

Benefits Provided

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

Contributions and Employees Covered

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

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

As of June 30, 2015 (the measurement date), there are 176 active employees and 213 inactive employees or beneficiaries receiving benefits. For the fiscal year ended June 30, 2016, the employee contribution rate was 9.00 percent of annual pay, and the employer's minimum contribution rate was 31.469 percent of annual payroll. Employer contribution rates may change if plan contracts are amended.

Notes to the Financial Statements

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)

Actuarial Methods and Assumptions

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Age-Entry Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation Rate	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% [a]
Mortality Rate Table [b]	CalPERS' Membership Data Contact COLA up to 2.75% until Purchasing Power Protection
Post Retirement Benefit Increase	Allowance Floor on Purchasing Power applies, 2.75% thereafter

[a] Net of Pension Plan Investment and Administrative Expenses; includes inflation.

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

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study dated January 2014 which was derived from data collected for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The 2014 Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement No. 68 section.

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

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

Notes to the Financial Statements

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1-10 [a]	Real Return Years 11+ [b]
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure & Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)

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

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

Changes in Net Pension Liability

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

	Total Pension Liability [1]	Increase (Decrease) Plan Fiduciary Net Position [2]	Net Pension Liability/(Asset) [3]=[1] - [2]
Balance at June 30, 2014 [a]	\$ 245,821,703	\$ 193,951,370	\$ 51,870,333
Changes Recognized for the Measurement Period:			
- Service Cost	4,038,459	-	4,038,459
- Interest on the Total Pension Liability	18,125,192	-	18,125,192
- Changes of Benefit Terms	-	-	-
- Differences between Expected and Actual Experience	(357,892)	-	(357,892)
- Changes of Assumptions	(4,419,326)	-	(4,419,326)
- Plan to Plan Resource Movement	-	(13)	13
- Contributions - Employer	-	4,717,136	(4,717,136)
- Contributions - Employees	-	1,496,855	(1,496,855)
- Net Investment Income	-	4,369,856	(4,369,856)
- Benefit Payments Including Refund of Employee Contributions	(12,266,190)	(12,266,190)	-
- Administrative Expenses	-	(216,134)	216,134
Net Changes during 2014-15	5,120,243	(1,898,490)	7,018,733
Balance at June 30, 2015 [a]	\$ 250,941,946	\$ 192,052,880	\$ 58,889,066

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

Notes to the Financial Statements

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)

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

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50 %)	Discount Rate + 1% (8.50%)
SAFETY FIRE PLAN			
Plan Net Pension Liability/(Asset)	\$ 92,309,293	\$ 58,889,066	\$ 31,365,904

Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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

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

The expected average remaining service lifetime (EARS�) for the plan for the June 30, 2015 measurement date is 5.4 years, which is obtained by dividing the total service years of 2,204 (the sum of remaining lifetimes of active employees) by 407 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2014), the net pension liability/(asset) is \$51,870,333. For the measurement period ending June 30, 2015 (the measurement date), the City incurred a pension expense/(income) of \$4,105,174 for the plan. Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2016, the City had deferred outflows related to pensions of \$6,466,242 for contributions made subsequent to the measurement date and \$8,173,546 for the net difference between projected and actual earnings on pension plan investments. Deferred inflows of resources related to pensions were \$10,049,093 for the net difference between projected and actual earnings on pension plan investments, \$3,600,932 for changes in assumptions, and \$291,616 for differences between expected and actual experiences.

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension revenue and expense amortized annually as follows:

Measurement Periods Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2016	\$(2,190,981)
2017	\$(2,190,981)
2018	\$(2,190,983)
2019	\$1,158,718
2020	\$(353,868)
Remaining	\$0

Notes to the Financial Statements

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)

Safety Police Plan

Plan Description

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

Benefits Provided

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

Contributions and Employees Covered

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

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

As of June 30, 2015 (the measurement date), there are 399 active employees and 391 inactive employees or beneficiaries receiving benefits. For the fiscal year ended June 30, 2016, the employee contribution rate was 9.126 percent of annual pay, and the employer's minimum contribution rate was 38.840 percent of annual payroll. Employer contribution rates may change if plan contracts are amended.

Notes to the Financial Statements

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)

Actuarial Methods and Assumptions

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015 total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Age-Entry Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation Rate	2.75%
Salary Increases	Varies Entry Age and Service
Investment Rate of Return	7.65% [a]
Mortality Rate Table [b]	CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75 thereafter

[a] Net of Pension Plan Investment and Administrative Expenses; includes inflation.

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

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study dated January 2014 which was derived from data collected for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The 2014 Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB Statement No. 68 section.

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

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

Notes to the Financial Statements

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1-10 [a]	Real Return Years 11+ [b]
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure & Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)

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

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

Changes in Net Pension Liability

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

	Total Pension Liability [1]	Increase (Decrease) Plan Fiduciary Net Position [2]	Net Pension Liability/(Asset) [3]=[1] - [2]
Balance at June 30, 2014 [a]	\$ 400,869,970	\$ 273,602,127	\$ 127,267,843
Changes Recognized for the Measurement Period:			
- Service Cost	8,534,322	-	8,534,322
- Interest on the Total Pension Liability	29,736,286	-	29,736,286
- Changes of Benefit Terms	-	-	-
- Differences between Expected and Actual Experience	872,107	-	872,107
- Changes in Assumptions	(7,760,962)	-	(7,760,962)
- Plan to Plan Resource Movement	-	-	-
- Contributions - Employer	-	12,287,267	(12,287,267)
- Contributions -Employees	-	3,238,371	(3,238,371)
- Net Investment Income	-	6,082,288	(6,082,288)
- Benefit Payments Including Refunds of Employee Contributions	(19,077,307)	(19,077,307)	-
- Administrative Expenses	-	(313,848)	313,848
Net Changes during 2014-15	12,304,446	2,216,771	10,087,675
Balance at June 30, 2015 [a]	\$ 413,174,416	\$ 275,818,898	\$ 137,355,518

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

Notes to the Financial Statements

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)**Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50 %)	Discount Rate + 1% (8.50%)
SAFETY POLICE PLAN			
Plan Net Pension Liability/(Asset)	\$ 196,849,956	\$ 137,355,517	\$ 89,023,399

Recognition of Gains and Losses

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

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

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

The expected average remaining service lifetime (EARS�) for the plan for the June 30, 2015 measurement date is 5.3 years, which is obtained by dividing the total service years of 4,273 (the sum of remaining lifetimes of active employees) by 807 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2014), the net pension liability/(asset) is \$127,267,843. For the measurement period ending June 30, 2015 (the measurement date), the City incurred a pension expense/(income) of \$11,507,796 for the plan. Note that no adjustments have been made for contributions subsequent to the measurement date. Adequate treatment of any contributions made after the measurement date is the responsibility of the employer.

As of June 30, 2016, the City had deferred outflows related to pensions of \$15,969,580 for contributions made subsequent to the measurement date, \$707,559 for differences between expected and actual experiences and \$11,732,169 for the net difference between projected and actual earnings on pension plan investments. Deferred inflows of resources related to pensions were \$14,172,145 for the net difference between projected and actual earnings on pension plan investments and \$6,296,630 for changes in assumptions.

Notes to the Financial Statements

NOTE 16 - EMPLOYEE RETIREMENT BENEFITS (continued)

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in future pension revenue and expense amortized annually as follows:

Measurement Periods	Deferred Outflows/ (Inflows)
Ended June 30:	of Resources
2016	\$(3,090,790)
2017	\$(3,090,790)
2018	\$(3,090,790)
2019	\$1,633,259
2020	\$(389,935)
Remaining	\$0

CITYWIDE PENSION PLAN TOTALS	Miscellaneous Plan	Safety Fire Plan	Safety Police Plan	Citywide Total
Net Pension Liability	<u>\$ 126,338,586</u>	<u>\$ 58,889,066</u>	<u>\$ 137,355,518</u>	<u>\$ 322,583,170</u>
Deferred Outflows				
Contributions Made Subsequent to Measurement Date	14,122,021	6,466,242	15,969,580	36,557,843
Differences Between Expected and Actual Experiences	-	-	707,559	707,559
Differences Between Projected and Actual Earnings	15,226,265	8,173,546	11,732,169	35,131,980
Total Deferred Outflows	<u>\$ 29,348,286</u>	<u>\$ 14,639,788</u>	<u>\$ 28,409,308</u>	<u>\$ 72,397,382</u>
Deferred Inflows				
Differences Between Expected and Actual Experience	503,211	291,616	-	794,827
Differences Between Projected and Actual Earnings	18,380,981	10,049,093	14,172,145	42,602,219
Changes in Assumptions	6,293,811	3,600,932	6,296,630	16,191,373
Total Deferred Inflows	<u>\$ 25,178,003</u>	<u>\$ 13,941,641</u>	<u>\$ 20,468,775</u>	<u>\$ 59,588,419</u>

Notes to the Financial Statements

NOTE 17 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

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

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

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

For employees hired prior to the dates listed above, the City provides lifetime postretirement medical benefits for eligible retirees and qualified dependents with a choice of three medical options: Blue Shield PPO, Blue Shield HMO, and Kaiser Permanente HMO. Mental Health benefits are carved out and provided through Optum Behavioral Health. After reaching eligibility for Medicare, retirees are offered a choice of Blue Shield PPO, Blue Shield Medicare Advantage HMO or Kaiser Senior Advantage HMO. 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 Fee-for-service (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 668 active employees who are eligible for the same level of post-employment benefits and 723 retirees (and/or dependants) currently receiving benefits as of the actuarial dated June 30, 2016.

B. Funding Policy

As required by GASB Statement No. 45, an actuary will determine the City's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total 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 Von Karman Avenue, Suite 100, Newport Beach, CA 92660.

Notes to the Financial Statements

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

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

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

<u>Item</u>	<u>Fiscal Year End 6/30/2016</u>	<u>Fiscal Year End 6/30/2015</u>
Annual Required Contributions	\$ 7,530,031	\$ 6,539,299
Interest on Net OPEB Obligation/(Asset)	(207,484)	(101,771)
Adjustment to Annual Required Contributions	293,181	137,786
Annual OPEB Cost (Expense)	7,615,728	6,575,314
Contributions Made	(5,645,839)	(8,038,622)
Increase/(Decrease) in Net OPEB Obligation/(Asset)	1,969,889	(1,463,308)
Net OPEB Obligation/(Asset)- beginning of year	(3,608,415)	(2,145,107)
Net OPEB Obligation/(Asset)- end of year	<u>\$ (1,638,526)</u>	<u>\$ (3,608,415)</u>

The City's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal years ended June 30, 2014 through 2016 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>
6/30/2014	\$6,575,314	\$6,950,125	105.70%	\$(2,145,107)
6/30/2015	6,575,314	8,038,622	122.25%	(3,608,415)
6/30/2016	7,615,728	5,645,839	74.13%	(1,638,526)

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2016 (the most recent actuarial valuation date) was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Projected Unit Credit Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2015	\$55,667,283	\$130,019,947	\$74,352,664	42.8%	\$50,985,920	145.8%

Notes to the Financial Statements

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

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

E. Actuarial Methods and Assumptions

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

The plan's most recent actuarial valuation was performed as of July 1, 2015. In that valuation the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 5.75% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate ranging from 10.69% to -14.73%, reduced by decrements to an ultimate rate of 5% after 10 years. These assumptions reflect an implicit 3.0% general inflation assumption. The City's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over 30 years. The remaining amortization period as of June 30, 2016 was 21 years.

Notes to the Financial Statements

NOTE 18 - SPECIAL ASSESSMENT DISTRICTS

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

	Outstanding at June 30, 2016
Assessment District 96-1* (Brimhall II/Spring Meadows/Fairways/Campus Park)	\$ 90,000
Assessment District 97-1* (Spring Meadows II/Stockdale Highway Commercial)	200,000
Assessment District 98-1* (Brimhall IV/Stockdale Commercial/Gosford Industrial)	1,105,000
Assessment District 99-1* (Polo Greens/River Oaks)	565,000
Assessment District 99-2* (Seven Oaks West)	1,030,000
Assessment District 01-1* (Ming at Allen/Mountain Vista; Hampton Place)	775,000
Assessment District 01-2* (Seven Oaks West II/Riverwalk/Southern Oaks)	2,670,000
Assessment District 01-3* (Mountain Vista/San Lauren)	1,935,000
Assessment District 02-1* (Avalon/Belsera/Montara/The Woods)	755,000
Assessment District 03-1* (Brighton Place/Silver Creek II)	1,360,000
Assessment District 03-2* (Buena Vista Ranch/Belsera II/Monstera II/Olive Park II)	1,230,000
Assessment District 03-3* (Seven Oaks West III/Brighton Place)	3,020,000
Assessment District 04-1 (Countryside/The Homestead)	1,935,000
Assessment District 04-2 (BL/BV/ST@Allen Com)	2,295,000
Assessment District 04-3 (Solera/Rio Vista)	1,680,000
Assessment District 05-1 (City in the Hills)	8,925,000
Assessment District 05-3 (Liberty II/Village Green/Tesoro/Encanto)	4,080,000
Assessment District 06-1 (Etcheverry/Lin II/University Park)	3,290,000
Assessment District 07-2 (Sydney Harbour)	1,505,000
	<u>\$ 38,445,000</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.*

Notes to the Financial Statements

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 \$39,491,534 at June 30, 2016 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. An estimate of incurred but not reported claims has been included in the liability based on the various percentages of loss reserves.

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

	Liability at Beginning of Year	Current Year Claims and Changes in Estimates	Claims Payments	Liability at End of Year
2013-2014	\$ 31,085,384	\$ 11,077,445	\$ 8,969,664	\$ 33,193,165
2014-2015	33,193,165	10,474,606	8,988,540	34,679,231
2015-2016	34,679,231	15,022,472	10,210,169	39,491,534

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, 2016, the City had \$478,585 on deposit with ACCEL out of a total of approximately \$5,489,311.

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

As of June 30, 2016, ACCEL had no long-term debt. Included in total liabilities is an estimated retrospectively rated refund of \$17,362,147. Complete financial statements of ACCEL can be obtained at the City's Finance Department at 1600 Truxtun Avenue, Bakersfield, CA 93301.

Notes to the Financial Statements

NOTE 19 - RISK MANAGEMENT (continued)

A summary of the financial information for ACCEL at June 30, 2016 is as follows:

Total assets	\$ 55,318,594
Total liabilities	<u>34,425,726</u>
 Total members' net position	 <u>\$ 20,892,868</u>
 Total revenues	 \$ 13,977,615
Total expenses	<u>15,004,132</u>
 Net change in members' net position	 <u>\$ (1,026,517)</u>

NOTE 20 - COMMITMENTS AND CONTINGENCIES

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

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

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

Notes to the Financial Statements

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, 2016 consisted of the following:

Governmental Funds:

Major Funds:

General Fund	\$ 778,527
Transient Occupancy Taxes Fund	104,097
Community Development Block Grant Fund	3,252,508
Gas Tax & Road Fund	90,756,411
Capital Outlay Fund	6,165,748
Park Improvement Fund	2,864,186
Transportation Development Fund	17,980,373

Non-Major Funds:

High Speed Rail Fund	629,150
State (TDA) Transportation Fund	59,244
State Safety Fund	214,198

Proprietary Funds:

Major Funds:

Wastewater Treatment Fund	1,022,566
Refuse Collection Fund	9,223
Agriculture Water Fund	219,733
Domestic Water Fund	1,102,934
General Aviation Fund	200,803
Offstreet Parking Fund	2,095

Internal Service Funds:

Self-Insurance Fund	499,314
Equipment Management Fund	4,258,101

Fiduciary Funds:

Private Purpose Trust Funds:

Redevelopment Successor Agency Fund	4,113,906
	<u>\$ 134,233,117</u>

Notes to the Financial Statements

NOTE 22 - CONDUIT DEBT OBLIGATIONS

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

	Authorized and Issued	Current Outstanding at June 30, 2016
City of Bakersfield - Cottonwood Village Housing Bond, Series 2004	\$ 5,000,000	\$ 5,000,000
City of Bakersfield - Cottonwood Court Housing Bond, Series 2004	1,950,000	1,950,000
City of Bakersfield - St. John Manor Housing Bond, Series 2006	3,867,794	2,998,063
City of Bakersfield - Coventry Apartments Housing Bond, Series 2007M	5,300,000	3,612,236
City of Bakersfield - Catholic Healthcare West 501(c)(3) Nonprofit Bond, Series A thru L	676,250,000	330,000,000
City of Bakersfield - National Health Services, Inc. 501(c)(3) Nonprofit Bond, Series 2007	11,000,000	9,700,000
City of Bakersfield - Descanso Place Housing Bond, Series TT	13,000,000	1,400,000
City of Bakersfield - Bakersfield Family Apartments Housing Bond, Series 2008R	10,971,000	1,124,855
City of Bakersfield - Camellia Place Housing Bond, Series 2009R	619,138	619,118
City of Bakersfield - Eucalyptus Village I Housing Bond, Series 2012-E1	1,295,000	1,295,000
City of Bakersfield - Eucalyptus Village II Housing Bond, Series 2012-E2	4,275,000	4,275,000
City of Bakersfield - American Baptist Homes of The West 501(c)(3) Nonprofit Bond, Series 2015	52,080,000	52,080,000
TOTAL		<u>\$ 414,054,272</u>

Notes to the Financial Statements

NOTE 23 - PRIOR PERIOD ADJUSTMENTS

During the fiscal year ended June 30, 2016, the City made the following prior period adjustments to restate the net position for governmental activities and related fund balance for: 1) Net Position for Governmental Activities was adjusted after review of capital assets by City departments identified items that were no longer in service, 2) Net Position for Refuse Collection Fund and Agriculture Water Fund were adjusted to correct capital asset additions and disposals that were not recorded correctly, and 3) correction of Fund Balance in Gas Tax & Road Fund for amounts due from the State on grants related to funding for various local street and highway project. See corresponding changes in statements on p. 22, p.30 , and p. 36.

Activity	Net Position Accounts		
	July 1, 2015 as previously reported	Adjustment	July 1, 2015, as restated
Net Position - Governmental Activities	\$1,237,161,258	\$ (1,833,211)	\$ 1,235,328,047
Refuse Collection Fund	(2,453,828)	4,328,901	1,875,073
Agriculture Water Fund	22,267,844	(291,072)	21,976,772

	Fund Balance Accounts		
	July 1, 2015 as previously reported	Adjustment	July 1, 2016, as restated
Gas Tax & Road Fund	\$ 12,335,220	\$ (878,154)	\$ 11,457,066

CITY OF BAKERSFIELD

Required Supplementary Information

BUDGETARY INFORMATION

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

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

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

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

- Governmental Activities
- Business-Type Activities

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

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

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

The amounts carried forward from fiscal year ended June 30, 2015 to fiscal year ended June 30, 2016 totaled \$474,084,960.

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

BUDGETARY INFORMATION (continued)

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

**Budgetary Comparison Schedule, General Fund
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund Balance, July 1	<u>\$ 40,780,089</u>	<u>\$ 40,780,089</u>	<u>\$ 40,780,089</u>	<u>\$ -</u>
Revenues:				
Taxes	152,034,500	148,621,635	154,904,489	6,282,854
Licenses and permits	3,246,240	3,246,240	2,979,725	(266,515)
Intergovernmental	1,307,116	3,681,444	3,753,153	71,709
Charges for services	20,980,955	20,983,401	21,858,953	875,552
Fines, forfeitures and assessments	845,000	1,139,194	1,230,466	91,272
Interest income	172,000	1,550,600	1,771,476	220,876
Contributions and donations	304,589	385,403	533,763	148,360
Other	729,900	754,900	1,576,869	821,969
Transfers from other funds	952,918	2,692,989	2,692,989	-
Amount available for appropriation	<u>\$ 180,573,218</u>	<u>\$ 183,055,806</u>	<u>\$ 191,301,883</u>	<u>\$ 8,246,077</u>
Expenditures:				
General government	\$ 13,282,493	\$ 13,397,804	\$ 12,210,627	\$ 1,187,177
Public safety - Police	87,246,327	89,023,468	84,228,610	4,794,858
Public safety - Fire	36,311,034	37,301,688	35,751,835	1,549,853
Public works	26,956,664	27,343,505	25,985,093	1,358,412
Recreation and parks	18,991,657	19,138,078	18,129,849	1,008,229
Community development	7,731,166	8,022,876	7,280,994	741,882
Non-departmental	9,543,000	9,534,250	6,591,803	2,942,447
Contingency	50,000	30,000	-	30,000
Transfers to other funds	60,877	80,877	80,877	-
Total charges to appropriations	<u>200,173,218</u>	<u>203,872,546</u>	<u>190,259,688</u>	<u>13,612,858</u>
Amount of resources over (under) charges to appropriations	<u>(19,600,000)</u>	<u>(20,816,740)</u>	<u>1,042,195</u>	<u>21,858,935</u>
Fund balance, June 30	<u>\$ 21,180,089</u>	<u>\$ 19,963,349</u>	<u>\$ 41,822,284</u>	<u>\$ 21,858,935</u>

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

BUDGETARY INFORMATION (continued)**Budgetary Comparison Schedule, Transient Occupancy Taxes Fund
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Fund Balance, July 1 - as restated	<u>\$ 3,103,922</u>	<u>\$ 3,103,922</u>	<u>\$ 3,103,922</u>	<u>\$ -</u>
Revenues:				
Taxes	8,725,000	8,725,000	9,450,710	725,710
Intergovernmental	-	7,500	7,500	-
Charges for services	6,194,254	6,194,254	7,211,624	1,017,370
Interest income	15,000	15,000	29,093	14,093
Contributions and donations	1,200,000	1,209,975	1,200,000	(9,975)
Other income	-	-	392,556	392,556
Amount available for appropriation	<u>\$ 16,134,254</u>	<u>\$ 16,151,729</u>	<u>\$ 18,291,483</u>	<u>\$ 2,139,754</u>
Expenditures:				
General government	\$ 7,356,277	\$ 7,468,147	\$ 8,792,151	\$ (1,324,004)
Non-departmental	3,141,150	3,141,150	3,141,150	-
Transfers to other funds	7,024,927	7,024,927	7,024,927	-
Total charges to appropriations	<u>17,522,354</u>	<u>17,634,224</u>	<u>18,958,228</u>	<u>(1,324,004)</u>
Amount of resources over (under) charges to appropriations	<u>(1,388,100)</u>	<u>(1,482,495)</u>	<u>(666,745)</u>	<u>815,750</u>
Fund balance, June 30	<u>\$ 1,715,822</u>	<u>\$ 1,621,427</u>	<u>\$ 2,437,177</u>	<u>\$ 815,750</u>

**Budgetary Comparison Schedule, Community Development Block Grant Fund
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Fund Balance, July 1	<u>\$ 387,546</u>	<u>\$ 387,546</u>	<u>\$ 387,546</u>	<u>\$ -</u>
Revenues:				
Intergovernmental	4,488,328	11,664,498	5,356,388	(6,308,110)
Interest income	1,000	1,000	683	(317)
Loan payments	203,868	(836,132)	48,812	884,944
Other income	-	-	32,129	32,129
Amount available for appropriation	<u>\$ 4,693,196</u>	<u>\$ 10,829,366</u>	<u>\$ 5,438,012</u>	<u>\$ (5,391,354)</u>
Expenditures:				
Community development	\$ 2,345,533	\$ 5,889,046	\$ 3,151,026	\$ 2,738,020
Capital outlay	1,771,132	4,051,922	1,873,495	2,178,427
Transfers to other funds	582,823	582,823	470,111	112,712
Total charges to appropriations	<u>4,699,488</u>	<u>10,523,791</u>	<u>5,494,632</u>	<u>5,029,159</u>
Amount of resources over (under) charges to appropriations	<u>(6,292)</u>	<u>305,575</u>	<u>(56,620)</u>	<u>(362,195)</u>
Fund balance, June 30	<u>\$ 381,254</u>	<u>\$ 693,121</u>	<u>\$ 330,926</u>	<u>\$ (362,195)</u>

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

BUDGETARY INFORMATION (continued)**Budgetary Comparison Schedule, Gas Tax & Road Fund
For the Fiscal Year Ended June 30, 2016**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Fund Balance, July 1	<u>\$ 11,457,066</u>	<u>\$ 11,457,066</u>	<u>\$ 11,457,066</u>	<u>\$ -</u>
Revenues:				
Intergovernmental	86,255,472	396,389,216	116,905,677	(279,483,539)
Fines, forfeitures and assessments	30,000	30,000	15,939	(14,061)
Interest income	40,000	80,000	115,178	35,178
Other income	-	-	48,021	48,021
Amount available for appropriation	<u>\$ 86,325,472</u>	<u>\$396,499,216</u>	<u>\$ 117,084,815</u>	<u>\$ (279,414,401)</u>
Expenditures:				
Capital outlay	<u>87,605,050</u>	<u>408,591,392</u>	<u>114,503,763</u>	<u>294,087,629</u>
Amount of resources over (under) charges to appropriations	<u>(1,279,578)</u>	<u>(12,092,176)</u>	<u>2,581,052</u>	<u>14,673,228</u>
Fund balance, June 30	<u>\$ 10,177,488</u>	<u>\$ (635,110)</u>	<u>\$ 14,038,118</u>	<u>\$ 14,673,228</u>

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

DEFINED PENSION PLAN

The Schedules of Changes in Net Pension Liability, and related ratios as of the Measurement Period ending June 30, 2015 are below:

MISCELLANEOUS PLAN [a]

Measurement Period	2015	2014
Total Pension Liability		
Service Costs	\$ 9,371,317	\$ 9,394,857
Interest on Total Pension Liability	34,880,653	33,174,032
Changes of Benefit Terms	-	-
Changes in Assumptions	(8,541,600)	-
Difference Between Expected and Actual Experience	(682,929)	-
Benefit Payments [b]	(20,655,868)	(18,737,652)
Net Change in Total Pension Liability	\$ 14,371,573	\$ 23,831,237
Total Pension Liability - Beginning	470,823,046	446,991,809
Total Pension Liability - Ending [1]	\$ 485,194,619	\$ 470,823,046
Plan Fiduciary Net Position		
Contributions - Employer	10,017,697	9,220,181
Contributions - Employee	4,653,169	4,566,671
Net Investment Income	7,966,951	53,513,763
Other Miscellaneous Income	-	-
Benefit Payments [b]	(20,655,868)	(18,737,652)
Plan to Resource Movement	-	-
Administrative Expense	(403,815)	-
Net Change in Plan Fiduciary Net Position	\$ 1,578,134	\$ 48,562,963
Plan Fiduciary Net Position - Beginning	\$ 357,277,899	\$ 308,714,936
Plan Fiduciary Net Position - Ending [2]	358,856,033	357,277,899
Plan Net Pension Liability / (Asset) - [1]-[2]	\$ 126,338,586	\$ 113,545,147
Plan Fiduciary Net Position as a Percentage of Covered Employee Payroll	73.96 %	75.88 %
Covered Employee Payroll [c]	57,065,623	53,054,308
Plan Net Pension Liability / (Asset) as a Percentage of Covered Employee Payroll	221.39 %	214.02 %

Schedule of Plan Contributions

Fiscal Year End	2016	2015	2014
Actuarially Determined Contribution [d]	\$ 9,982,610	\$ 10,017,697	\$ 9,220,181
Contributions in Relation to the Actuarially Determined Contribution [d]	\$ (9,982,610)	\$ (10,017,697)	\$ (9,220,181)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Employee Payroll [c], [e]	55,548,811	57,065,623	53,054,308
Contributions as a Percentage of Covered Employee Payroll	17.97 %	17.55 %	17.38 %

[a] Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. These schedules are presented to illustrate the requirement to show that information.

[b] Includes refunds for employee contributions.

[c] Covered Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB Statement No. 68 defines covered employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

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

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

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

DEFINED PENSION PLAN (continued)

SAFETY FIRE PLAN [a]

Measurement Period	2015	2014
Total Pension Liability		
Service Costs	\$ 4,038,459	\$ 4,022,753
Interest on Total Pension Liability	18,125,192	17,409,125
Changes of Benefit Terms	-	-
Changes in Assumptions	(4,419,326)	-
Difference Between Expected and Actual Experience	(357,892)	-
Benefit Payments [b]	(12,266,190)	(11,440,930)
Net Change in Total Pension Liability	\$ 5,120,243	\$ 9,990,948
Total Pension Liability - Beginning	245,821,703	235,830,755
Total Pension Liability - Ending [1]	\$ 250,941,946	\$ 245,821,703
Plan Fiduciary Net Position		
Contributions - Employer	4,717,136	4,243,095
Contributions - Employee	1,496,855	1,485,484
Net Investment Income	4,369,856	29,300,590
Other Miscellaneous Income	-	-
Benefit Payments [b]	(12,266,190)	(11,440,930)
Plan to Resource Movement	(13)	-
Administrative Expense	(216,134)	-
Net Change in Plan Fiduciary Net Position	\$ (1,898,490)	\$ 23,588,239
Plan Fiduciary Net Position - Beginning	\$ 193,951,370	\$ 170,363,131
Plan Fiduciary Net Position - Ending [2]	192,052,880	193,951,370
Plan Net Pension Liability / (Asset) - [1]-[2]	\$ 58,889,066	\$ 51,870,333
Plan Fiduciary Net Position as a Percentage of Covered Employee Payroll	76.53 %	78.90 %
Covered Employee Payroll [c]	16,338,791	15,554,085
Plan Net Pension Liability / (Asset) as a Percentage of Covered Employee Payroll	360.42 %	333.48 %

Schedule of Plan Contributions

Fiscal Year End	2016	2015	2014
Actuarially Determined Contribution [d]	\$ 4,701,591	\$ 4,717,136	\$ 4,243,095
Contributions in Relation to the Actuarially Determined Contribution [d]	\$ (4,701,591)	\$ (4,717,136)	\$ (4,243,095)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Employee Payroll [c], [e]	16,266,462	16,338,791	15,554,085
Contributions as a Percentage of Covered Employee Payroll	28.90 %	28.87 %	27.28 %

[a] Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. These schedules are presented to illustrate the requirement to show that information.

[b] Includes refunds for employee contributions.

[c] Covered Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB Statement No. 68 defines covered employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

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

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

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

DEFINED PENSION PLAN (continued)

SAFETY POLICE PLAN [a]

Measurement Period	2015	2014
Total Pension Liability		
Service Costs	\$ 8,534,322	\$ 8,823,744
Interest on Total Pension Liability	29,736,286	28,279,962
Changes of Benefit Terms	-	-
Changes in Assumptions	(7,760,962)	-
Difference Between Expected and Actual Experience	872,107	-
Benefit Payments [b]	(19,077,307)	(17,776,028)
Net Change in Total Pension Liability	\$ 12,304,446	\$ 19,327,678
Total Pension Liability - Beginning	400,869,969	381,542,291
Total Pension Liability - Ending [1]	\$ 413,174,415	\$ 400,869,969
Plan Fiduciary Net Position		
Contributions - Employer	12,287,267	10,750,572
Contributions - Employee	3,238,371	2,920,326
Net Investment Income	6,082,288	41,170,702
Other Miscellaneous Income	-	-
Benefit Payments [b]	(19,077,307)	(17,776,028)
Plan to Resource Movement	-	-
Administrative Expense	(313,848)	-
Net Change in Plan Fiduciary Net Position	\$ 2,216,771	\$ 37,065,572
Plan Fiduciary Net Position - Beginning	\$ 273,602,127	\$ 236,536,555
Plan Fiduciary Net Position - Ending [2]	275,818,898	273,602,127
Plan Net Pension Liability / (Asset) - [1]-[2]	\$ 137,355,517	\$ 127,267,842
Plan Fiduciary Net Position as a Percentage of Covered Employee Payroll	66.76 %	68.25 %
Covered Employee Payroll [c]	30,842,116	30,496,107
Plan Net Pension Liability / (Asset) as a Percentage of Covered Employee Payroll	445.35 %	417.32 %

Schedule of Plan Contributions

Fiscal Year End	2016	2015	2014
Actuarially Determined Contribution [d]	\$ 12,217,767	\$ 12,287,267	\$ 10,750,572
Contributions in Relation to the Actuarially Determined Contribution [d]	\$ (12,217,767)	\$ (12,287,267)	\$ (10,750,572)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Employee Payroll [c], [e]	32,623,606	30,842,116	30,496,107
Contributions as a Percentage of Covered Employee Payroll	37.45 %	39.84 %	35.25 %

[a] Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. These schedules are presented to illustrate the requirement to show that information.

[b] Includes refunds for employee contributions.

[c] Covered Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB Statement No. 68 defines covered employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.

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

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

Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

CITY OF BAKERSFIELD

Required Supplementary Information (continued)

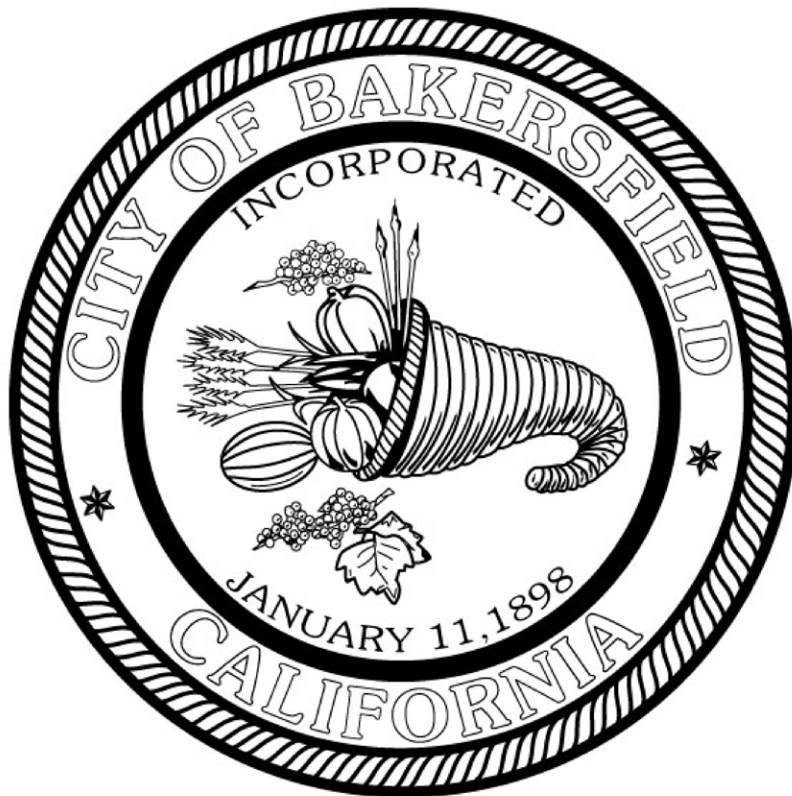
OTHER POST-EMPLOYMENT BENEFITS (OPEB) IRREVOCABLE TRUST

I. Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2013	\$ 46,532,951	\$ 110,400,975	\$ 63,868,024	42.1%	\$ 53,368,986	119.7%
7/1/2015	\$ 55,667,283	\$ 130,019,947	\$ 74,352,664	42.8%	\$ 50,985,920	145.8%

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General Fund

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

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

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

CITY OF BAKERSFIELD

**Balance Sheet
General Fund
June 30, 2016**

	<u>General Fund</u>
Assets:	
Cash and investments	\$ 26,677,067
Accounts receivable, net	1,030,150
Interest receivable	99,770
Due from other governmental agencies	23,312,267
Due from other funds	<u>4,493,488</u>
 Total assets	 <u><u>\$ 55,612,742</u></u>
 Liabilities, Deferred Inflows of Resources and Fund Balance:	
Liabilities:	
Accounts payable	\$ 9,452,159
Due to other governmental agencies	550,123
Advances from grantors and third parties	<u>522,004</u>
 Total liabilities	 <u>10,524,286</u>
 Deferred Inflows of Resources:	
Unearned revenue	<u>3,266,172</u>
 Fund Balance:	
Nonspendable	1,000
Committed	
Cash basis reserve	12,922,135
Contractual obligations	387,326
Appropriations for new year budget	15,685,743
Assigned	
Petty cash	21,970
Non-contractual encumbrances	391,201
Compensated absences	3,629,595
Unassigned	<u>8,783,314</u>
 Total fund balance	 <u>41,822,284</u>
 Total liabilities, deferred inflow of resources and fund balance	 <u><u>\$ 55,612,742</u></u>

CITY OF BAKERSFIELD

**Schedule of Revenues by Function - General Fund
Budget and Actual
For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes:			
Property taxes	\$ 71,098,635	\$ 72,918,720	\$ 1,820,085
Sales and use taxes	66,848,000	70,786,793	3,938,793
Property transfer tax	800,000	1,176,713	376,713
Utility franchise tax	6,075,000	6,117,694	42,694
Business license tax	3,800,000	3,904,569	104,569
Total taxes	148,621,635	154,904,489	6,282,854
Licenses and permits:			
Building permits	2,096,000	1,693,233	(402,767)
Planning permits	61,810	57,459	(4,351)
Public works permits	537,000	670,653	133,653
Police permits	300,130	345,801	45,671
Other licenses and permits	251,300	212,579	(38,721)
Total licenses and permits	3,246,240	2,979,725	(266,515)
Intergovernmental:			
Federal grants	1,986,637	1,520,481	(466,156)
State of California	722,227	1,552,551	830,324
Other grants	972,580	680,121	(292,459)
Total intergovernmental	3,681,444	3,753,153	71,709
Charges for services:			
Building	2,605,000	3,323,635	718,635
Planning	398,855	335,627	(63,228)
Public works	1,291,500	912,490	(379,010)
Police	714,000	872,945	158,945
Fire	4,900,000	5,123,435	223,435
Recreation and parks	1,018,046	996,390	(21,656)
Interfund charges	9,890,000	10,114,538	224,538
Other charges	166,000	179,893	13,893
Total charges for services	20,983,401	21,858,953	875,552
Fines, forfeitures, and assessments	1,139,194	1,230,466	91,272
Miscellaneous:			
Interest income	1,550,600	1,688,583	137,983
Net increase (decrease) in the fair value of investments	-	82,893	82,893
Contributions and donations	385,403	533,763	148,360
Other income	754,900	1,576,869	821,969
Total miscellaneous	2,690,903	3,882,108	1,191,205
Total revenues	\$ 180,362,817	\$ 188,608,894	\$ 8,246,077

CITY OF BAKERSFIELD

**Schedule of Expenditures by Division - General Fund
Budget and Actual
For the Fiscal Year Ended June 30, 2016**

	Budget	Actual	Variance with Final Budget
General Government:			
Mayor & City council	\$ 448,728	\$ 428,481	\$ 20,247
City manager	1,092,172	1,109,332	(17,160)
City clerk	887,915	755,610	132,305
Human resources	1,323,158	1,208,832	114,326
Information technology	4,567,086	4,215,149	351,937
Financial services	3,003,129	2,910,851	92,278
City attorney	2,075,616	1,582,372	493,244
	<u>13,397,804</u>	<u>12,210,627</u>	<u>1,187,177</u>
Public Safety:			
Public safety - Police	89,023,468	84,228,610	4,794,858
Public safety - Fire	37,301,688	35,751,835	1,549,853
	<u>126,325,156</u>	<u>119,980,445</u>	<u>6,344,711</u>
Public Works:			
Administration	604,351	592,278	12,073
Engineering	6,342,664	5,577,509	765,155
General services	12,183,870	11,628,927	554,943
Streets and roads	8,212,620	8,186,379	26,241
	<u>27,343,505</u>	<u>25,985,093</u>	<u>1,358,412</u>
Recreation and Parks:			
Administration	1,189,996	1,053,011	136,985
Recreation	2,982,941	2,897,840	85,101
Parks	14,965,141	14,178,998	786,143
	<u>19,138,078</u>	<u>18,129,849</u>	<u>1,008,229</u>
Community Development:			
Planning	2,204,052	1,907,167	296,885
Building	5,818,824	5,373,827	444,997
	<u>8,022,876</u>	<u>7,280,994</u>	<u>741,882</u>
Non-departmental	<u>9,534,250</u>	<u>6,591,803</u>	<u>2,942,447</u>
Contingency	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total General Fund Expenditures	<u>\$ 203,791,669</u>	<u>\$ 190,178,811</u>	<u>\$ 13,612,858</u>

Special Revenue Funds

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

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

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.

High Speed Rail Fund is used to account for resources provided by the California High Speed Rail Authority to enable the City to develop a Station Area Plan. These plans are intended to address planning, infrastructure, and economic development issues related to the selection of a high speed rail station in Bakersfield which will allow the City to take advantage of the benefits of this statewide transportation system once it is completed.

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

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

State Safety Fund is used to account for specific revenue received for certain Police and Fire related programs. The City Police Department has a share of traffic fine resources which are transferred to the General Fund to assist in funding the cost of traffic safety and control devices and State of California monies from the Supplemental Law Enforcement Services grant. The Fire Department operates a local Certified Unified Program Agency (CUPA) which is required for state and federal environmental regulation. These revenue sources are accounted for individually as required by the State, but combined for financial reporting purposes.

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

CITY OF BAKERSFIELD

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - All Special Revenue Funds
Year Ended June 30, 2016**

	Transient Occupancy Taxes		
	Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ 8,725,000	\$ 9,450,710	\$ 725,710
Licenses and permits	-	-	-
Intergovernmental	7,500	7,500	-
Charges for services	6,194,254	7,211,624	1,017,370
Fines, forfeitures, and assessments	-	-	-
Interest income	15,000	29,093	14,093
Loan payments	-	-	-
Contributions and donations	1,209,975	1,200,000	(9,975)
Other income	-	392,556	392,556
Total revenues	<u>16,151,729</u>	<u>18,291,483</u>	<u>2,139,754</u>
Expenditures			
Current:			
General government	7,468,147	8,792,151	(1,324,004)
Public safety - Police	-	-	-
Public safety - Fire	-	-	-
Public works	-	-	-
Recreation and parks	-	-	-
Community development	-	-	-
Non-departmental	3,141,150	3,141,150	-
Capital outlay:			
Transportation:			
Traffic control	-	-	-
Streets / Freeways	-	-	-
Bridges	-	-	-
Curbs, gutters and sidewalks	-	-	-
Public facilities:			
Buildings	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Total expenditures	<u>10,609,297</u>	<u>11,933,301</u>	<u>(1,324,004)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,542,432</u>	<u>6,358,182</u>	<u>815,750</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	(7,024,927)	(7,024,927)	-
Total other financing sources (uses)	<u>(7,024,927)</u>	<u>(7,024,927)</u>	<u>-</u>
Net change in fund balances	(1,482,495)	(666,745)	815,750
Fund balances - beginning - as restated	<u>3,103,922</u>	<u>3,103,922</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,621,427</u>	<u>\$ 2,437,177</u>	<u>\$ 815,750</u>

Community Development Block Grant			National Stabilization		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
11,664,498	5,356,388	(6,308,110)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,000	683	(317)	-	-	-
(836,132)	48,812	884,944	-	104,795	104,795
-	-	-	-	-	-
-	32,129	32,129	-	-	-
10,829,366	5,438,012	(5,391,354)	-	104,795	104,795
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,889,046	3,151,026	2,738,020	141,352	-	141,352
-	-	-	-	-	-
-	-	-	-	-	-
67,306	44,428	22,878	-	-	-
-	-	-	-	-	-
1,779,350	1,119,983	659,367	-	-	-
736,522	344,958	391,564	-	-	-
1,284,618	322,255	962,363	-	-	-
184,126	41,871	142,255	-	-	-
9,940,968	5,024,521	4,916,447	141,352	-	141,352
888,398	413,491	(474,907)	(141,352)	104,795	246,147
-	-	-	-	-	-
(582,823)	(470,111)	(112,712)	-	-	-
(582,823)	(470,111)	(112,712)	-	-	-
305,575	(56,620)	(362,195)	(141,352)	104,795	246,147
387,546	387,546	-	141,352	141,352	-
\$ 693,121	\$ 330,926	\$ (362,195)	\$ -	\$ 246,147	\$ 246,147

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, 2016

	High Speed Rail		
	Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	750,000	120,850	(629,150)
Charges for services	-	-	-
Fines, forfeitures, and assessments	-	-	-
Interest income	-	-	-
Loan payments	-	-	-
Contributions and donations	-	-	-
Other income	-	-	-
Total revenues	<u>750,000</u>	<u>120,850</u>	<u>(629,150)</u>
Expenditures			
Current:			
General government	-	-	-
Public safety - Police	-	-	-
Public safety - Fire	-	-	-
Public works	-	-	-
Recreation and parks	-	-	-
Community development	750,000	120,850	629,150
Non-departmental	-	-	-
Capital outlay:			
Transportation:			
Traffic control	-	-	-
Streets / Freeways	-	-	-
Bridges	-	-	-
Curbs, gutters and sidewalks	-	-	-
Public facilities:			
Buildings	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Total expenditures	<u>750,000</u>	<u>120,850</u>	<u>629,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balances - beginning - as restated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Gas Tax & Road Fund			State (TDA) Transportation		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
396,389,216	116,905,677	(279,483,539)	3,547,157	900,633	(2,646,524)
-	-	-	-	-	-
30,000	15,939	(14,061)	-	-	-
80,000	115,178	35,178	500	2,113	1,613
-	-	-	-	-	-
-	-	-	-	-	-
-	48,021	48,021	-	-	-
<u>396,499,216</u>	<u>117,084,815</u>	<u>(279,414,401)</u>	<u>3,547,657</u>	<u>902,746</u>	<u>(2,644,911)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	420,336	272,834	147,502
-	-	-	30,000	15,669	14,331
-	-	-	-	-	-
-	-	-	-	-	-
4,053,161	1,166,594	2,886,567	-	-	-
398,820,789	113,006,522	285,814,267	-	-	-
5,382,088	129,036	5,253,052	-	-	-
335,354	201,611	133,743	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,097,321	614,243	2,483,078
<u>408,591,392</u>	<u>114,503,763</u>	<u>294,087,629</u>	<u>3,547,657</u>	<u>902,746</u>	<u>2,644,911</u>
<u>(12,092,176)</u>	<u>2,581,052</u>	<u>14,673,228</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
(12,092,176)	2,581,052	14,673,228	-	-	-
<u>11,457,066</u>	<u>11,457,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (635,110)</u>	<u>\$ 14,038,118</u>	<u>\$ 14,673,228</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2016**

	State Safety Fund		
	Budget	Actual	Variance with Final Budget
Revenues			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	211,000	237,147	26,147
Intergovernmental	739,448	793,295	53,847
Charges for services	1,135,000	1,200,320	65,320
Fines, forfeitures, and assessments	1,100,000	1,214,954	114,954
Interest income	9,125	15,443	6,318
Loan payments	-	-	-
Contributions and donations	-	-	-
Other income	-	-	-
Total revenues	<u>3,194,573</u>	<u>3,461,159</u>	<u>266,586</u>
Expenditures			
Current:			
General government	-	-	-
Public safety - Police	1,546,448	1,240,597	305,851
Public safety - Fire	1,427,432	1,205,093	222,339
Public works	-	-	-
Recreation and parks	-	-	-
Community development	-	-	-
Non-departmental	-	-	-
Capital outlay:			
Transportation:			
Traffic control	-	-	-
Streets / Freeways	-	-	-
Bridges	-	-	-
Curbs, gutters and sidewalks	-	-	-
Public facilities:			
Buildings	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Total expenditures	<u>2,973,880</u>	<u>2,445,690</u>	<u>528,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>220,693</u>	<u>1,015,469</u>	<u>794,776</u>
Other financing sources (uses):			
Transfers in	20,000	20,000	-
Transfers out	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(580,000)</u>	<u>(580,000)</u>	<u>-</u>
Net change in fund balances	(359,307)	435,469	794,776
Fund balances - beginning - as restated	<u>1,192,532</u>	<u>1,192,532</u>	<u>-</u>
Fund balances - ending	<u>\$ 833,225</u>	<u>\$ 1,628,001</u>	<u>\$ 794,776</u>

Redevelopment Successor Agency - Housing			Totals		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 2,847,588	\$ 1,424,064	\$ (1,423,524)	\$ 11,572,588	\$ 10,874,774	\$ (697,814)
-	-	-	211,000	237,147	26,147
-	-	-	413,097,819	124,084,343	(289,013,476)
-	-	-	7,329,254	8,411,944	1,082,690
-	-	-	1,130,000	1,230,893	100,893
-	47,058	47,058	105,625	209,568	103,943
-	-	-	(836,132)	153,607	989,739
-	-	-	1,209,975	1,200,000	(9,975)
-	2,080,912	2,080,912	-	2,553,618	2,553,618
2,847,588	3,552,034	704,446	433,820,129	148,955,894	(284,864,235)
-	-	-	7,468,147	8,792,151	(1,324,004)
-	-	-	1,546,448	1,240,597	305,851
-	-	-	1,427,432	1,205,093	222,339
-	-	-	420,336	272,834	147,502
-	-	-	30,000	15,669	14,331
4,251,620	1,515,677	2,735,943	11,032,018	4,787,553	6,244,465
-	-	-	3,141,150	3,141,150	-
-	-	-	4,053,161	1,166,594	2,886,567
-	-	-	398,888,095	113,050,950	285,837,145
-	-	-	5,382,088	129,036	5,253,052
-	-	-	2,114,704	1,321,594	793,110
-	-	-	736,522	344,958	391,564
-	-	-	1,284,618	322,255	962,363
2,305,610	428	2,305,182	5,587,057	656,542	4,930,515
6,557,230	1,516,105	5,041,125	443,111,776	136,446,976	306,664,800
(3,709,642)	2,035,929	5,745,571	(9,291,647)	12,508,918	21,800,565
-	-	-	20,000	20,000	-
-	-	-	(8,207,750)	(8,095,038)	112,712
-	-	-	(8,187,750)	(8,075,038)	112,712
(3,709,642)	2,035,929	5,745,571	(17,479,397)	4,433,880	21,913,277
3,709,503	3,709,503	-	19,991,921	19,991,921	-
\$ (139)	\$ 5,745,432	\$ 5,745,571	\$ 2,512,524	\$ 24,425,801	\$ 21,913,277

CITY OF BAKERSFIELD

**Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Debt Service Fund
For the Fiscal Year Ended June 30, 2016**

	General Obligation Debt		
	Budget	Actual	Variance with Final Budget
Revenues:			
Interest income	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures:			
Debt service:			
Principal retirement	541,832	489,828	52,004
Interest and fiscal charges	195,910	57,115	138,795
Total expenditures	737,742	546,943	190,799
Deficiency of revenues under expenditures	(737,742)	(546,943)	190,799
Other financing sources:			
Transfers in	659,655	546,943	(112,712)
Total other financing sources	659,655	546,943	(112,712)
Net change in fund balance	(78,087)	-	78,087
Fund balance - beginning	(152,544)	-	152,544
Fund balance - ending	<u>\$ (230,631)</u>	<u>\$ -</u>	<u>\$ 230,631</u>

Capital Projects Funds

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

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

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

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

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

CITY OF BAKERSFIELD

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - All Capital Projects Funds
For the Fiscal Year Ended June 30, 2016**

	Special Assessment Districts		
	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines, forfeitures, and assessments	-	-	-
Interest income	-	-	-
Contributions and donations	-	-	-
Other income	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:			
Current:			
General government	-	-	-
Public works	-	-	-
Non-departmental	-	3,330,998	(3,330,998)
Capital outlay:			
Transportation:			
Traffic control	-	-	-
Streets	-	1,015,050	(1,015,050)
Bridges	-	-	-
Streets / Freeways	-	-	-
Public facilities:			
Buildings	-	-	-
Parks and landscaping	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Equipment:			
Computers	-	-	-
Non-automotive	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>4,346,048</u>	<u>(4,346,048)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(4,346,048)</u>	<u>(4,346,048)</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(4,346,048)	(4,346,048)
Fund balances - beginning - as restated	<u>4,346,048</u>	<u>4,346,048</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,346,048</u>	<u>\$ -</u>	<u>\$ (4,346,048)</u>

Capital Outlay			Park Improvement Fund		
Budget	Actual	Variance with Final Budget	Budget	Actual	Variance with Final Budget
\$ 5,175,000	\$ 5,564,794	\$ 389,794	\$ -	\$ -	\$ -
2,414,389	1,253,963	(1,160,426)	-	-	-
-	876,956	876,956	-	-	-
1,208,900	54,365	(1,154,535)	1,304,354	2,055,551	751,197
50,000	313,934	263,934	40,000	88,065	48,065
10,826	10,826	-	-	-	-
1,608,182	502,023	(1,106,159)	-	-	-
<u>10,467,297</u>	<u>8,576,861</u>	<u>(1,890,436)</u>	<u>1,344,354</u>	<u>2,143,616</u>	<u>799,262</u>
-	-	-	-	-	-
-	-	-	-	-	-
783,231	248,813	534,418	64,354	4,065	60,289
-	-	-	-	-	-
9,149,577	6,145,842	3,003,735	-	-	-
-	-	-	-	-	-
47,934,213	12,222,203	35,712,010	-	-	-
5,146,459	2,476,837	2,669,622	-	-	-
3,983,056	2,794,977	1,188,079	7,190,274	1,006,323	6,183,951
-	-	-	1,117,925	57,100	1,060,825
2,918,817	1,715,601	1,203,216	967,600	337,685	629,915
162,439	118,731	43,708	-	-	-
67,826	26,442	41,384	-	-	-
<u>70,145,618</u>	<u>25,749,446</u>	<u>44,396,172</u>	<u>9,340,153</u>	<u>1,405,173</u>	<u>7,934,980</u>
<u>(59,678,321)</u>	<u>(17,172,585)</u>	<u>42,505,736</u>	<u>(7,995,799)</u>	<u>738,443</u>	<u>8,734,242</u>
7,320,000	6,790,000	(530,000)	-	-	-
<u>(2,512,989)</u>	<u>(1,982,989)</u>	<u>530,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>4,807,011</u>	<u>4,807,011</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(54,871,310)	(12,365,574)	42,505,736	(7,995,799)	738,443	8,734,242
<u>70,549,002</u>	<u>70,549,002</u>	<u>-</u>	<u>8,608,674</u>	<u>8,608,674</u>	<u>-</u>
<u>\$ 15,677,692</u>	<u>\$ 58,183,428</u>	<u>\$ 42,505,736</u>	<u>\$ 612,875</u>	<u>\$ 9,347,117</u>	<u>\$ 8,734,242</u>

CITY OF BAKERSFIELD

Combining Schedule of Revenues, Expenditures and Changes in Fund Balances (continued)**Budget and Actual - All Capital Projects Funds****For the Fiscal Year Ended June 30, 2016**

	Transportation Development		
	Budget	Actual	Variance with Final Budget
Revenues:			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	1,000	77,435	76,435
Fines, forfeitures, and assessments	16,000,000	15,766,188	(233,812)
Interest income	115,000	440,157	325,157
Contributions and donations	-	-	-
Other income	3,141,438	-	(3,141,438)
	<u>19,257,438</u>	<u>16,283,780</u>	<u>(2,973,658)</u>
Total revenues			
Expenditures:			
Current:			
General government	411,912	401,367	10,545
Public works	709,288	678,136	31,152
Non-departmental	88,910	31,371	57,539
Capital outlay:			
Transportation:			
Traffic control	210,677	92,472	118,205
Streets	10,611,029	563,263	10,047,766
Bridges	82,223	81,128	1,095
Streets / Freeways	54,953,032	18,937,516	36,015,516
Public facilities:			
Buildings	-	-	-
Parks and landscaping	-	-	-
Land acquisition	-	-	-
Other improvements	-	-	-
Equipment:			
Computers	-	-	-
Non-automotive	-	-	-
	<u>67,067,071</u>	<u>20,785,253</u>	<u>46,281,818</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(47,809,633)</u>	<u>(4,501,473)</u>	<u>43,308,160</u>
Other financing sources (uses):			
Transfers in	13,525,000	-	(13,525,000)
Transfers out	<u>(13,525,000)</u>	<u>-</u>	<u>13,525,000</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balances	(47,809,633)	(4,501,473)	43,308,160
Fund balances - beginning - as restated	<u>50,265,920</u>	<u>50,265,920</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,456,287</u>	<u>\$ 45,764,447</u>	<u>\$ 43,308,160</u>

Totals		
Budget	Actual	Variance with Final Budget
\$ 5,175,000	\$ 5,564,794	\$ 389,794
2,414,389	1,253,963	(1,160,426)
1,000	954,391	953,391
18,513,254	17,876,104	(637,150)
205,000	842,156	637,156
10,826	10,826	-
4,749,620	502,023	(4,247,597)
<u>31,069,089</u>	<u>27,004,257</u>	<u>(4,064,832)</u>
411,912	401,367	10,545
709,288	678,136	31,152
936,495	3,615,247	(2,678,752)
210,677	92,472	118,205
19,760,606	7,724,155	12,036,451
82,223	81,128	1,095
102,887,245	31,159,719	71,727,526
5,146,459	2,476,837	2,669,622
11,173,330	3,801,300	7,372,030
1,117,925	57,100	1,060,825
3,886,417	2,053,286	1,833,131
162,439	118,731	43,708
67,826	26,442	41,384
<u>146,552,842</u>	<u>52,285,920</u>	<u>94,266,922</u>
<u>(115,483,753)</u>	<u>(25,281,663)</u>	<u>90,202,090</u>
20,845,000	6,790,000	(14,055,000)
<u>(16,037,989)</u>	<u>(1,982,989)</u>	<u>14,055,000</u>
<u>4,807,011</u>	<u>4,807,011</u>	<u>-</u>
(110,676,742)	(20,474,652)	90,202,090
<u>133,769,644</u>	<u>133,769,644</u>	<u>-</u>
<u>\$ 23,092,902</u>	<u>\$ 113,294,992</u>	<u>\$ 90,202,090</u>

Internal Service Funds

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

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

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

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

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

CITY OF BAKERSFIELD

**Combining Statement of Net Position
All Internal Service Funds
June 30, 2016**

	Self- Insurance	Equipment Management	Total
Assets:			
Current assets:			
Cash and investments	\$ 31,244,204	\$ 27,300,023	\$ 58,544,227
Accounts receivable, net	24,957	50,538	75,495
Interest receivable	65,332	57,582	122,914
Notes/loans receivable	208,110	460,423	668,533
Due from other governmental agencies	3,738	-	3,738
Prepayments and inventories	-	1,120,169	1,120,169
	<u>31,546,341</u>	<u>28,988,735</u>	<u>60,535,076</u>
Total current assets			
Noncurrent assets:			
Capital assets:			
Depreciable buildings, property, equipment and infrastructure, net	-	34,455,958	34,455,958
Notes/loans receivable	562,373	1,276,890	1,839,263
	<u>562,373</u>	<u>35,732,848</u>	<u>36,295,221</u>
Total noncurrent assets			
Total assets	<u>32,108,714</u>	<u>64,721,583</u>	<u>96,830,297</u>
Deferred Outflows of Resources:			
Deferred pensions	99,906	1,550,927	1,650,833
	<u>99,906</u>	<u>1,550,927</u>	<u>1,650,833</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	333,516	1,265,018	1,598,534
Claims payable	3,790,534	-	3,790,534
Workers' compensation claims	6,157,000	-	6,157,000
Compensated absences payable	-	319,696	319,696
	<u>10,281,050</u>	<u>1,584,714</u>	<u>11,865,764</u>
Total current liabilities			
Noncurrent liabilities:			
Workers' compensation claims	29,544,000	-	29,544,000
Compensated absences payable	36,873	332,778	369,651
Net pension liability	422,745	7,560,628	7,983,373
	<u>30,003,618</u>	<u>7,893,406</u>	<u>37,897,024</u>
Total noncurrent liabilities			
Total liabilities	<u>40,284,668</u>	<u>9,478,120</u>	<u>49,762,788</u>
Deferred Inflows of Resources:			
Deferred pensions	84,997	1,475,587	1,560,584
	<u>84,997</u>	<u>1,475,587</u>	<u>1,560,584</u>
Net Position:			
Net investment in capital assets	-	34,455,958	34,455,958
Unrestricted	(8,161,045)	20,862,845	12,701,800
	<u>(8,161,045)</u>	<u>20,862,845</u>	<u>12,701,800</u>
Total net position	<u>\$ (8,161,045)</u>	<u>\$ 55,318,803</u>	<u>\$ 47,157,758</u>

CITY OF BAKERSFIELD

Combining Statement of Activities and Changes in Net Position**All Internal Service Funds****For the Fiscal Year Ended June 30, 2016**

	Self- Insurance	Equipment Management	Totals
Operating revenues:			
Intergovernmental	\$ -	\$ 21,428	\$ 21,428
Charges for services	10,466,044	22,321,901	32,787,945
Cost recoveries	782,808	601,773	1,384,581
Miscellaneous	20,120	11,857	31,977
	<u>11,268,972</u>	<u>22,956,959</u>	<u>34,225,931</u>
Total operating revenues			
	<u>11,268,972</u>	<u>22,956,959</u>	<u>34,225,931</u>
Operating expenses:			
General and administrative	12,354,788	15,751,579	28,106,367
Workers' compensation payments	2,568,760	-	2,568,760
Claims paid	282,180	-	282,180
Depreciation and amortization	-	6,065,861	6,065,861
Compensated absences	2,116	41,268	43,384
	<u>15,207,844</u>	<u>21,858,708</u>	<u>37,066,552</u>
Total operating expenses			
	<u>15,207,844</u>	<u>21,858,708</u>	<u>37,066,552</u>
Operating income (loss)	<u>(3,938,872)</u>	<u>1,098,251</u>	<u>(2,840,621)</u>
Nonoperating revenues (expenses):			
Interest income	281,830	245,806	527,636
Gain/(loss) on sale of real property	-	335,635	335,635
	<u>(3,657,042)</u>	<u>1,679,692</u>	<u>(1,977,350)</u>
Income (loss) before transfers and capital contributions			
	<u>(3,657,042)</u>	<u>1,679,692</u>	<u>(1,977,350)</u>
Capital contributions	-	371,393	371,393
Transfers in	-	1,782,297	1,782,297
Transfers out	(320,763)	-	(320,763)
	<u>(3,977,805)</u>	<u>3,833,382</u>	<u>(144,423)</u>
Change in net position			
	<u>(3,977,805)</u>	<u>3,833,382</u>	<u>(144,423)</u>
Total Net Position - Beginning of Year - as restated	<u>(4,183,240)</u>	<u>51,485,421</u>	<u>47,302,181</u>
Total Net Position - End of Year	<u><u>\$ (8,161,045)</u></u>	<u><u>\$ 55,318,803</u></u>	<u><u>\$ 47,157,758</u></u>

CITY OF BAKERSFIELD

Combining Statement of Cash Flows**All Internal Service Funds****For the Fiscal Year Ended June 30, 2016**

	Self- Insurance	Equipment Management	Totals
Cash flows from operating activities:			
Cash received from:			
Customers	\$ 10,510,834	\$ 22,356,556	\$ 32,867,390
Prior year reimbursements and cost recoveries	782,808	601,773	1,384,581
Cash paid to:			
Suppliers	(7,415,484)	(11,431,123)	(18,846,607)
Employees	(2,840,401)	(4,368,343)	(7,208,744)
Net cash provided (used) by operating activities	1,037,757	7,158,863	8,196,620
Cash flows from noncapital financing activities:			
Cash transferred from other funds	-	1,782,297	1,782,297
Cash transferred to other funds	(320,763)	-	(320,763)
Net cash provided (used) by noncapital financing activities	(320,763)	1,782,297	1,461,534
Cash flows from capital and related financing activities:			
Purchase of capital assets	-	(8,455,135)	(8,455,135)
Proceeds from sale of capital assets	-	409,146	409,146
Net cash (used) by capital and related financing activities	-	(8,045,989)	(8,045,989)
Cash flows from investing activities:			
Interest received	241,826	202,625	444,451
Net increase in the fair value of investments	36,505	31,974	68,479
Net cash provided (used) by investing activities	278,331	234,599	512,930
Net increase (decrease) in cash and investments	995,325	1,129,770	2,125,095
Cash and investments - Beginning of year	30,248,879	26,170,253	56,419,132
Cash and investments - End of year	\$ 31,244,204	\$ 27,300,023	\$ 58,544,227
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:			
Operating income (loss)	\$ (3,938,872)	\$ 1,098,251	\$ (2,840,621)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	6,065,861	6,065,861
(Increase) decrease in accounts/notes receivable	24,670	1,370	26,040
(Increase) decrease in inventories	-	(4,286)	(4,286)
Increase (decrease) in accounts payable	145,219	17,617	162,836
Increase (decrease) in workers' compensation claims	4,812,303	-	4,812,303
Increase (decrease) in compensated absences	2,116	41,268	43,384
Increase (decrease) in net pension liability	44,833	681,235	726,068
Increase (decrease) in deferred outflows/inflows for pensions	(52,512)	(742,453)	(794,965)
Net cash provided (used) by operating activities	\$ 1,037,757	\$ 7,158,863	\$ 8,196,620
Noncash investing, capital, and financing activities:			
Contribution of equipment from other departments	\$ -	\$ 371,393	\$ 371,393

CITY OF BAKERSFIELD

**Statement of Changes in Assets and Liabilities
Fiduciary Funds (Agency)
For the Fiscal Year Ended June 30, 2016**

	Balance July 01, 2015	Additions	Deletions	Balance June 30, 2016
<u>Special Deposits Fund</u>				
Assets:				
Cash and investments	\$ 22,889,823	\$ 120,458,448	\$ 124,482,448	\$ 18,865,823
Interest receivable	29,793	34,270	59,586	4,477
Due from other governmental agencies	9,792	18,094	9,792	18,094
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 22,929,408</u>	<u>\$ 120,510,812</u>	<u>\$ 124,551,826</u>	<u>\$ 18,888,394</u>
Liabilities:				
Payables:				
Deposits	\$ 22,929,408	\$ 120,510,812	\$ 124,551,826	\$ 18,888,394
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 22,929,408</u>	<u>\$ 120,510,812</u>	<u>\$ 124,551,826</u>	<u>\$ 18,888,394</u>
<u>Improvement Districts Fund</u>				
Assets:				
Cash and investments	\$ 8,302,937	\$ 3,223,107	\$ 714,216	\$ 10,811,828
Interest receivable	7,674	20,670	-	28,344
Prepaid items	45,761	-	45,761	-
Due from other governmental agencies	7,662	2,097	2,972	6,787
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 8,364,034</u>	<u>\$ 3,245,874</u>	<u>\$ 762,949</u>	<u>\$ 10,846,959</u>
Liabilities:				
Payables:				
Accounts	\$ 3,444	\$ -	\$ 3,444	\$ -
Deposits	3,792,141	4,005,367	1,743,082	6,054,426
Accrued bond interest	753,449	917,533	753,449	917,533
Bonds	3,815,000	3,875,000	3,815,000	3,875,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 8,364,034</u>	<u>\$ 8,797,900</u>	<u>\$ 6,314,975</u>	<u>\$ 10,846,959</u>
<u>Total - All Agency Funds</u>				
Assets:				
Cash and investments	\$ 31,192,760	\$ 123,681,555	\$ 125,196,664	\$ 29,677,651
Interest receivable	37,467	54,940	59,586	32,821
Prepaid items	45,761	-	45,761	-
Due from other governmental agencies	17,454	20,191	12,764	24,881
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 31,293,442</u>	<u>\$ 123,756,686</u>	<u>\$ 125,314,775</u>	<u>\$ 29,735,353</u>
Liabilities:				
Payables:				
Accounts	\$ 3,444	\$ -	\$ 3,444	\$ -
Deposits	26,721,549	124,516,179	126,294,908	24,942,820
Accrued bond interest	753,449	917,533	753,449	917,533
Bonds	3,815,000	3,875,000	3,815,000	3,875,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 31,293,442</u>	<u>\$ 129,308,712</u>	<u>\$ 130,866,801</u>	<u>\$ 29,735,353</u>

CITY OF BAKERSFIELD

Combining Statement of Fiduciary Net Position**Private Purpose Trust Funds****June 30, 2016**

	Redevelopment Successor Agency - Trust	Planning Habitat Trust	Total Private Purpose Trust Funds
Assets:			
Current assets:			
Cash and investments	\$ 4,118,334	\$ 12,536,952	\$ 16,655,286
Interest receivable	7,939	26,469	34,408
Total current assets	<u>4,126,273</u>	<u>12,563,421</u>	<u>16,689,694</u>
Noncurrent assets:			
Land held for resale	414,092	-	414,092
Total noncurrent assets	<u>414,092</u>	<u>-</u>	<u>414,092</u>
Total assets	<u>4,540,365</u>	<u>12,563,421</u>	<u>17,103,786</u>
Liabilities:			
Payables:			
Accounts	-	5,600	5,600
Advances from grantors and third parties	3,768,352	-	3,768,352
Bonds	2,770,000	-	2,770,000
Notes	23,203,497	-	23,203,497
Total liabilities	<u>29,741,849</u>	<u>5,600</u>	<u>29,747,449</u>
Net Position:			
Held in trust for:			
Individuals, organizations, and other governments	<u>(25,201,484)</u>	<u>12,557,821</u>	<u>(12,643,663)</u>
Total Net Position	<u>\$ (25,201,484)</u>	<u>\$ 12,557,821</u>	<u>\$ (12,643,663)</u>

CITY OF BAKERSFIELD

**Combining Statement of Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
June 30, 2016**

	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
Assets:			
Cash and investments	\$ 58,775,463	\$ 6,324	\$ 58,781,787
Retirement system investments - Federal agency coupons	-	906,885	906,885
Interest receivable	-	29,405	29,405
	<u>58,775,463</u>	<u>942,614</u>	<u>59,718,077</u>
Total assets			
	<u>58,775,463</u>	<u>942,614</u>	<u>59,718,077</u>
Net Position:			
Held in trust for - Pension benefits and other purposes	<u>58,775,463</u>	<u>942,614</u>	<u>59,718,077</u>
Total Net Position	<u>\$ 58,775,463</u>	<u>\$ 942,614</u>	<u>\$ 59,718,077</u>

CITY OF BAKERSFIELD

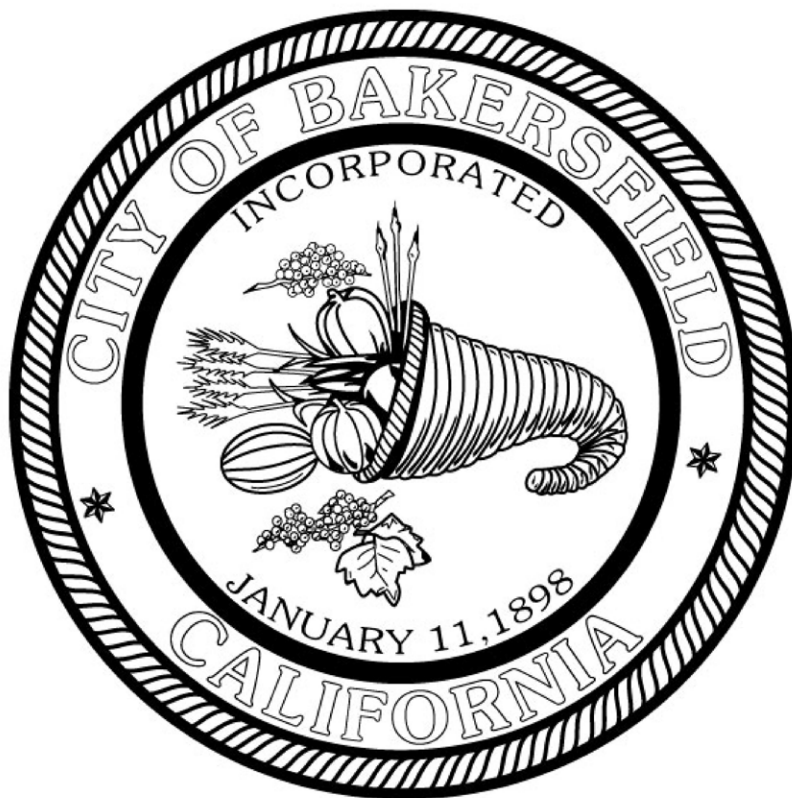
Combining Statement of Changes in Fiduciary Net Position**Private Purpose Trust Funds****For the Fiscal Year Ended June 30, 2016**

	Redevelopment Successor Agency - Trust	Planning Habitat Trust	Total Private Purpose Trust Funds
Additions:			
Developer fees	\$ -	\$ 800,091	\$ 800,091
Successor agency property tax deposits	2,997,682	-	2,997,682
Intergovernmental	-	-	-
Charges for services	3,141,150	-	3,141,150
Contribution from Successor Housing Agency	-	-	-
Other income	1,793	-	1,793
Interest income	-	99,640	99,640
	<u>6,140,625</u>	<u>899,731</u>	<u>7,040,356</u>
Total additions			
	<u>6,140,625</u>	<u>899,731</u>	<u>7,040,356</u>
Deductions:			
Purchase of uninhabited land	-	467,440	467,440
Obligation retirement	3,972,716	-	3,972,716
	<u>3,972,716</u>	<u>467,440</u>	<u>4,440,156</u>
Total deductions			
	<u>3,972,716</u>	<u>467,440</u>	<u>4,440,156</u>
Change in net position	<u>2,167,909</u>	<u>432,291</u>	<u>2,600,200</u>
Net position - beginning of year	<u>(27,369,393)</u>	<u>12,125,530</u>	<u>(15,243,863)</u>
Net position - end of year	<u>\$ (25,201,484)</u>	<u>\$ 12,557,821</u>	<u>\$ (12,643,663)</u>

CITY OF BAKERSFIELD

**Combining Statement of Changes in Fiduciary Net Position
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2016**

	OPEB Irrevocable Trust	Fire Relief and Pension Trust	Total Pension and Other Employee Benefit Trust Funds
Additions:			
Contributions to pooled investments	\$ 5,645,840	\$ -	\$ 5,645,840
Interest and investment income, net	<u>1,987,019</u>	<u>29,358</u>	<u>2,016,377</u>
Total additions	<u>7,632,859</u>	<u>29,358</u>	<u>7,662,217</u>
Deductions:			
Benefits	4,350,339	111,234	4,461,573
Administrative expenses	<u>174,339</u>	<u>-</u>	<u>174,339</u>
Total deductions	<u>4,524,678</u>	<u>111,234</u>	<u>4,635,912</u>
Change in net position	3,108,181	(81,876)	3,026,305
Beginning of year	<u>55,667,283</u>	<u>1,024,489</u>	<u>56,691,772</u>
End of year	<u>\$ 58,775,464</u>	<u>\$ 942,613</u>	<u>\$ 59,718,077</u>



CITY OF BAKERSFIELD

Combining Balance Sheet**Non-Major Governmental Funds****June 30, 2016**

	Special Revenue Funds		
	National Stabilization	High Speed Rail	State (TDA) Transportation
Assets:			
Cash and investments	\$ 246,147	\$ -	\$ -
Accounts receivable, net	8,021,961	-	136,455
Interest receivable	-	-	401
Due from other governmental agencies	-	120,850	155,377
Notes/loans receivable	-	-	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 8,268,108</u>	<u>\$ 120,850</u>	<u>\$ 292,233</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 96,906
Due to other funds	-	120,850	26,785
Advances from grantors and third parties	-	-	168,542
	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/> -	<hr/> 120,850	<hr/> 292,233
Deferred Inflows of Resources:			
Unearned revenue	<hr/> 8,021,961	<hr/> -	<hr/> -
Fund Balances:			
Restricted	<hr/> 246,147	<hr/> -	<hr/> -
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,268,108</u>	<u>\$ 120,850</u>	<u>\$ 292,233</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
State Safety	Redevelopment Successor Agency - Housing	General Obligation Debt	Special Assessment Districts	
\$ 1,595,659	\$ 5,763,814	\$ -	\$ -	\$ 7,605,620
159,464	423	-	-	8,318,303
3,213	12,156	-	-	15,770
-	-	-	-	276,227
-	11,812,154	-	-	11,812,154
<u>\$ 1,758,336</u>	<u>\$ 17,588,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,028,074</u>
\$ 130,335	\$ 30,961	\$ -	\$ -	\$ 258,202
-	-	-	-	147,635
-	11,812,154	-	-	11,980,696
<u>130,335</u>	<u>11,843,115</u>	<u>-</u>	<u>-</u>	<u>12,386,533</u>
-	-	-	-	8,021,961
<u>1,628,001</u>	<u>5,745,432</u>	<u>-</u>	<u>-</u>	<u>7,619,580</u>
<u>\$ 1,758,336</u>	<u>\$ 17,588,547</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,028,074</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, 2016**

	Special Revenue Funds		
	National Stabilization	High Speed Rail	State (TDA) Transportation
Revenues:			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental	-	120,850	900,633
Charges for services	-	-	-
Fines, forfeitures and assessments	-	-	-
Interest income	-	-	2,113
Loan payments	104,795	-	-
Other income	-	-	-
Total revenues	<u>104,795</u>	<u>120,850</u>	<u>902,746</u>
Expenditures			
Current:			
Public safety - Police	-	-	-
Public safety - Fire	-	-	-
Public works	-	-	272,835
Recreation and parks	-	-	15,668
Community development	-	120,850	-
Non-departmental	-	-	-
Capital outlay	-	-	614,243
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>-</u>	<u>120,850</u>	<u>902,746</u>
Excess (deficiency) of revenues over (under) expenditures	104,795	-	-
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	104,795	-	-
Fund balances - beginning - as restated	<u>141,352</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ 246,147</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds		Debt Service Fund	Capital Projects Fund	Total Non-Major Governmental Funds
State Safety	Redevelopment Successor Agency - Housing	General Obligation Debt	Special Assessment District	
\$ -	\$ 1,424,064	\$ -	\$ -	\$ 1,424,064
237,147	-	-	-	237,147
793,295	-	-	-	1,814,778
1,200,320	-	-	-	1,200,320
1,214,954	-	-	-	1,214,954
15,443	47,058	-	-	64,614
-	-	-	-	104,795
-	2,080,912	-	-	2,080,912
<u>3,461,159</u>	<u>3,552,034</u>	<u>-</u>	<u>-</u>	<u>8,141,584</u>
1,240,597	-	-	-	1,240,597
1,205,093	-	-	-	1,205,093
-	-	-	-	272,835
-	-	-	-	15,668
-	1,515,677	-	-	1,636,527
-	-	-	3,330,998	3,330,998
-	428	-	1,015,050	1,629,721
-	-	489,828	-	489,828
-	-	57,115	-	57,115
<u>2,445,690</u>	<u>1,516,105</u>	<u>546,943</u>	<u>4,346,048</u>	<u>9,878,382</u>
1,015,469	2,035,929	(546,943)	(4,346,048)	(1,736,798)
20,000	-	546,943	-	566,943
<u>(600,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(600,000)</u>
<u>(580,000)</u>	<u>-</u>	<u>546,943</u>	<u>-</u>	<u>(33,057)</u>
435,469	2,035,929	-	(4,346,048)	(1,769,855)
<u>1,192,532</u>	<u>3,709,503</u>	<u>-</u>	<u>4,346,048</u>	<u>9,389,435</u>
<u>\$ 1,628,001</u>	<u>\$ 5,745,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,619,580</u>

CITY OF BAKERSFIELD

Long-term debt recorded in Private Purpose Trust Fund

REDEVELOPMENT SUCCESSOR AGENCYTax Allocation Bonds:

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

\$ 1,740,000

\$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.

1,030,000

Total Bonds

\$ 2,770,000

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%.

\$ 542,000

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

1,143,000

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

2,855,000

\$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%.

8,328,752

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

1,412,222

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

759,419

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

963,104

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

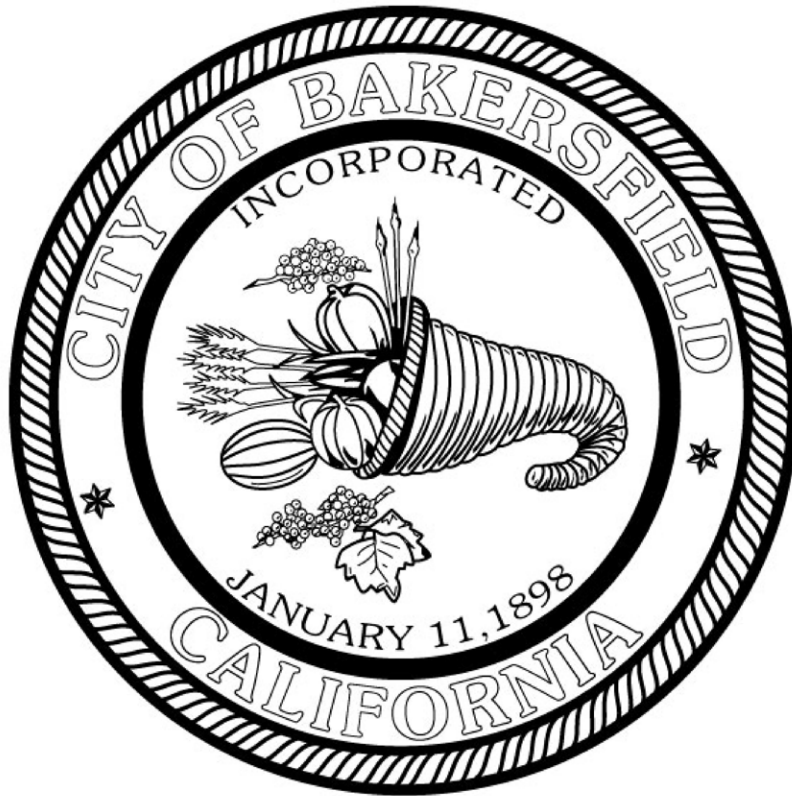
7,200,000

Total Loans/Contracts Payable \$ 23,203,497

Total Successor Agency \$ 25,973,497

Annual requirements to amortize the principal and interest on long-term debt of Redevelopment Successor Agency at June 30, 2016 is as follows:

Year ending	Redevelopment Successor Agency (Private Purpose Trust Fund)					
	Principal			Interest		
	Bonds	Loans/Contracts	Total	Bonds	Loans/Contracts	Total
2017	\$ 120,000	\$ 2,611,026	\$ 2,731,026	\$ 200,732	\$ 491,375	\$ 692,107
2018	125,000	2,708,828	2,833,828	191,656	466,046	657,702
2019	135,000	2,701,803	2,836,803	182,024	439,328	621,352
2020	145,000	2,366,837	2,511,837	171,656	410,986	582,642
2021	160,000	1,882,463	2,042,463	160,363	381,900	542,263
2022-2026	1,000,000	4,947,377	5,947,377	598,157	1,431,815	2,029,972
2027-2031	1,085,000	2,706,788	3,791,788	167,600	702,777	870,377
2032-2036	-	2,268,938	2,268,938	-	337,700	337,700
2037-2041	-	1,009,437	1,009,437	-	31,633	31,633
Totals	<u>\$ 2,770,000</u>	<u>\$ 23,203,497</u>	<u>\$ 25,973,497</u>	<u>\$ 1,672,188</u>	<u>\$ 4,693,560</u>	<u>\$ 6,365,748</u>



Statistical Section

**City of Bakersfield
Statistical Section
For the year ended June 30, 2016**

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

Contents	Pages
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance measures have changed over time	146 - 157
Revenue Capacity These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales tax revenues.	156 - 167
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.	168 - 174
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	175 - 183
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	182 - 189

CITY OF BAKERSFIELD

Net Position by Component (1)

Last Ten Fiscal Years

	Fiscal Year			
	2007	2008 (2)	2009(3)	2010
Governmental Activities:				
Net investment in capital assets	\$ 1,322,587,643	\$ 1,369,689,471	\$ 1,412,593,899	\$ 1,403,412,018
Restricted for:				
Current projects	298,110	1,975,111	4,646,968	-
Capital improvements	84,146,096	77,319,182	56,379,296	39,139,625
Debt service	44,145	45,952	-	-
Unrestricted	<u>120,922,654</u>	<u>121,427,154</u>	<u>127,843,285</u>	<u>135,621,596</u>
Total governmental activities net position:	<u>1,527,998,648</u>	<u>1,570,456,870</u>	<u>1,601,463,448</u>	<u>1,578,173,239</u>
% change from prior year	N/A	3%	2%	-1%
Business-type Activities:				
Net investment in capital assets	566,728,647	342,111,043	588,467,081	634,479,891
Restricted for:				
Capital improvements	-	152,968,360	83,715,993	29,803,093
Sanitation districts	8,357,453	5,113,759	5,167,516	4,926,779
Unrestricted	<u>129,325,391</u>	<u>230,264,239</u>	<u>73,947,580</u>	<u>104,096,319</u>
Total business-type activities net position:	<u>704,411,491</u>	<u>730,457,401</u>	<u>751,298,170</u>	<u>773,306,082</u>
% change from prior year	12%	4%	3%	3%
Primary Government:				
Net investment in capital assets	1,867,261,783	1,711,800,514	2,001,060,980	2,037,891,909
Restricted for:				
Current projects	298,110	1,975,111	4,646,968	-
Capital improvements	84,136,096	230,287,542	140,095,289	68,942,718
Debt service	44,145	45,952	-	-
Sanitation districts	8,357,453	5,113,759	5,167,516	4,926,779
Unrestricted	<u>272,302,552</u>	<u>351,691,393</u>	<u>201,790,865</u>	<u>239,717,915</u>
Total primary government net position:	<u>\$ 2,232,400,139</u>	<u>\$ 2,300,914,271</u>	<u>\$ 2,352,761,618</u>	<u>\$ 2,351,479,321</u>
Total primary government net position after restatement	<u>-</u>	<u>2,301,082,391</u>	<u>-</u>	<u>-</u>
% change from prior year	31%	3%	2%	-0.1%

Notes:

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

(2) 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.

(3) There was a prior period adjustment in Governmental and/or Business-type Activities for the 2008-09 and 2010-2011 the fiscal years. Numbers have been changed to reflect the restatement.

Source: City Finance Department

Fiscal Year					
2011 (3)	2012	2013 (4)	2014	2015 (4)	2016 (4)
\$ 1,307,753,604	\$ 1,259,429,698	\$ 1,233,782,805	\$ 1,279,657,792	\$ 1,285,115,869	\$ 1,304,906,456
-	-	-	-	-	-
19,778,178	23,252,930	16,246,571	21,015,837	22,112,200	21,988,624
-	-	-	-	-	-
<u>155,889,382</u>	<u>165,661,544</u>	<u>172,822,236</u>	<u>213,670,245</u>	<u>(70,066,811)</u>	<u>(86,460,007)</u>
<u>1,483,421,164</u>	<u>1,448,344,172</u>	<u>1,422,851,612</u>	<u>1,514,343,874</u>	<u>1,237,161,258</u>	<u>1,240,435,073</u>
-6%	-2%	-2%	6%	-18%	-%
632,719,226	650,440,273	642,190,608	647,105,639	648,359,633	665,588,574
19,570,180	20,237,839	-	-	-	-
4,008,890	2,645,932	20,216,599	20,209,227	20,201,556	20,201,947
<u>115,321,423</u>	<u>100,529,044</u>	<u>107,431,948</u>	<u>109,292,512</u>	<u>78,904,795</u>	<u>79,243,784</u>
<u>771,619,719</u>	<u>773,853,088</u>	<u>769,839,155</u>	<u>776,607,378</u>	<u>747,465,984</u>	<u>765,034,305</u>
-0.2%	0.3%	-0.5%	1%	-4%	2%
1,940,472,830	1,909,869,971	1,875,973,416	1,926,763,431	1,933,475,502	1,970,495,030
-	-	-	-	-	-
39,348,358	43,490,769	36,463,170	41,225,064	42,313,756	42,190,571
-	-	-	-	-	-
4,008,890	2,645,932	-	-	-	-
<u>271,210,805</u>	<u>266,190,588</u>	<u>280,254,187</u>	<u>322,962,757</u>	<u>8,837,984</u>	<u>(7,216,223)</u>
<u>\$ 2,255,040,883</u>	<u>\$ 2,222,197,260</u>	<u>\$ 2,192,690,773</u>	<u>\$ 2,290,951,252</u>	<u>\$ 1,984,627,242</u>	<u>\$ 2,005,469,378</u>
-	-	-	-	-	-
-4%	-1%	-1%	4%	-13%	1%

CITY OF BAKERSFIELD

Change in Net Position (1)

Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Expenses				
Governmental activities:				
General government	\$ 22,376,302	\$ 12,738,456	\$ 15,624,497	\$ 13,169,300
Public safety:				
Police	62,681,714	71,485,694	68,830,802	66,819,611
Fire	27,697,731	32,930,374	32,844,159	32,901,818
Public works	66,939,234	93,674,545	98,187,688	138,345,249
Recreation & parks	23,360,416	34,783,064	31,186,962	32,640,571
Development services	10,738,435	10,920,263	10,111,034	8,231,893
Economic/Community development	3,980,925	3,917,710	6,930,730	12,935,695
Community development (3)	-	-	-	-
Interest on long-term debt	595,412	430,313	252,743	201,442
Total governmental activities expenses	218,370,169	260,880,419	263,968,615	305,245,579
Business-type activities:				
Wastewater treatment	19,660,934	34,006,998	32,009,889	31,978,755
Refuse collection	34,546,899	39,679,394	37,590,048	35,237,306
Agricultural water	4,577,030	5,415,452	5,014,733	4,901,463
Domestic water	15,963,620	16,579,051	20,089,704	21,951,835
General aviation	268,707	563,304	296,653	372,089
Offstreet parking	174,531	168,780	192,011	177,485
Total business-type activities expenses	75,191,721	96,412,979	95,193,038	94,618,933
Total primary government expenses	293,561,890	357,293,398	359,161,653	399,864,512
Program Revenues				
Governmental activities:				
Charges for services:				
General government	4,262,137	4,770,899	4,534,243	4,451,944
Public safety:				
Police	1,055,577	1,165,047	4,411,906	3,347,806
Fire	4,961,943	5,605,740	3,230,597	4,601,976
Public works	32,389,571	22,599,790	16,598,877	10,561,651
Recreation & parks	11,521,373	11,974,626	13,423,547	13,530,535
Development services	6,052,621	5,131,522	5,245,507	3,492,359
Economic/Community development	314,609	408	(76,449)	85,180
Community development (3)	-	-	-	-
Operating grants and contributions	14,052,014	14,389,999	18,940,149	26,063,320
Capital grants and contributions	254,881,641	74,434,259	75,921,404	76,021,617
Total governmental activities program revenues	\$ 329,491,486	\$ 140,072,290	\$ 142,229,781	\$ 142,156,388

Notes:

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

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

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 12,110,455	\$ 12,388,099	\$ 12,919,972	\$ 10,274,285	\$ 21,956,276	\$ 24,203,337	
70,381,783	72,574,972	76,310,840	80,192,752	82,573,675	87,314,992	
31,657,823	33,319,982	35,105,188	36,086,851	35,577,067	37,257,146	
137,057,195	142,228,353	162,423,856	104,347,771	158,958,537	176,573,017	
34,682,672	31,737,121	32,619,041	34,641,180	22,743,488	24,993,400	
6,862,213	5,856,850	-	-	-	-	
9,303,951	28,228,468	-	-	-	-	
-	-	11,192,757	9,940,984	9,895,523	10,018,548	
233,606	215,411	467,848	166,472	164,046	39,729	
302,289,698	326,549,256	331,039,502	275,650,295	331,868,612	360,400,169	
42,333,794	41,550,942	40,456,986	41,979,698	41,602,539	38,038,376	
38,469,544	39,340,795	44,364,406	45,336,786	42,860,924	44,067,358	
4,603,236	5,727,962	5,245,266	5,051,433	4,751,158	4,395,517	
22,068,640	22,157,529	21,131,546	25,613,917	25,455,862	25,756,437	
407,687	404,648	430,697	462,690	527,279	480,754	
165,935	128,070	162,094	160,613	163,840	112,986	
108,048,836	109,309,946	111,790,995	118,605,137	115,361,602	112,851,428	
410,338,534	435,859,202	442,830,497	394,255,432	447,230,214	473,251,597	
5,406,095	5,392,724	4,984,767	5,019,511	3,051,375	6,178,924	
3,210,604	2,649,133	2,110,160	2,938,734	2,737,294	3,138,617	
4,577,004	4,866,355	5,361,766	4,937,490	5,784,964	6,375,758	
8,462,168	11,651,452	19,404,900	23,780,578	20,958,923	18,625,200	
13,172,982	14,153,899	14,324,137	14,348,050	14,336,209	15,665,544	
2,621,537	2,907,300	4,147,598	5,221,585	5,620,567	6,076,072	
1,101	870	-	-	-	-	
-	-	-	-	-	-	
22,993,743	20,178,085	19,508,063	11,633,792	12,963,571	11,217,162	
82,831,043	68,415,443	76,471,205	104,071,622	101,313,136	120,303,934	
\$ 143,276,277	\$ 130,215,261	\$ 146,312,596	\$ 171,951,362	\$ 166,766,039	\$ 187,581,211	

CITY OF BAKERSFIELD

Change in Net Position (1) continued

Last Ten Fiscal Years

	Fiscal Year			
	2007	2008	2009	2010
Business-type activities:				
Charges for services				
Wastewater treatment	\$ 19,146,468	\$ 23,793,814	\$ 26,836,539	\$ 29,617,486
Refuse collection	36,415,700	39,378,891	39,814,200	39,533,488
Agricultural water	6,523,342	4,972,037	6,619,487	5,206,010
Domestic water	18,414,655	20,103,488	21,160,388	21,773,880
General aviation	142,520	211,573	243,923	258,353
Offstreet parking	98,640	102,425	77,122	63,383
Operating grants and contributions	15,268,751	8,391,106	5,228,837	7,121,598
Capital grants and contributions	54,024,256	23,514,481	12,174,540	10,189,981
Total business-type activities				
program revenues	150,034,332	120,467,815	112,155,036	113,764,179
Total primary government				
program revenues	479,525,818	260,540,105	254,384,817	255,920,567
Net (Expenses) Revenues				
Governmental activities	111,121,317	(120,808,129)	(121,738,834)	(163,089,191)
Business-type activities	74,842,611	24,054,836	16,961,998	19,145,246
Total primary government				
Net (Expenses) Revenues	185,963,928	(96,753,293)	(104,776,836)	(143,943,945)
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	62,324,076	71,655,585	70,869,285	63,923,865
Sales and use taxes	68,367,251	63,415,357	56,615,428	50,664,334
Other taxes	4,047,002	3,193,162	3,136,193	1,910,719
Intergovernmental, unrestricted (4)	1,845,520	910,205	962,870	1,026,116
Unrestricted grants and contributions	16,717,510	16,303,921	16,767,713	19,229,234
Investment earnings (loss)	4,470,903	4,019,639	2,879,700	1,103,532
Miscellaneous	13,128	131,121	1,408,497	1,776,536
Gain (loss) on sale of property	1,140,896	43,215	58,726	14,646
Transfers*	3,095,700	3,604,146	47,000	150,000
Total Governmental Activities	162,021,986	163,276,351	152,745,412	139,798,982
Business-type activities:				
Investment earnings	6,020,066	4,894,373	3,757,651	3,012,666
Gain (loss) on sale of property	-	-	-	-
Transfers	(3,095,700)	(2,004,146)	(47,000)	(150,000)
Total business-type activities	2,924,366	2,890,227	3,710,651	2,862,666
Total primary government	164,946,352	166,166,578	156,456,063	142,661,648
Extraordinary gain (loss)	-	-	-	-
Change in Net Position				
Governmental activities	273,143,303	42,468,222	31,006,578	(23,290,209)
Business-type activities	77,766,977	26,945,063	20,672,649	22,007,912
Total primary government	\$ 350,910,280	\$ 69,413,285	\$ 51,679,227	\$ (1,282,297)

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

Source: City Finance Department

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

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 30,752,515	\$ 30,743,840	\$ 30,825,384	\$ 31,148,327	\$ 31,437,669	\$ 32,809,778	
39,568,011	41,198,715	41,812,177	42,100,981	43,447,351	45,865,520	
6,891,203	4,162,253	3,645,065	4,233,197	3,640,671	2,863,750	
22,223,640	23,140,865	23,944,333	24,423,144	22,478,013	20,275,368	
253,868	285,461	304,357	303,223	315,351	327,491	
63,120	72,094	54,420	67,150	78,807	134,404	
4,018,963	4,935,165	6,243,441	8,601,559	8,749,741	7,283,587	
1,599,202	5,011,908	982,577	17,276,815	7,402,621	16,428,109	
105,370,522	109,550,301	107,811,754	128,154,396	117,550,224	125,988,007	
248,646,799	239,765,562	254,124,350	300,105,758	284,316,263	313,569,218	
(159,013,421)	(196,333,995)	(184,726,906)	(103,698,933)	(165,102,573)	(172,818,958)	
(2,678,314)	240,355	(3,979,241)	9,549,259	2,188,622	13,136,579	
(161,691,735)	(196,093,640)	(188,706,147)	(94,149,674)	(162,913,951)	(159,682,379)	
62,889,341	60,717,716	58,958,525	66,614,853	71,382,809	74,342,784	
55,281,897	67,642,794	70,418,028	72,442,177	70,366,255	70,786,792	
728,715	889,373	926,701	988,423	1,177,810	1,176,713	
1,144,659	876,617	181,713	152,400	150,529	149,089	
20,701,642	21,793,292	22,725,966	23,829,193	25,497,714	25,381,927	
73,834	282,170	(99,546)	948,629	487,532	2,295,536	
1,567,489	4,223,807	5,187,294	1,683,631	2,173,532	1,613,591	
17,300	132,666	192,354	36,039	(8,511,599)	826,990	
1,998,260	34,000	840,000	1,489,500	3,584,925	1,352,562	
144,403,137	156,592,435	159,331,035	168,184,845	166,309,507	177,925,984	
2,136,427	1,988,022	778,444	2,424,676	1,968,113	1,728,927	
-	38,992	26,866	(4,439,038)	390,791	17,545	
(1,998,260)	(34,000)	(840,000)	(1,489,500)	(3,584,925)	(1,352,562)	
138,167	1,993,014	(34,690)	(3,503,862)	(1,226,021)	393,910	
144,541,304	158,585,449	159,296,345	164,680,983	165,083,486	178,319,894	
-	4,664,568	-	(936,660)	-	-	
(14,610,284)	(39,741,560)	(25,395,871)	63,549,252	1,206,934	5,107,026	
(2,540,147)	2,233,369	(4,013,931)	6,045,397	962,601	13,530,489	
\$ (17,150,431)	\$ (37,508,191)	\$ (29,409,802)	\$ 69,594,649	\$ 2,169,535	\$ 18,637,515	

CITY OF BAKERSFIELD

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

	Fiscal Year		
	2007	2008	2009
General Fund			
Reserved			
Petty cash	\$ 22,545	\$ 22,545	\$ 22,620
Encumbrances	2,933,414	1,963,262	923,381
Cash basis	11,159,944	11,686,035	12,001,989
Unreserved			
Designated for current projects / contingency	298,110	1,628,900	4,646,968
Designated for compensated absences	5,928,547	6,120,523	6,714,368
Undesignated	29,607,059	24,755,512	26,765,142
Total general fund	<u>\$ 49,949,619</u>	<u>\$ 46,176,777</u>	<u>\$ 51,074,468</u>
All other governmental funds			
Reserved	\$ 41,592,473	\$ 82,349,797	\$ 81,360,385
Unreserved, reported in:			
Special revenue funds	(10,814,841)	(46,141,619)	(52,326,452)
Capital projects funds	18,602,700	15,921,174	30,294,286
Permanent funds	84,314,434	77,778,221	56,430,221
Total all other government funds	<u>\$ 133,694,766</u>	<u>\$ 129,907,573</u>	<u>\$ 115,758,440</u>
			2010
General Fund (2)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Subtotal general fund	<u>-</u>	<u>-</u>	<u>-</u>
All Other Governmental Funds			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Subtotal all other governmental funds	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental fund balance	<u>-</u>	<u>-</u>	<u>-</u>

Notes:

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

Source: City Finance Department

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>Fiscal Year 2014</u>	<u>2015</u>	<u>2016</u>
\$ 13,000	\$ 11,975	\$ 3,372,390	\$ 3,181	\$ 1,000	\$ 1,000
-	-	-	-	-	-
36,613,273	37,639,359	39,972,694	13,464,704	33,140,376	28,995,204
6,891,881	7,281,790	7,694,831	34,586,157	7,254,726	4,042,766
9,131,275	10,476,517	10,865,979	6,502,852	383,987	8,783,314
<u>52,649,429</u>	<u>55,409,641</u>	<u>61,905,894</u>	<u>54,556,894</u>	<u>40,780,089</u>	<u>41,822,284</u>
-	-	-	-	944,356	44,508
10,051,183	23,252,930	16,246,571	21,015,837	22,112,200	21,988,624
58,304,744	57,014,597	56,799,759	62,344,103	80,565,806	64,661,547
18,649,279	11,091,749	15,840,236	58,935,265	51,017,356	51,026,114
-	-	-	-	-	-
<u>87,005,206</u>	<u>91,359,276</u>	<u>88,886,566</u>	<u>142,295,205</u>	<u>154,639,718</u>	<u>137,720,793</u>
<u>\$ 139,654,635</u>	<u>\$ 146,768,917</u>	<u>\$ 150,792,460</u>	<u>\$ 196,852,099</u>	<u>\$ 195,419,807</u>	<u>\$ 179,543,077</u>

CITY OF BAKERSFIELD

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

	Fiscal Year				
	2007	2008	2009	2010	2011
Revenues					
Taxes	\$ 151,067,427	\$ 154,249,416	\$ 147,153,335	\$ 128,716,315	\$ 139,250,878
Licenses and permits	3,029,719	2,613,944	2,576,755	2,192,594	1,757,045
Intergovernmental	36,774,497	55,926,098	82,994,989	90,926,017	87,577,120
Charges for services	28,299,553	27,056,425	26,850,501	24,488,013	23,982,350
Fines, forfeitures & assessments	30,450,784	25,511,482	18,207,527	13,601,153	14,359,150
Interest income	9,327,675	6,157,327	3,455,207	2,193,269	804,910
Contributions and donations	-	-	-	-	-
Miscellaneous	4,668,437	5,166,473	4,097,040	5,830,575	4,662,521
Total Revenues	<u>263,618,092</u>	<u>276,681,165</u>	<u>285,335,354</u>	<u>267,947,936</u>	<u>272,393,974</u>
Expenditures					
General government	10,807,970	10,809,819	11,509,310	11,070,305	9,944,217
Police	64,936,013	68,853,581	65,824,506	63,789,358	65,985,764
Fire	30,349,754	31,737,283	31,338,492	30,921,380	29,450,014
Public works	25,634,650	27,771,403	27,594,508	24,023,808	21,967,831
Recreation and parks	22,047,595	23,959,813	23,702,177	22,281,910	22,620,636
Development services	10,787,216	10,558,195	9,619,973	7,811,683	6,486,573
Economic/Community development	3,939,418	3,417,684	5,567,930	11,322,095	8,147,683
Community development (1)	-	-	-	-	-
Non-departmental	11,584,563	13,866,439	11,111,355	17,103,372	12,517,816
Capital outlay	75,443,460	89,813,206	104,472,583	107,556,933	97,915,227
Debt service					
Principal	1,957,000	1,256,000	3,509,000	203,000	444,000
Interest and fiscal charges	598,067	491,605	324,862	204,673	221,920
Total Expenditures	<u>258,085,706</u>	<u>282,535,028</u>	<u>294,574,696</u>	<u>296,288,517</u>	<u>275,701,681</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,532,386</u>	<u>(5,853,863)</u>	<u>(9,239,342)</u>	<u>(28,340,581)</u>	<u>(3,307,707)</u>
Other financing sources (uses)					
Notes/certificate proceeds	-	-	-	1,800,000	-
Transfers in	26,562,537	26,562,537	12,740,413	8,813,765	9,580,944
Transfers out	(28,268,709)	(28,268,709)	(12,752,513)	(813,765)	(8,358,944)
Reserve transfer to agency funds	-	-	-	-	10,656
Extraordinary gain	-	-	-	-	-
Total other financing sources (uses)	<u>(1,706,172)</u>	<u>(1,706,172)</u>	<u>(12,100)</u>	<u>9,800,000</u>	<u>1,232,656</u>
Net change in fund balances	<u>\$ 3,826,214</u>	<u>\$ (7,560,035)</u>	<u>\$ (9,251,442)</u>	<u>\$ (18,540,581)</u>	<u>\$ (2,075,051)</u>
Debt service as a percentage of non-capital expenditures	-10.5%	0.8%	1.8%	0.2%	0.3%

Notes:

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

Source: City Finance Department

Fiscal Year				
2012	2013	2014	2015	2016
\$ 150,761,990	\$ 159,530,114	\$ 163,369,374	\$ 168,047,259	\$ 171,344,057
2,321,093	2,757,307	3,644,027	3,297,396	3,216,872
83,597,649	85,698,254	112,509,497	113,170,797	129,091,459
34,518,514	26,237,278	28,308,972	29,643,496	31,225,288
4,034,565	20,697,866	25,732,782	21,984,077	20,337,463
865,071	(266,411)	1,604,668	1,470,902	2,823,200
-	1,543,041	251,775	10,390	153,607
7,346,225	8,383,499	4,710,359	9,100,338	6,377,099
<u>283,445,107</u>	<u>304,580,948</u>	<u>340,131,454</u>	<u>346,724,655</u>	<u>364,569,045</u>
10,383,512	11,186,274	11,888,465	19,254,079	21,404,144
68,489,176	72,745,830	77,504,268	83,484,871	85,469,207
31,390,736	33,528,360	34,895,073	36,224,449	36,956,928
25,849,496	25,274,629	25,744,355	26,828,323	26,936,064
23,599,669	25,277,659	26,309,603	18,833,884	18,145,518
6,229,936	-	-	-	-
3,646,144	-	-	-	-
-	11,994,604	11,321,294	12,231,555	12,068,546
20,283,121	13,338,729	10,726,379	12,736,007	13,348,200
94,567,093	105,808,610	94,992,545	134,748,520	164,583,100
366,000	378,000	443,124	454,964	489,828
219,865	208,424	195,434	252,300	57,115
<u>285,024,748</u>	<u>299,741,119</u>	<u>294,020,540</u>	<u>345,048,952</u>	<u>379,458,650</u>
<u>(1,579,641)</u>	<u>4,839,829</u>	<u>46,110,914</u>	<u>1,675,703</u>	<u>(14,889,605)</u>
-	-	-	-	-
11,587,495	18,164,310	16,069,190	15,963,966	10,049,932
(12,704,555)	(18,898,910)	(16,334,090)	(17,860,400)	(10,158,904)
-	-	-	-	-
<u>4,664,568</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>3,547,508</u>	<u>(734,600)</u>	<u>(264,900)</u>	<u>(1,896,434)</u>	<u>(108,972)</u>
<u>\$ 1,967,867</u>	<u>\$ 4,105,229</u>	<u>\$ 45,846,014</u>	<u>\$ (220,731)</u>	<u>\$ (14,998,577)</u>
0.2%	0.2%	0.2%	0%	0.1%

CITY OF BAKERSFIELD

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

Fiscal Year	General Property Taxes		Sales and Use Taxes	Transient Occupancy Taxes	Business License Taxes	Utility Franchise Taxes	In-Lieu and Other Taxes	Total Taxes
2007	\$ 62,324,076	(2)	\$ 68,367,251	\$ 7,954,228	\$ 3,404,712	\$ 4,970,158	\$ 4,047,002	\$ 151,067,427
2008	71,655,585	(2)	63,415,357	7,749,531	3,331,064	4,904,717	3,193,162	154,249,416
2009	70,869,285	(2)	56,615,428	7,144,718	3,899,841	5,487,871	3,136,192	147,153,335
2010	57,185,433	(2)	50,664,333	6,493,702	3,173,514	9,288,614 (3)	1,910,719	128,716,315
2011	62,889,341	(2)	55,281,897	6,851,869	3,415,351	10,083,705 (3)	728,715	139,250,878
2012	60,717,717	(2)	67,642,795	7,827,792	3,312,485	10,371,830 (3)	889,373	150,761,992
2013	65,696,957	(2)	70,418,028	8,274,240	3,372,972	10,733,798 (3)	1,034,119	159,530,114
2014	66,614,853	(2)	72,442,178	8,826,003	3,607,558	10,890,359 (3)	988,423	163,369,374
2015	71,382,809	(2)	70,366,255	9,487,984	3,730,720	11,901,681 (3)	1,177,810	168,047,259
2016	74,342,784	(2)	70,786,793	9,450,710	3,904,569	11,682,488 (3)	1,176,713	171,344,057

Notes:

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

(2) Includes Vehicle License Fee in Lieu revenue.

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

Source: City Finance Department

CITY OF BAKERSFIELD

Principal Property Taxpayers Current Year and Nine Years Ago

Taxpayer	2007			2016		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Nestle Dreyers Ice Cream Company (formerly Dreyers Grand Ice Cream INC in 2006)	\$ 224,297,480	1	1.10%	\$ 188,177,076	1	0.75%
Valley Plaza Mall LP (formerly Bakersfield Mall LLC in 2005)	148,582,342	2	0.73%	128,293,385	3	0.51%
Chevron USA Inc.	73,761,595	6	0.36%	158,823,063	2	0.63%
California Water Service Company	103,550,859	4	0.51%	90,492,931	5	0.36%
Donahue Schriber Realty Group LLP	-		-%	75,293,750	8	0.30%
WalMart Stores Inc/Sam's Club	-		-%	79,805,089	4	0.32%
DS Marketplace Bakersfield LLC	81,074,882	5	0.40%	-		-%
Castle & Cook CA Inc.	71,770,711	7	0.35%	81,936,664	6	0.33%
State Farm Insurance Company	57,700,000	9	0.28%	-		-%
Kaiser Foundation Health Plan Inc.	-		-%	71,272,259	7	0.28%
Centex Homes	50,285,642	10	0.25%	-		-%
LSREF2 Tractor Reo LLC	-		-%	55,639,909	10	0.22%
GSF Edgewater Investors LP (formerly GSF Springs II Investors LP in 2006)	60,921,873	8	0.30%	69,515,615	9	0.28%
Lennar Home of Cal INC	115,073,312	3	0.57%	-		-%
Total taxable assessed value of ten (10) largest taxpayers	987,018,696		4.85%	999,249,741		3.98 %
Total taxable assessed value of other taxpayers	19,332,093,382		95.15%	24,162,491,380		96.02 %
Total taxable assessed value of all taxpayers	\$ 20,319,112,078		100.00%	\$ 25,161,741,121		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, Kern County Assessor 2015-16 Combined Tax Rolls

CITY OF BAKERSFIELD

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

Fiscal Year Ended June 30	Residential Property	Secured Commercial Property	Other	Unsecured	Less: Tax Exempt Real Property
2007	\$ 15,371,291	\$ 3,104,110	\$ 2,655,402	\$ 631,452	\$ 816,684
2008	18,353,070	3,401,625	3,122,004	659,048	881,683
2009	17,705,933	3,785,022	3,495,239	751,790	957,674
2010	15,577,372	4,030,198	3,311,171	878,216	1,080,957
2011	14,950,744	4,053,184	3,134,829	834,158	1,063,302
2012	14,521,636	3,832,880	3,245,619	850,899	1,104,081
2013	14,698,137	3,904,832	3,268,227	912,300	1,097,928
2014	15,592,995	4,010,392	3,575,805	791,531	1,186,061
2015	17,297,625	4,111,192	3,607,361	819,306	1,230,972
2016	18,495,838	4,238,653	3,749,127	835,424	1,321,877

(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 2015-16 Combined Tax Rolls.

Total Taxable Assessed Value	Total Direct Rate	Estimated Actual Taxable Value (1)
\$ 20,945,571	0.2160	Unavailable
24,654,064	0.1931	Unavailable
24,780,310	0.1961	Unavailable
22,716,000	0.1981	Unavailable
21,909,613	0.1969	Unavailable
21,346,953	0.1956	Unavailable
21,685,568	0.1924	Unavailable
22,784,662	0.1619	Unavailable
24,604,512	0.1623	Unavailable
25,997,165	0.1616	Unavailable

CITY OF BAKERSFIELD

Property Tax Rates Direct and Overlapping Governments Last Ten Fiscal Years

	2007	2008	2009	2010
Basic County-Wide Levy (1)	1.0000	1.0000	1.0000	1.0000
Overlapping Debt				
Bakersfield School	0.0388	0.0577	0.0568	0.0676
Beardsley School	0.0627	0.0490	0.0485	0.0548
Edison School Bond	-	-	-	-
Fairfax 10A	-	-	-	-
Fairfax School	0.0299	0.0249	0.0296	0.0330
Fruitvale School Bonds	0.0799	0.0557	0.0537	0.0610
Greenfield School	0.0480	0.0540	0.0615	0.0835
Kern Community College District	0.0053	0.0080	0.0091	0.0094
Kern County Water Agency	0.0376	0.0533	0.0491	0.0601
Kern High School District	0.0405	0.0382	0.0358	0.0431
Lakeside School 2008-A	-	-	-	0.0216
Lamont School	0.0462	0.0463	0.0466	0.0652
Norris School	0.0151	0.0147	0.0250	0.0330
Panama BV School	0.2110	-	-	-
Panama School	-	0.0191	0.0088	0.0099
Rio Bravo 1994B	0.0170	0.0378	0.0681	0.0690
Rio Bravo Refunding 1996A	0.0198	-	-	-
Rio Bravo-Greeley 2008A	-	-	-	-
Rosedale	0.0097	0.0013	0.0025	0.0046
Standard Bond 06A	0.0239	0.0210	0.0240	0.0258
Standard Bond 06B	-	-	-	-
Standard Bond 2012A	-	-	-	-
Vineland School 07-A	-	-	0.0397	0.0424
Total Direct & Overlapping Tax Rates (2)	1.6854	1.4810	1.5588	1.6840
City Share of 1% Levy (3)	0.1846	0.1847	0.1847	0.1846
Total Direct Rate (4)	0.2212	0.1931	0.1961	0.1981

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

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

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

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

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

2011	2012	2013	2014	2015	2016
1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
0.0663	0.0710	0.0681	0.0360	0.0186	0.0339
0.0574	0.0599	0.0499	0.0486	0.0406	0.0480
0.0720	0.0664	0.0694	0.0687	0.0678	0.0716
-	0.0280	-	-	-	-
0.0401	0.0408	0.0685	0.0607	0.0692	0.0712
0.0695	0.0759	0.0614	0.0678	0.0595	0.0591
0.0783	0.0804	0.0826	0.0843	0.0544	0.0445
0.0101	0.0091	0.0085	0.0126	0.0105	0.0136
0.0553	0.0748	0.0540	0.0569	0.0525	0.0537
0.0447	0.0363	0.0437	0.0392	0.0361	0.0324
0.0188	0.0224	0.0227	0.0283	0.0254	0.0267
0.0694	0.0693	0.0615	0.0681	0.0630	0.0657
0.0298	0.0327	0.0580	0.0500	0.0489	0.0498
-	-	-	0.0194	0.0294	0.0330
0.0116	0.0115	-	-	-	-
0.0741	0.0737	0.0535	0.0769	0.0649	0.0165
-	-	-	-	-	0.0198
-	-	-	-	-	0.0217
-	-	-	-	-	-
0.0206	0.0191	0.0185	0.0152	0.0110	0.0140
-	-	-	-	0.0069	0.0065
-	-	-	-	0.0139	0.0154
0.0414	0.0423	0.0437	0.0418	0.0431	0.0456
<u>1.7594</u>	<u>1.8136</u>	<u>1.7640</u>	<u>1.7745</u>	<u>1.7157</u>	<u>1.7427</u>
<u>0.1852</u>	<u>0.1851</u>	<u>0.1851</u>	<u>0.1839</u>	<u>0.1839</u>	<u>0.1839</u>
<u>0.1969</u>	<u>0.1956</u>	<u>0.1924</u>	<u>0.1619</u>	<u>0.1623</u>	<u>0.1616</u>

CITY OF BAKERSFIELD

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

Fiscal Year Ended June 30	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (2)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy (3)
2007	\$42,437,947	\$ 38,167,345	89.94%	\$ 579,684	\$ 38,747,029	91.30%
2008	44,435,132	42,501,455	95.65%	1,375,328	43,876,783	98.74%
2009	42,390,737	41,627,252	98.20%	1,626,519	43,253,771	102.04%
2010	37,878,353	36,683,727	96.85%	2,308,846	38,992,573	102.94%
2011	38,752,737	38,136,143	98.41%	437,340	38,573,483	99.54%
2012	37,333,785	36,574,775	97.97%	417,383	36,992,158	99.08%
2013	38,448,465	37,544,318	97.65%	159,495	37,703,813	98.06%
2014	39,887,750	39,344,783	98.64%	375,679	39,720,462	99.58%
2015	42,153,405	41,301,939	97.98%	166,794	41,468,733	98.38%
2016	44,309,063	43,455,549	98.07%	254,923	43,710,472	98.65%

Notes:

(1) Excludes Redevelopment property tax increment.

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

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

Source: City Finance Department

CITY OF BAKERSFIELD

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

Year	State of California	Total Rate
2007	7.25 %	7.25 %
2008	7.25 %	7.25 %
2009	8.25 %	8.25 %
2010	8.25 %	8.25 %
2011	8.25 %	8.25 %
2012	7.25 %	7.25 %
2013	7.50 %	7.50 %
2014	7.50 %	7.50 %
2015	7.50 %	7.50 %
2016	7.50 %	7.50 %

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

CITY OF BAKERSFIELD

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

	2006	2007	2008	2009	2010
Retail Trade Groups	\$ 44,882,615	\$ 43,965,080	\$ 40,426,683	\$ 34,939,803	\$ 36,129,898
Non-Store Retailers	1,505,922	1,312,047	991,106	728,190	714,709
Service Groups	3,071,729	2,979,402	3,149,366	2,809,311	3,279,903
Construction Contractor Groups	2,364,713	1,839,151	1,615,488	628,808	612,563
Producers, Manufacturers and Wholesalers Group	<u>5,744,221</u>	<u>5,715,484</u>	<u>7,713,486</u>	<u>5,682,497</u>	<u>6,119,199</u>
Total	<u>\$ 57,569,200</u>	<u>\$ 55,811,164</u>	<u>\$ 53,896,129</u>	<u>\$ 44,788,609</u>	<u>\$ 46,856,272</u>

Note: 2015 data is the most recent information available.
Source: California State Board of Equalization

	2011	2012	2013	2014	2015
\$	40,605,395	\$ 44,051,820	\$ 45,612,755	\$ 47,515,688	\$ 46,963,710
	922,257	961,178	1,067,613	1,083,860	1,107,792
	4,056,208	4,396,783	4,479,230	4,472,838	3,254,284
	807,930	813,201	1,060,112	1,536,343	2,838,481
	<u>8,620,630</u>	<u>9,155,110</u>	<u>8,817,193</u>	<u>8,221,851</u>	<u>6,475,824</u>
\$	<u><u>55,012,420</u></u>	<u><u>59,378,092</u></u>	<u><u>61,036,903</u></u>	<u><u>62,830,580</u></u>	<u><u>60,640,091</u></u>

CITY OF BAKERSFIELD

**Sales Tax Revenue Payers By Industry
2015 and Nine Years Ago**

	2006			
	Number of Filers	Percent of Total	Tax Liability Paid	Percent of Total \$
Department Stores	22	0.33 %	\$ 4,663,618	8.10 %
New Car Dealers	19	0.29 %	9,605,672	16.69 %
Service Stations	62	0.94 %	3,262,320	5.67 %
Heavy Industrial Equipment & Misc. Machinery	67	1.01 %	1,067,116	1.85 %
Eating/Drinking Places without Alcohol	391	5.91 %	2,427,234	4.22 %
Eating/Drinking Places w/General on-sale Lic.	135	2.04 %	1,363,242	2.37 %
Building Material	42	0.64 %	2,892,539	5.02 %
Grocery Stores w/General Liquor Lic. 21	43	0.65 %	1,388,754	2.41 %
Family Apparel	180	2.72 %	1,162,547	2.02 %
Full Time Specialty Stores	1177	17.80 %	1,513,618	2.63 %
All Other	<u>4,473</u>	<u>67.67 %</u>	<u>28,222,540</u>	<u>49.02 %</u>
Total	<u><u>6,611</u></u>	<u><u>100.00 %</u></u>	<u><u>\$ 57,569,200</u></u>	<u><u>100.00 %</u></u>

Note: Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the City's revenue. The amounts shown are gross collections prior to refunds and collections of amounts due from prior year. Fiscal years 2006 and 2015 are the most current years for which a nine year history can be shown.
Source: California State Board of Equalization

2015			
Number of Filers	Percent of Total	Tax Liability Paid	Percent of Total \$
54	0.72 %	\$ 8,761,953	14.45 %
22	0.29 %	9,331,208	15.39 %
101	1.35 %	4,435,560	7.31 %
195	2.60 %	2,275,283	3.75 %
407	5.43 %	3,517,548	5.80 %
357	4.76 %	3,418,772	5.64 %
18	0.24 %	2,446,955	4.04 %
100	1.33 %	1,914,493	3.16 %
390	5.20 %	1,940,872	3.20 %
827	11.03 %	1,786,994	2.95 %
<u>5,029</u>	<u>67.05 %</u>	<u>20,810,453</u>	<u>34.31 %</u>
<u><u>7,500</u></u>	<u><u>100.00 %</u></u>	<u><u>\$ 60,640,091</u></u>	<u><u>100.00 %</u></u>

CITY OF BAKERSFIELD

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

Fiscal Year	General Obligations Bonds	Net Bonded Debt	Total	Ratio of Net Bonded Debt to Assessed Value	Population (1)	Total Debt Per Capita
2007 (2)	\$ -	\$ -	\$ -	- %	311,332	\$-
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
2014	-	-	-	-	367,315	0.00
2015	-	-	-	-	365,504	0.00
2016	-	-	-	-	379,110	0.00

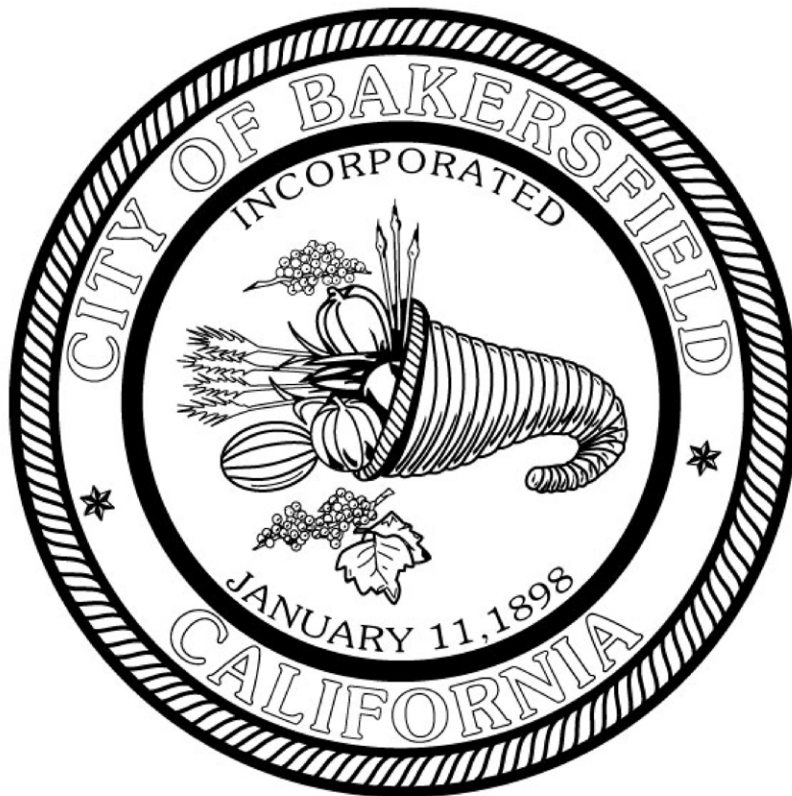
Notes:

Includes all long-term general obligation bonded debt.

(1) State Department of Finance

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

Source: City Finance Department



CITY OF BAKERSFIELD

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

Governmental Activities					Business-Type Activities	
	Revenue Bonds	Notes	Certificates of Participation	Total Governmental Activities (3)	Revenue Bonds	Bonds
2007	\$ 4,385,000	\$ 4,394,000	\$ 33,560,000	\$ 42,339,000	\$ -	\$ -
2008	3,315,000	4,208,000	31,930,000	39,453,000	243,032,633	-
2009	-	4,014,000	30,230,000	34,244,000	242,701,570	-
2010	-	5,611,000	28,465,000	34,076,000	241,270,507	-
2011	-	5,167,000	26,620,000	31,787,000	238,994,444	-
2012	-	4,801,000	24,710,000	29,511,000	217,003,381	-
2013	-	4,423,000	22,725,000	27,148,000	201,875,000	-
2014	-	4,150,049	20,640,000	24,790,049	200,236,254	-
2015	-	3,932,118	18,460,000	22,392,118	190,545,190	-
2016	-	3,442,290	16,175,000	19,617,290	187,377,613	-

Notes:

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

(1) U.S. Department of Commerce Bureau of Economic Analysis. As available, figures and estimates should be used for general purposes only. Estimates are revised periodically to include data that may not have been available at the time. 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

CITY OF BAKERSFIELD

Direct and Overlapping Debt (1)
As of June 30, 2016

2015 - 16 Assessed Valuation	\$	25,988,922,198		
Adjusted Assessed Valuation	\$	25,988,922,198		
			Estimated Percentage Applicable (3)	Estimated Share of Overlapping Debt
		Debt Outstanding (2)		
Overlapping Tax and Assessment Debt				
Kern Community College District Safety				
Repair and Improvement District	\$	144,106,081	31.846%	\$ 45,892,023
Kern High School District		196,516,209	50.726	99,684,812
Bakersfield City School District		75,446,619	71.058	53,610,859
Beardsley School District		13,404,075	18.737	2,511,522
Edison School District		5,004,942	0.022	1,101
Fairfax School District		7,626,053	23.459	1,788,996
Fruitvale School District		19,723,203	75.200	14,831,849
Greenfield Union School District		12,508,406	86.037	10,761,857
Lakeside Union School District		12,871,674	36.643	4,716,568
Lamont School District		2,379,775	0.020	476
Norris School District		27,017,445	62.301	16,832,138
Panama-Buena Vista Union School District		48,010,000	97.247	46,688,285
Rio Bravo-Greeley Union School District		10,685,292	0.339	36,223
Standard School District		24,445,000	0.842	205,827
Vineland School District		3,934,982	0.0004	16
Kern Delta Water District		750,000	77.330	579,975
Greenfield Union School District CFD No. 1 & No. 3		5,025,000	100.000	5,025,000
RNR School Financing Authority		83,240,000	88.159	73,383,552
Total Overlapping Tax and Assessment Debt	\$	692,694,756		\$ 376,551,079
Overlapping General Fund Debt				
Kern County Certificates of Participation	\$	105,820,000	29.915	\$ 31,656,053
Kern County Pension Obligations		275,075,510	29.915	82,288,839
Rio Bravo-Greeley Union School District General Fund Obligation		815,000	0.317	2,584
Certificates of Participation:				
Kern County Board of Education		39,200,000	29.915	11,726,680
Kern County Community College District		32,560,000	28.684	9,339,510
Kern County Community College District Benefit		80,625,000	28.684	23,126,475
Kern High School District		151,875,000	50.726	77,040,113
Rio Bravo-Greeley Union School District		710,000	0.339	2,407
Panama-Buena Vista Union School District		26,040,000	97.247	25,323,119
Overlapping Tax Increment Debt (Successor Agency)		2,985,000	100.000	2,985,000
Total Overlapping General Fund Debt	\$	715,705,510		\$ 263,490,780
Direct Debt				
City of Bakersfield				
City of Bakersfield General Fund Obligations				\$ 16,175,000
Long-term notes payable				\$ 3,442,290
Public Financing Authority Revenue Bonds				-
Total Direct and Overlapping Debt				\$ 659,659,149

Notes:

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

CITY OF BAKERSFIELD

Computation of Legal Debt Margin**June 30, 2016**

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)		Coverage (4)
				Principal	Interest	
2006-2007	\$ 33,382,155	\$ 10,743,656	\$ 22,638,499	\$ -	\$ -	-
2007-2008	34,245,054	12,622,868	21,622,186	-	3,872,689	5.58
2008-2009	33,776,649	11,447,963	22,328,686	-	10,361,705	2.15
2009-2010	38,115,751	11,928,571	26,187,180	1,100,000	9,597,489	2.45
2010-2011	36,073,819	14,144,051	21,929,768	1,945,000	9,597,489	1.90
2011- 2012	36,769,858	12,913,038	23,856,820	2,930,000	9,597,489	1.90
2012-2013 (5)	37,901,401	13,156,437	24,744,964	2,845,000 (6)	9,451,151	2.01
2013-2014	39,610,854	14,265,421	25,345,433	3,260,000 (7)	9,959,591	1.92
2014-2015	40,386,623	14,195,887	26,190,736	4,360,000 (7)	8,744,990	2.00
2015-2016 (8)	39,111,557	14,768,141	24,343,416	5,470,000 (7)	3,694,732	2.66

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

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

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

(6) 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.

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

(8) Partial refunding of Sewer Revenue Bonds Series 2007A in July 2015 (Series 2015A)

Source: City Finance Department

CITY OF BAKERSFIELD

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

Fiscal Year	Population (1)	Personal Income (2) (millions)	Per Capita Personal Income (2)	Median Age (3)	Education Level as a % of Population having Formal Schooling (3) (4)	Elementary School Enrollment (5)	Estimated Unemployment Rate (%) (6)
2006-2007	311,332	\$ 6,439	\$ 20,684	29.8	70.1	27,403	8.00%
2007-2008	322,008	6,906	21,448	30.0	70.2	27,085	9.50%
2008-2009	327,650	7,085	21,624	30.3	71.5	27,263	14.70%
2009-2010	333,847	7,034	21,071	30.8	78.1	27,267	15.80%
2010-2011	338,952	7,007	20,675	29.5	77.8	27,590	15.30%
2011-2012	354,480	7,640	21,553	29.5	78.1	21,411	10.50%
2012-2013	359,221	7,862	21,887	29.8	77.8	23,422	8.40%
2013-2014	367,315	8,074	21,980	30.0	78.2	24,012	7.90%
2014-2015	365,504	8,228	22,512	30.1	78.5	24,232	9.30%
2015-2016	379,110	8,532	22,505	30.2	79.7	-	9.10%

Notes:

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

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

(3) U.S. Census Bureau estimates as available for Bakersfield Metropolitan area.

(4) This column shows the percent of the City population 25 years and older who are high school graduates or higher.

(5) Ed-Data Education Data Partnership. Information not available for 2015-16.

(6) State of California Employment Development Department (Data shown is for Kern County).

CITY OF BAKERSFIELD

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

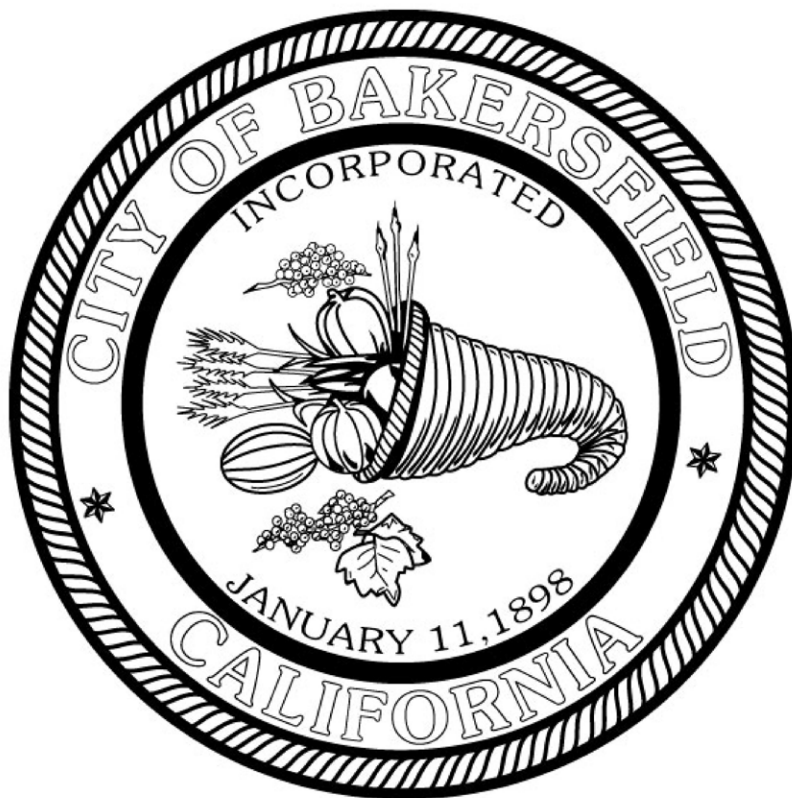
Employer	2007			2016		
	Employees	Rank	Percent of Total City Employment	Employees	Rank	Percent of Total City Employment
County of Kern (1)	N/A		-	7,396	1	4.10 %
Kern High School District (1)				4,000	2	2.22 %
Bakersfield City School District				3,320	3	1.84 %
San Joaquin Community Hospital				2,200	4	1.22 %
Wm Bolthouse Farms				2,094	5	1.16 %
Panama-Buena Vista Union School District				2,022	6	1.12 %
Bakersfield Memorial Hospital				1,734	7	0.96 %
Kern Medical Center				1,610	8	0.89 %
City of Bakersfield				1,474	9	0.82 %
Mercy Hospital				1,415	10	0.79 %
Others				152,935		84.88 %
Total	N/A		-	180,200		100.00 %

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

Source: Top 10 employers provided by MuniServices, LLC.

Total number of employed persons in Bakersfield provided by EDD Labor Force Data.

Note: Only current data is available.



CITY OF BAKERSFIELD

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

Function	2007	2008	2009	2010	2011	2012
<u>Governmental activities:</u>						
General government	123	125	88	98	106	109
Public safety						
Police						
Officers	373	373	344	358	380	385
Civilians	144	145	127	127	123	131
Fire						
Firefighters and officers	183	183	181	179	176	177
Civilians	29	29	19	19	19	19
Public works	281	281	248	244	244	247
Community services	175	174	155	147	151	153
Community development	-	-	-	-	-	-
Development services	98	94	91	69	57	55
Economic/Community dev.	17	22	22	20	12	11
<u>Business-type activities:</u>						
Wastewater treatment	55	53	49	55	54	56
Refuse collection	110	110	102	102	102	103
Domestic/Agricultural water	25	25	26	28	28	28
General aviation	-	-	-	-	-	-
Offstreet parking	-	-	-	-	-	-
Total	<u>1,613</u>	<u>1,614</u>	<u>1,452</u>	<u>1,446</u>	<u>1,452</u>	<u>1,474</u>

Source: City Finance Department

2013	2014	2015	2016
110	119	126	123
389	394	404	404
137	143	148	148
177	177	177	177
21	22	22	22
250	254	248	244
153	150	150	146
65	63	65	63
-	-	-	-
-	-	-	-
57	59	59	59
106	107	107	107
28	28	28	28
-	-	-	-
-	-	-	-
<u>1,493</u>	<u>1,516</u>	<u>1,534</u>	<u>1,521</u>

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	
2006-2007	151	\$ 69,002	3,532	\$ 564,588	\$ 101,835	
2007-2008	153	78,506	1,922	296,788	104,710	
2008-2009	95	60,840	1,090	237,091	93,314	
2009-2010	83	62,088	1,097	232,275	86,668	
2010-2011	40	13,425	848	197,380	98,057	
2011-2012	40	41,482	422	92,313	81,984	
2012-2013	49	20,807	1,122	259,851	108,877	
2013-2014	69	15,710	1,336	312,569	157,024	
2014-2015	89	56,320	1,435	389,715	203,722	
2015-2016	70	49,806	1,391	384,819	377,510	

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. June 30, 2016 data reflects the 2015 calendar year.

Source: City Finance Department

Total Construction			
No. of Units	Value	Bank Deposits (2)	
3,683	\$ 735,425	\$ 4,432,920	
2,075	480,004	4,315,921	
1,185	391,245	4,485,261	
1,180	381,031	4,728,745	
888	308,862	5,172,880	
462	215,779	5,280,515	
1,171	389,535	5,626,755	
1,405	485,303	6,069,764	
1,524	649,757	6,421,302	
1,461	812,135	6,759,961	

CITY OF BAKERSFIELD

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

Function	Fiscal Year			
	2007	2008	2009	2010
Public safety - Police				
Physical arrests	18,210	17,272	18,531	17,023
Parking violations	9,146	11,094	7,985	5,522
Traffic violations	17,950	10,681	11,365	12,018
Public safety - Fire				
Number of calls answered	22,505	27,390	28,605	26,885
Inspections	5,996	3,616	2,444	2,896
Public works				
Street resurfacing (lane miles)	55	76	84	49
Refuse collection				
Refuse collected (tons/day)	101,800	94,750	100,750	112,000
Recyclables collected (tons/day)	33,100	35,300	39,200	42,000
Recreation & parks				
Athletic field permits issued	2,463	6,902	6,849	6,219
Community center, aquatics/sports admissions	124,465	301,198	323,661	379,286
Domestic/agricultural water				
New connections	1,862	2,542	1,293	954
Water main breaks	87	35	14	5
Average daily consumption (thousands of gallons)	31,894	38,028	41,542	36,370
Wastewater treatment				
Average daily sewage treatment (millions of gallons)	31.12 MGD	31.18 MGD	31.49 MGD	31.49 MGD

Source: City Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
22,028	29,623	32,158	37,246	24,254	19,965
5,433	4,708	6,620	10,499	6,183	4,083
10,043	9,172	11,528	15,065	24,154	26,934
27,392	28,870	31,164	32,898	35,117	35,747
3,355	3,276	3,660	4,195	4,978	5,684
83	129	127	116	119.22	79
111,500	108,200	111,420	110,125	102,500	102,800
47,000	48,215	53,350	55,500	78,500	79,100
5,685	10,156	9,297	9,625	9,046	8,054
440,101	473,530	475,619	502,994	527,617	553,831
493	301	701	1,123	1,033	945
7	10	14	4	5	4
27,008	27,568	36,730	39,712	34,973	29,812
32.3 MGD	31.28 MGD	32.13 MGD	30.00 MGD	29.9 MGD	28.7 MGD

CITY OF BAKERSFIELD

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year			
	2007	2008	2009	2010
Land (1)				
Area (2)	135.48	139.91	143.46	144.40
Public safety				
Police stations/substations	4	4	4	4
Fire stations	13	13	13	14
Refuse collection				
Collection trucks	55	56	57	57
Public works				
Streets (miles) (3)	1,178	1,236	1,242	1,379
Streetlights	14,965	15,474	15,809	15,923
Traffic signals	314	326	343	359
Recreation & parks				
Parks acreage	447	454	484	494
Parks	48	49	55	55
Swimming pools	6	6	6	4
Tennis courts	11	11	11	11
Community centers	3	3	3	3
Domestic/Agricultural water				
Water mains (miles) (3)	470	478	491	493
Fire hydrants (3)	9,600	9,765	10,041	10,220
Wastewater treatment				
Sanitary sewers (miles)	1,028	1,055	1,059	1,059
Storm sewers (miles)	244	259	261	262
Maximum daily treatment capacity (millions of gallons)	41 MGD	41 MGD	41 MGD	57 MGD

Notes:

(1) Reported in square miles.

(2) Corrected number for 2008 for more accurate information provided.

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

Source: City Finance Department

Fiscal Year					
2011	2012	2013	2014	2015	2016
149.75	149.80	150.01	150.18	150.18	150.97
4	4	4	3	3	3
14	14	14	14	14	14
57	53	55	57	57	-
1,394	1,409	1,424	1,441	1,441	1,553
16,092	16,160	16,602	16,388	16,486	16,781
394	394	402	410	419	420
595	595	595	623	769	769
59	59	59	59	59	59
4	4	4	4	4	4
11	12	12	12	12	12
3	3	3	3	3	3
501	502	503	505	515	525
10,301	10,441	10,581	10,723	10,853	11,117
1,061	1,061	1,061	1,063	1,072	1,076
263	263	263	265	268	269
57 MGD	57 MGD	57 MGD	57 MGD	57 MGD	57 MGD

CITY OF BAKERSFIELD

Schedule of Insurance in Force June 30, 2016

Liability

Excess Workers' Compensation		Statutory Limit with a \$500,000 self-insured retention.
Excess Liability	\$ 50,000,000	Limit with a \$1,000,000 self-insured retention.
Combination Crime	\$ 2,000,000	Coverage limit, \$25,000 deductible.
Airport Operations	\$ 10,000,000	Coverage limit.
Aircraft	\$ 10,000,000	Coverage limit.

Physical Loss:

All Risk Property and Boiler Machinery	\$ 600,000,000	Coverage on buildings and contents subject to \$5,000 deductible with various sublimits.
Auto-Physical Damage		Coverage for high value vehicles over \$100,000 subject to a \$10,000 deductible.

Life and Medical:

Life and Accident	\$ 2,000	Supervisory & Management employees. Each employee (basic coverage) and additional insurance equal to annual salary to nearest \$1,000.
	\$ 12,000	Safety employees, each employee (basic coverage).
	\$ 30,000	Miscellaneous employees, each employee (basic coverage).
Medical and Dental		Basic coverage plus (no lifetime maximum) extended benefits of 90% after \$750 deductible for medical (Blue Shield) or Group dental (\$50 deductible for Met Life).

Source: Liability and Physical Loss coverage is provided by the City's Risk Management.

Department. Life and Medical coverage is provided by the City's Human Resource Department.

Insurance Company	Policy Number	Expiration Date	Annual Premium
CSAC-EIA	WC1617	07/01/17	\$ 739,766
ACCEL		06/30/17	776,840
CSAC	CRIME1617	07/01/17	12,690
Pik West	AP-003791956-08	07/01/17	3,071
Pik West	NAC6001423	07/01/17	10,975
CSAC	CYBER1617	6/30/2017	3,032
Pik West	A2GA000775716AM	7/1/2017	3,250
CSAC	PROPERTY1617	03/31/17	338,939

Voya Financial	0067794-4	12/31/16	\$3.00 per thousand dollar of salary, management & supervisory annual plus \$2,000.
Voya Financial	0067794-9	12/31/16	\$27.30 each permanent employee for \$12,000 coverage.
Voya Financial	0067794-9	12/31/16	\$68.38 each permanent employee for \$30,000 coverage.
Met Life	Dental 142451-1	12/31/16	Bi-weekly rate range from \$115.77
Blue Shield PPO	Health W0054380		to \$621.10 per employee for medical
Blue Shield HMO	Health W0054380		based upon individual's plan coverage
Blue Shield Trio	Health W0054380		and plan combination and \$7.84 to
Pacific Union Dental, Inc.	Dental 711874-1		\$58.75 for dental. \$1.73 to \$6.35
Kaiser Permanente	132733-1003		per employee for vision coverage.
Medical Eye Service	Vision 16270		

