

COUNTY OF KERN

ANNUAL DISCLOSURE REPORT

FISCAL YEAR 2008-09



COUNTY OF KERN
COUNTY ADMINISTRATIVE OFFICE
1115 TRUXTUN AVENUE
BAKERSFIELD, CALIFORNIA
DATED: JANUARY 12, 2010

COUNTY OF KERN, STATE OF CALIFORNIA

BOARD OF SUPERVISORS

Jon McQuiston
Don Maben
Mike Maggard
Ray Watson
Michael J. Rubio

First District
Second District
Third District
Fourth District
Fifth District

COUNTY OFFICIALS

John Nilon, County Administrative Officer
Jackie Denney, Treasurer-Tax Collector
Ann Barnett, Auditor-Controller-County Clerk
Theresa A. Goldner, County Counsel

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INTRODUCTION

This Annual Disclosure Report (“Report”) is designed to meet the continuing disclosure requirements of the Securities and Exchange Commission (SEC) rule 15c2-12. The County has covenanted, within the Continuing Disclosure Agreements (“Agreements”) related to the Applicable Issuances as outlined in the section below, to provide the following financial information and operating data relating to the County not later than 195 days following the end of the County’s 2008-09 fiscal year. In accordance with the disclosure regulations and the Agreements, the Fiscal Year 2008-09 Comprehensive Annual Financial Report (CAFR), the FY 2007-08 Solid Waste Enterprise Fund Audited Financial Statements, and the FY 2009-10 County Budget must be provided. Those documents, when available, will be provided to the Nationally Recognized Municipal Securities Information Repository (NRMSIRs) separate from this report.

This report along with the CAFR, the Solid Waste Enterprise Fund Audited Financial Statements, and the County Budget will be filed with each NRMSIR. Notices of material events will be filed by the County with the Municipal Securities Rulemaking Board. The County is fully committed to annually updating information and disclosing material events when they occur. The County has never failed to comply in any material respects with any previous undertakings with regard to said Rule to provide annual reports. No material events as defined in Rule 15c2-12 have occurred to date within the County.

The information herein is subject to change without notice and delivery of this Report shall not, under any circumstances, create any implication that there has been no change in the affairs of the County.

County of Kern Taxable Pension Obligation Bonds, Series 1995

Par Amount	\$227,818,439.25
Dated Date	November 1, 1995
Final Maturity	August 15, 2021
CUSIP# Series	492279A

County of Kern 1997 Certificates of Participation (Fire Department Projects)

Par Amount	\$12,045,000
Dated Date	May 1, 1997
Final Maturity	May 1, 2017
CUSIP# Series	49225H

County of Kern 1999 Certificates of Participation (Capital Improvement Projects)

Par Amount	\$20,470,000
Dated Date	November 1, 1999
Final Maturity	November 1, 2019
CUSIP# Series	49225HG

County of Kern 2002 Revenue Certificates of Participation (Solid Waste System Improvements)

Par Amount	\$14,165,000
Dated Date	January 1, 2002
Final Maturity	August 1, 2016
CUSIP# Series	49225H

Kern Public Services Financing Authority 2002 Lease Revenue Bonds (County Services Facility Project)

Par Amount	\$15,540,000
Dated Date	June 1, 2002
Final Maturity	March 1, 2022
CUSIP# Series	49224PA

County of Kern Taxable Pension Obligation Refunding Bonds Series 2003A

Par Amount	\$238,177,066.85
Dated Date	May 28, 2003
Final Maturity	August 15, 2026
CUSIP# Series	492279CN2 492279CS1

County of Kern Taxable Pension Obligation Refunding Bonds Series 2008A

Par Amount	\$50,000,000
Dated Date	August 1, 2008
Final Maturity	September 1, 2027
CUSIP# Series	492279CU6

County of Kern Certificates of Participation Series 2003 (Capital Projects)

Par Amount	\$13,225,000
Dated Date	August 14, 2003
Final Maturity	August 1, 2023
CUSIP# Series	492279CT9

County of Kern Certificates of Participation Series 2009 (Capital Improvement Projects)

Par Amount	\$95,410,000
Dated Date	April 22, 2009
Final Maturity	August 1, 2035
CUSIP# Series	49225HJ

COUNTY CONTACTS

To obtain additional information regarding the above referenced issuances or any other issuances by the County of Kern or to request County financial, statistical, or operational information please contact the following persons.

Gloria M. Domínguez, Director of Budget and Finance
Fax Machine
Kern County Homepage

(661) 868-3198
(661) 868-3190
www.co.kern.ca.us

TABLE 1

**COUNTY OF KERN
MOTOR VEHICLE LICENSE FEE REVENUE
FISCAL YEARS 1998-99 THROUGH 2009-10**

<i><u>Fiscal Year</u></i>	<i><u>Vehicle License Fee</u></i>
1999-00	37,671,421
2000-01	41,296,979
2001-02	44,120,712
2002-03	47,663,261
2003-04	37,089,739
2004-05	0
2005-06	0
2006-07	0
2007-08	0
2008-09	0
2009-10 budgeted *	0

* Effective Fiscal Year 2004-05, as part of the State budget plan, vehicle license fees will no longer be paid to the County. In lieu, the County will receive an additional share of property taxes.

Source: Kern County Administrative Office

TABLE 2
COUNTY OF KERN
GOVERNMENTAL FUNDS BUDGETS

	<i>Actual 2007-08 Uses/Sources</i>	<i>Actual 2008-09 Uses/Sources</i>	<i>Adopted 2009-10 Budget</i>
REQUIREMENTS:			
General Government	\$109,302,403 ⁽¹⁾	\$109,841,590	\$143,606,057
Public Protection	563,430,243	584,308,245	581,788,545
Public Ways and Facilities	64,906,785	63,021,125	76,132,708
Health and Sanitation	192,560,683	237,402,319	237,580,456
Public Assistance	421,833,682	447,804,706	464,881,292
Education	10,221,717	10,079,723	10,023,914
Recreation and Cultural	15,683,275	14,520,943	13,392,527
Debt Service	9,434,327	7,741,605	8,235,423
Contingencies and Reserves			109,706,510
Total Requirements	\$1,387,373,115	\$1,474,720,256	\$1,645,347,432
AVAILABLE FUNDS:			
Current Property Taxes	\$235,153,027 ⁽¹⁾	\$233,022,289	\$195,167,502
Other Taxes	138,975,318	142,857,439	127,312,937
Licenses, Permits and Franchises	15,534,708	17,687,373	18,421,569
Fines, Forfeitures and Penalties	32,206,255	26,811,680	25,699,454
Use of Money and Property	25,000,132 ⁽¹⁾	24,532,702	17,407,849
Aid from Other Governmental Agencies	654,572,187 ⁽¹⁾	655,866,273	646,961,324
Charges for Current Services	168,775,791	172,221,924	175,758,299
Miscellaneous Revenue	20,642,060 ⁽¹⁾	23,911,696	12,203,521
Other Financing Sources (Uses)	142,388,603	217,938,370	243,207,512
Use of Available Fund Balance	0	0	183,207,465
Total Available Funds	\$1,433,248,081	\$1,514,849,746	\$1,645,347,432

Source: County of Kern Fiscal Year 2009-10 Final Budget

⁽¹⁾Adjustments to Requirements and Available Funds categories in "Actual FY 2007-08 Sources/Uses" resulted from reclassifications of Capital Projects funds by the County Auditor-Controller that were incorrectly recorded in "Actuals FY 2007-08 Sources/Uses" previously reported in the County of Kern FY 2007-08 Annual Disclosure Report. Adjustments reflect full implementation of GASB 34.

TABLE 3
COUNTY OF KERN
STATEMENT OF GENERAL FUND REVENUE AND EXPENDITURES
FISCAL YEARS ENDED JUNE 30, 2006, 2007, 2008 and 2009
(Dollars in thousands)

	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>
<u>Revenue:</u>				
Taxes	\$225,815	\$270,050	\$298,036	\$300,452
Licenses, Permits and Franchises	9,264	10,125	10,327	11,895
Fines, Forfeitures and Penalties	14,922	12,901	18,100	17,515
Use of Money and Property	11,787	21,073	18,441	13,621
Intergovernmental Revenue	108,021	122,182	111,692	140,292
Charges for Current Services	82,913	90,224	88,625	92,745
Other Revenue	6,334	4,844	3,643	5,052
Total Revenue	\$459,056	\$531,399	\$548,864	\$581,572
<u>Expenditures:</u>				
General Government	\$81,122	\$93,415	\$105,909	\$106,634
Public Protection	254,325	276,868	330,625	333,534
Health and Sanitation	34,606	38,090	44,908	45,811
Public Assistance	14,443	14,113	13,484	14,990
Education	8,610	10,151	10,224	9,945
Recreational and Cultural Services	12,167	13,720	15,558	14,051
Public Ways and Facilities	0	0	0	0
Capital Outlay	6,110	2,326	225	19,788
Debt Service	4,957	7,120	6,797	4,637
Total Expenditures	\$416,340	\$455,803	\$527,730	\$549,390
Excess Revenues Over (Under) Expenditures	\$42,716	\$75,596	\$21,134	\$32,182
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	56,676	66,367	78,043	99,542
Operating Transfers Out	(83,516)	(95,545)	(122,906)	(158,856)
Inception of Capital Leases	6,110	2,326	225	19,788
Total Other Financing Sources (Uses)	(\$20,730)	(\$26,852)	(\$44,638)	(\$39,526)
Fund Balance at Beginning of Year	\$79,305	\$126,395	\$175,139	\$151,635
Residual Equity Transfer	0	0	0	
Prior Period Adjustment	25,104	0	0	
Fund Balance at End of Year	\$126,395	\$175,139	\$151,635	\$144,291

Source: County of Kern Auditor-Controller-County Clerk

TABLE 4

**COUNTY OF KERN
GENERAL FUND BALANCE SHEET
AT JUNE 30, 2006, 2007, 2008 and 2009
(Dollars in Thousands)**

	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>
Assets				
Pooled Cash and Investments	\$77,278	\$114,382	\$56,957	\$39,677
Revolving Fund Cash	1,129	1,155	1,207	1,210
Interest Receivable	2,435	3,828	2,157	1,309
Taxes Receivable	32,864	37,000	57,232	58,735
Accrued Revenue	23,320	26,326	27,290	25,793
Due from Other Funds	6,665	6,728	4,962	7,788
Advances to Other Funds	14,545	27,654	43,791	43,587
Due from Other Agencies	60	338	8,756	7,292
Deposits with Others	205	205	205	205
Inventory Materials and Supplies	71	69	62	539
Total Assets	<u>\$158,572</u>	<u>\$217,685</u>	<u>\$202,619</u>	<u>\$186,135</u>
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	\$5,654	\$5,594	\$7,432	\$6,338
Salaries and Employee Benefits Payable	16,225	18,690	23,504	9,711
Due to Other Funds	1,305	2,757	2,235	6,413
Due to Other Agencies	0	0	0	0
Tax Anticipation Note Payable	0	0	0	0
Loans Payable	0	0	0	0
Deferred Revenue	8,993	15,505	17,813	19,382
Total Liabilities	<u>\$32,177</u>	<u>\$42,546</u>	<u>\$50,984</u>	<u>\$41,844</u>
Fund Balance				
Reserved	\$45,409	\$85,976	\$87,876	\$64,283
Unreserved				
Designated	0	0	0	0
Undesignated	80,986	89,163	63,759	80,008
Total Fund Balance	<u>\$126,395</u>	<u>\$175,139</u>	<u>\$151,635</u>	<u>\$144,291</u>
Total Liabilities and Fund Balance	<u>\$158,572</u>	<u>\$217,685</u>	<u>\$202,619</u>	<u>\$186,135</u>

Source: County of Kern Auditor-Controller-County Clerk

TABLE 5
COUNTY OF KERN
BREAKDOWN OF BUDGETED REVENUE SOURCES
FOR FISCAL YEAR 2009-10

Taxes	19.6%
Licenses, Permits and Franchises	1.1%
Fines, Forfeitures and Penalties	1.6%
Use of County Property and Money	1.1%
Aid from Other Governmental Agencies	39.3%
Charges for Services	10.7%
Miscellaneous Revenues	26.6%
Total	100.0%

Source: Kern County Administrative Office

TABLE 6**SUMMARY OF TAX LEVIES AND COLLECTIONS FOR THE SECURED TAX ROLL
FISCAL YEARS 1999-00 THROUGH 2008-09**

(Dollars in Thousands)

<u><i>Fiscal Year</i></u>	<u><i>Total Levy</i></u>	<u><i>Total Collected⁽¹⁾</i></u>	<u><i>Total Collected at Fiscal Year-End as Percent of Tax Levy</i></u>
1999-00	\$497,571	\$481,575	96.8%
2000-01	518,583	502,118	96.8%
2001-02	551,988	534,278	96.8%
2002-03	552,471	538,096	97.4%
2003-04	581,097	565,237	97.3%
2004-05	629,659	614,352	97.6%
2005-06	717,670	695,719	96.9%
2006-07	857,732	830,809	96.9%
2007-08	971,779	926,755	95.4%
2008-09	1,016,294	975,420	96.0%

⁽¹⁾Figures do not include redemptions of delinquent taxes or delinquency penalties.

Source: County of Kern Treasurer-Tax Collector

TABLE 7

**COUNTY OF KERN
 ASSESSED VALUATION
 FISCAL YEARS 2001-2002 THROUGH 2009-10**

(Dollars in Thousands)

<i><u>Fiscal Year</u></i>	<i><u>Secured Assessed Valuation</u></i> ⁽¹⁾	<i><u>Unsecured Assessed Valuation</u></i>	<i><u>Less Exemptions</u></i> ⁽²⁾	<i><u>Net Assessed Valuation</u></i>
2001-02	\$44,073,635	\$2,109,949	\$2,707,745	\$43,475,839
2002-03	42,900,982	2,101,405	2,838,678	42,163,709
2003-04	45,111,129	2,122,090	3,031,218	44,202,001
2004-05	48,610,073	2,189,943	3,329,023	47,470,993
2005-06	56,225,478	2,316,034	3,761,882	54,779,630
2006-07	68,606,975	2,566,299	4,555,548	66,617,726
2007-08	76,929,892	2,727,563	5,428,634	74,228,821
2008-09	81,484,267	2,867,813	5,911,352	78,440,728
2009-10	75,856,342	3,265,233	5,501,104	73,620,471

⁽¹⁾Includes Aircraft and Public Utilities.

⁽²⁾Includes all Non-subvented Exemptions, Homeowners Exemptions and Redevelopment Agency Exemptions.

Source: County of Kern Tax Rates and Assessed Valuations Book, FY 2001-02 through FY 2009-10

TABLE 8
COUNTY OF KERN
PRINCIPAL TAXPAYERS
2009-10 SECURED TAX ROLL

<u><i>Company</i></u>	<u><i>Total Tax on Secured Property</i></u>	<u><i>Net Secured Assessed Value</i></u>
Occidental of Elk Hills, Inc.	\$6,893,692,517	\$74,108,162
Chevron USA, Inc.	5,747,614,088	62,103,636
Aera Energy, LLC	5,788,432,276	59,914,035
Plains Exploration & Production Co.	815,444,190	8,528,280
Pacific Gas & Electric Co.	600,756,538	8,185,564
Berry Petroleum Co.	732,670,347	7,895,751
Pastoria Energy Facility, LLC	489,100,000	5,368,570
Southern California Edison Co.	388,351,819	5,292,143
Seneca Resources Corp.	486,788,822	5,114,849
La Paloma Generating Co., LLC	482,200,000	5,024,104

Source: County of Kern Tax Rates and Assessed Valuations Book, FY 2009-10

TABLE 9**COUNTY OF KERN EMPLOYMENT LEVELS
FISCAL YEARS 1999-00 THROUGH 2009-10**

<u><i>Fiscal Year</i></u> ⁽¹⁾	<u><i>Permanent Full-time</i></u>	<u><i>Permanent Part-time</i></u>
1999-00	7,367	493
2000-01	7,873	499
2001-02	8,386	472
2002-03	8,551	392
2003-04	7,846	362
2004-05	8,133	359
2005-06	8,490	354
2006-07	9033 ⁽²⁾	345 ⁽²⁾
2007-08	9,325	332
2008-09	9,466	329
2009-10	9,532	316

⁽¹⁾Figures represent numbers of authorized employees as of the adoption of the budget each year.

⁽²⁾Revised to correct for number of authorized employees.

TABLE 10**BARGAINING UNITS**

<u><i>Bargaining Unit</i></u>	<u><i>Number of Employees</i></u>	<u><i>Effective Term of Labor Agreement</i></u>
SEIU 521	5,756	June 30, 2010
KLEA	524	June 30, 2009
KCFFU	501	June 30, 2009
KCPOA	399	June 30, 2010
KCDOA	302	June 30, 2009
KCPA	91	June 30, 2009
SEIU 521 - CJU	4	June 30, 2009
KCSCA	19	June 30, 2010
KCSCA II	6	June 30, 2010
SEIU 521 - Extra Help	551	June 30, 2010
KCPMA	13	June 30, 2010

Source: Kern County Administrative Office

TABLE 11

**MEMBERSHIP IN KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
AT JUNE 30, 2005 THROUGH JUNE 30, 2009**

	<u>June 30, 2005</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>
Retirees and Beneficiaries ⁽¹⁾	5,959	6,226	6,479	6,681	6,978
Active Plan Participants	<u>8,052</u>	<u>8,274</u>	<u>8,690</u>	<u>9,105</u>	<u>9,020</u>
Total	14,011	14,500	15,169	15,786	15,998

⁽¹⁾Includes those currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.

Source: Kern County Employees' Retirement Association

TABLE 12

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF ANNUAL EMPLOYER CONTRIBUTIONS
AND PERCENTAGE CONTRIBUTED**

<u>Fiscal Year Ended June 30</u>	<u>Annual Required Contributions (in thousands)</u>	<u>Percentage Contributed</u>
2004	\$48,760	100%
2005	\$60,268	100%
2006	\$100,734	100%
2007	\$128,135	100%
2008	\$137,264	100%
2009*	\$141,559	N/A

Source: KCERA Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2008

* Source: County of Kern, estimate.

TABLE 13

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF FUNDING PROGRESS**

(Dollars in Thousands)

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded (Overfunded) AAL</i>	<i>Funded Ratio</i>	<i>Annual Covered</i>	<i>Unfunded (Overfunded) AAL Percentage of Annual Covered Payroll</i>
12/31/03	\$1,927,585	\$2,059,286	\$131,701	93.60%	\$353,444	37.26%
12/31/04	2,012,521	2,336,406	323,885	86.14%	374,951	86.38%
12/31/05	2,164,304	2,861,871	697,568	75.63%	391,381	178.23%
12/31/06	2,352,028	3,109,038	757,010	75.65%	417,351	181.38%
12/31/07	2,589,817	3,355,755	765,937	77.18%	453,412	168.93%
06/30/08	2,654,316	3,671,460	1,017,155	72.30%	482,879	210.64%

Source: KCERA Comprehensive Annual Financial Report for Fiscal Years ended June 30, 2007 and 2008
and KCERA Actuarial Valuation as of June 30, 2008

TABLE 14

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
DEVELOPMENT OF UNRECOGNIZED GAIN (LOSS)**

<i>Six-Month Period Ended</i>	<i>Unexpected Gain (Loss)</i>	<i>Percent Not Yet Phased In</i>	<i>Gain (Loss) Excluded</i>
6/30/2008	(\$314,937,911)	90%	(\$283,444,120)
12/31/2007	(124,728,966)	80%	(112,256,070)
6/30/2007	72,567,632	70%	58,054,105
12/31/2006	168,086,809	60%	117,660,767
6/30/2006	17,460,517	50%	10,476,310
12/31/2005	55,690,220	40%	27,845,110
6/30/2005	(55,108,744)	30%	(22,043,498)
12/31/2004	107,630,379	20%	32,289,114
6/30/2004	(18,910,690)	10%	(3,782,138)

Source: KCERA Actuarial Valuation as of June 30, 2008

TABLE 15

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ACTUARIAL ASSUMPTIONS
(Dollars in Thousands)**

<i>Actuarial Assumption</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Interest	8.00%	8.00%	7.75%
Inflation	3.50%	3.50%	3.25%
Salary Increase ⁽¹⁾	4.00%	4.00%	4.00%

⁽¹⁾Total Payroll

Source: KCERA Comprehensive Annual Financial Report for Fiscal Years ended
June 30, 2008 and KCERA Actuarial Valuation as of June 30, 2008

TABLE 16

**KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT RESULTS BASED ON MARKET VALUE**

<i>Year Ended June 30</i>	<i>Annualized Rate of Return</i>
2003	6.58%
2004	16.73%
2005	11.09%
2006	11.69%
2007	18.40%
2008	-6.50%

Source: KCERA Comprehensive Annual Financial Report for Fiscal Years ended
June 30, 2003, 2004, 2005, 2006, 2007 and 2008

OUTSTANDING INDEBTEDNESS

Short-Term Financing. The County has instituted a cash management program for its General Fund through the issuance of tax and revenue anticipation notes that are a General Fund obligation of the County. The notes provide cash flow to meet General Fund expenditures during the period prior to collection of property taxes. On July 9, 2009, the County issued \$180,000,000 in aggregate principal amount of its 2009-10 Tax and Revenue Anticipation Notes, which mature on June 30, 2010.

Certificates of Participation. On April 22, 2009, the County issued the 2009 Certificates of Participation, Series A, in the amount of \$95,410,000, for capital improvement projects, including transportation and facility construction.

As of June 30, 2009, the County has outstanding certificates of participation in a principal amount aggregating \$142,640,000. The proceeds of such certificates of participation are being used for the acquisition of equipment and the acquisition, construction, and renovation of certain public facilities within the County.

With the exception of the 2002 Certificates of Participation (Solid Waste System Improvements), the County's General Fund is available to make payments with respect to all such obligations. A portion of the 1999 Certificates of Participation (Capital Improvement Projects) are paid from the Kern Medical Center Enterprise Fund, offsetting the liability of the General Fund. In addition, the County expects to make payments with respect to its 2003 Certificates of Participation (Capital Projects) from its Airport Enterprise Fund; however, the County's General Fund will ultimately be liable for such payments. The County makes payments of principal and interest with respect to the 2002 Certificates of Participation (Solid Waste System Improvements) from the Solid Waste Enterprise Fund and therefore such certificates do not constitute a liability of the County's General Fund.

TABLE 17

COUNTY OF KERN
 CERTIFICATES OF PARTICIPATION OUTSTANDING
 AS OF JUNE 30, 2009

<i>Description of Issue</i>	<i>Source of Payment ⁽¹⁾</i>	<i>Principal Outstanding</i>	<i>Final Maturity</i>	<i>2009-10 Payment Obligation</i>
1994 Certificates of Participation (Rosamond Library Project)	General Fund	\$730,000	October 1, 2014	\$170,903
1997 Certificates of Participation (Fire Department Projects)	General Fund	\$5,225,000	May 1, 2017	\$818,495
1999 Certificates of Participation (Public Improvement Projects)	General Fund Kern Medical Center Enterprise Fund	\$15,420,000	November 1, 2019	\$1,866,309
2002 Certificates of Participation (Solid Waste System Improvements)	Solid Waste Enterprise Fund	\$14,165,000	August 1, 2016	\$2,191,910
2003 Certificates of Participation (Airport Terminal & Improvements)	Airport Enterprise Fund	\$11,690,000	August 1, 2023	\$1,030,999
2009 Certificates of Participation (Capital Improvement Projects)	General Fund	\$95,410,000	August 1, 2025	\$0
Total		<u>\$142,640,000</u>		<u>\$6,078,616</u>

⁽¹⁾Except for the 2002 Certificates of Participation (Solid Waste System Improvements), the County's General Fund is available to make payments of principal and interest with respect to each of these issues; however, the County is currently making payments with respect to each such issue from the sources indicated.

Source: Kern County Administrative Office

PENSION OBLIGATION BONDS

On November 28, 1995, the County issued \$227,818,439.25 in aggregate principal amount of its Taxable Pension Obligation Bonds, Series 1995 (the "1995 Pension Bonds"). The par amount outstanding as of June 30, 2009 is \$179,583,439. The 1995 Pension Bonds constitute a liability across all operating funds within the County, therefore, the annual debt service is payable from several sources, including the General Fund. The final maturity of the 1995 Pension Bonds is August 15, 2021, and debt service on the 1995 Pension Bonds for Fiscal Year 2009-10 is approximately \$23 million.

On May 28, 2003, the County issued \$288,177,066.85 in aggregate principal amount of its Taxable Pension Obligation Bonds, Series 2003A and 2003B (the "2003 Pension Bonds"). On August 27, 2008, the County issued \$50,000,000 principal amount Series 2008A Pension Obligation Refunding Bonds in order to refund the same principal amount of the Series 2003B Pension Bonds. The 2003A and the 2008A Pension Bonds constitute a liability across various operating funds within the County, therefore, the annual debt service is payable from several sources, including the General Fund. The final maturity of the 2003A Pension Bonds is August 15, 2026, and debt service on the 2003A Pension Bonds for Fiscal Year 2009-10 is approximately \$12.4 million. The final maturity of the 2008A Pension Bonds is August 15, 2027, and debt service on the 2008A Pension Bonds for Fiscal Year 2009-10 is approximately \$863,000.

TABLE 18

**COUNTY OF KERN CAPITAL LEASE OBLIGATIONS
GENERAL LONG-TERM DEBT ACCOUNT GROUP**

AS OF JUNE 30, 2009

(Dollars in Thousands)

<i><u>Fiscal Year</u></i>	<i><u>Amount</u></i>
2009-10	\$6,280
2010-11	5,228
2011-12	3,470
2012-13	2,623
2013-14	1,085
2014-18	4,177
Net Minimum Lease Payments	<u>\$22,863</u>
Less Amount Representing Interest	<u>(2,671)</u>
Present Value of Net Minimum Lease Payments	<u>\$20,192</u>

Source: County of Kern Auditor-Controller-County Clerk

TABLE 19

**COUNTY OF KERN
LONG-TERM OPERATING LEASE OBLIGATIONS**

AS OF JUNE 30, 2009

(Dollars in Thousands)

<i><u>Fiscal Year</u></i>	<i><u>Amount</u></i>
2009-10	\$8,001
2010-11	6,805
2011-12	6,637
2012-13	6,406
2013-14	5,749
2014-18	21,126
2019-2023	6,735
2024-2026	1,043
Total	<u>\$62,502</u>

Source: County of Kern Auditor-Controller-County Clerk

TABLE 20
COUNTY OF KERN PORTFOLIO STATISTICS
AS OF OCTOBER 31, 2009
(Dollars in Thousands)

<u>Investments</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Average Yield to Maturity at Book Value</u>
Commercial Paper - Discount	\$266,872	\$266,948	1.027%
Federal Agency - Coupon	1,422,598	1,425,676	1.563%
Bankers Acceptances	19,957	19,957	0.437%
Pooled Funds	35,804	35,804	0.646%
Municipal Bonds	22,335	22,156	5.351%
Medium Term Notes	219,298	217,258	2.912%
Repurchase Agreement	11,206	11,206	0.100%
Negotiable CDs	75,027	75,042	0.426%
Total Securities	\$2,073,097	\$2,074,047	1.633%
Cash, Accruals and Payables	33,490	33,490	N/A
Total Portfolio	\$2,106,587	\$2,107,537	

Source: County of Kern Treasurer-Tax Collector

TABLE 21
COUNTY OF KERN
AGING OF MATURING INVESTMENTS
AS OF OCTOBER 31, 2009

<u>Aging Interval</u>	<u>Par Value (In Thousands)</u>	<u>Percent of Portfolio</u>
0 - 366 days	\$1,055,884	50.63%
1 - 3 years	689,595	33.07%
3 - 5 years	340,070	16.31%
Over 5 years	0	0.00%
Total	\$2,085,549	100.00%

Source: County of Kern Treasurer-Tax Collector

TABLE 22

**COUNTY OF KERN
MAJOR EMPLOYERS
AS OF JANUARY 2009**

<u><i>Employer</i></u>	<u><i>Type of Business</i></u>	<u><i>Number of Employees</i></u>
Edwards Air Force Base	Government	14,000
County of Kern	Government	10,185
China Lake Naval Weapons Center	Government	6,000
Grimmway Enterprise	Agriculture	4,400
Giumarra Vineyards	Agriculture	4,000
Catholic Healthcare West	Health Care	3,000
Wm. Bolthouse Farms	Agriculture	2,350
Sunview Vineyards	Agriculture	2,000
Sun World	Agriculture	1,600
City of Bakersfield	Government	1,474
Chevron North America Exploration and Production	Oil Production	1,440
San Joaquin Community Hospital	Hospital	1,304
Bear Creek Production Company	Agriculture	1,250
California State University, Bakersfield	Education	1,100
Paramount Citrus	Agriculture	1,096
State Farm Insurance	Insurance	1,000
Kaiser Permanente	Health Care	900
U.S. Borax	Chemicals	875
Dreyer's Grand Ice Cream	Food Processing	853
Aera Energy LLC	Energy	850
Community Action Partnership of Kern	Non-profit	850
Target Distribution Center	Retail Distribution	653
Frito-Lay	Food Processing	621
Sears Logistics	Logistics	550
IKEA Distribution	Retail Distribution	400
General Mills	Food Processing	400

Source: Information compiled by Kern Economic Development Corporation 2009

TABLE 23

**COUNTY OF KERN
TOTAL AGRICULTURAL PRODUCTION
FOR YEARS 2004 THROUGH 2008
(Dollars in Thousands)**

	<i>2004</i>	<i>2005</i>	<i>2006</i>	<i>2007</i>	<i>2008</i>
Fruit and Nut Crops	\$1,513,770	\$1,908,630	\$1,636,785	\$1,871,861	\$1,787,077
Field Crops and Rangeland	510,079	407,383	393,565	542,866 ⁽¹⁾	562,302
Vegetable Crops	470,692	445,513	647,412	555,732	649,674
Nursery Crops	101,850	105,728	109,330	105,317	84,822
Industrial and Wood Crops	9,144	5,760	5,985	7,647	11,208
Seed Crops	12,598	5,198	5,701	6,039	4,621
Livestock and Poultry	175,732	212,346	215,277	230,431	232,545
Livestock and Poultry Products	405,487	441,253	426,099	732,707	651,132
Apiary Products	14,460	18,901	34,119	39,547	49,931
Totals	\$3,213,812	\$3,550,712	\$3,474,273	\$4,092,147	\$4,033,312

Source: Kern County Agricultural Crop Reports 2004 through 2008

⁽¹⁾Revised values per 2008 Kern County Agricultural Crop Report.

TABLE 24

**KERN COUNTY SANITARY LANDFILLS
CAPACITY STUDY SUMMARY AS OF JANUARY 1, 2009**

<i><u>Landfill</u></i>	<i><u>Projected Closure Date</u></i>	<i><u>Calendar Year 2008 Disposal Tonnage</u></i>	<i><u>Calendar Year 2008 % of Total</u></i>	<i><u>Remaining Capacity (tons)</u></i>
Bena Phase 2A	May 2042	469,242	60%	20,478,053
Boron	May 2038	2,994	0%	98,611
Mojave-Rosamond	January 2019	7,945	1%	348,067
Ridgecrest	September 2015	58,615	8%	404,220
Shafter-Wasco	November 2029	141,456	18%	3,448,387
Taft	July 2064	34,846	4%	3,635,123
Tehachapi	May 2015	63,272	8%	429,361
Total		778,370	100%	28,841,822

Source: January 2009 Capacity Study, Kern County Sanitary Landfills

TABLE 25

**COUNTY OF KERN
SYSTEM NON-RECYCLED WASTE DISPOSAL BY JURISDICTION**

<u><i>Jurisdiction</i></u>	<u><i>Waste Disposal (tons) in Calendar Year 2008</i></u>	<u><i>Percentage of Total</i></u>
Unincorporated Kern County	333,289	42.38%
Cities Within Kern County		
Arvin	9,949	1.27%
Bakersfield	298,545	37.96%
California City	8,202	1.04%
Delano	26,909	3.42%
Maricopa	1,171	15.00%
McFarland	6,582	84.00%
Ridgecrest	33,437	4.25%
Shafter	20,750	2.64%
Taft	10,224	1.30%
Tehachapi	16,601	2.11%
Wasco	16,945	2.15%
All Cities Within Kern County	449,315	57.13%
Other Jurisdictions	3,834	0.49%
Total	786,438	100.0%

Source: Waste Management Jurisdictional Disposal Report for Calendar 2008

TABLE 26
COUNTY OF KERN
SOLID WASTE ENTERPRISE FUND HISTORICAL REVENUES AND EXPENDITURES
FOR FISCAL YEARS 2004-05 THROUGH 2008-09

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>
Land Use Fee/Single Family Unit	\$66	\$66	\$66	\$70	\$72
Non-residential Tipping Fee	\$36	\$36	\$36	\$38	\$40
Tons Disposed	821,280	850,841	839,978	821,903	741,471
<u>Operating Revenue:</u>					
Land Use Fee	\$15,178,000	\$15,603,276	\$16,031,964	\$17,374,928	\$18,796,038
Gate Fee	10,916,543	12,059,498	11,590,031	10,987,223	8,657,182
Bin Fee	4,614,601	4,234,241	4,173,566	4,578,083	4,686,330
Other (includes interest income and tires)	2,856,000	3,982,993	4,477,421	4,477,678	2,988,562
Total Operating Revenue	<u>\$33,565,144</u>	<u>\$35,880,008</u>	<u>\$36,272,982</u>	<u>\$37,417,912</u>	<u>\$35,128,112</u>
<u>Operating Expense:</u>					
Salaries	\$7,819,000	\$8,928,967	\$9,610,961	\$10,784,234	\$11,409,588
Services and Supplies	15,658,000	15,498,041	16,983,257	17,377,079	17,225,208
Transfer to Closure Reserve	5,000	715,421	1,174,459	2,625,700	1,162,467
Other (excluding depreciation)	304,000	116,734	397,650	593,049	380,564
Total Operating Expense	<u>\$23,786,000</u>	<u>\$25,259,163</u>	<u>\$28,166,327</u>	<u>\$31,380,062</u>	<u>\$30,177,827</u>
Net Operating Revenue	\$9,779,144	\$10,620,845	\$8,106,655	\$6,037,850	\$4,950,285
1994 COP Principle and Interest	1,712,000	1,671,824	1,669,521	1,674,563	1,535,884
2002 COP Principle and Interest	604,000	535,238	542,795	548,737	561,224
Total Debt Service	<u>\$2,316,000</u>	<u>\$2,207,062</u>	<u>\$2,212,316</u>	<u>\$2,223,300</u>	<u>\$2,097,108</u>
<u>Debt Service Coverage Ratio 1:</u>					
Net Operating Revenue/Total Debt Service	4.22	4.81	3.66	2.72	2.36
Net Operating Revenue After Debt Service	\$7,463,144	\$8,413,783	\$5,894,339	\$3,814,550	\$2,853,177
<u>Non-operating Revenue (Expense):</u>					
Closure Project Expense	(\$166,173)	(\$19,635)	(\$47,449)	(\$27,438)	(\$4,708,674)
Pay-as-you-go Capital Projects	(2,397,784)	(13,541,188)	(9,312,370)	(1,087,188)	(2,077,811)
Capital Equipment	(199,378)	(210,381)	(192,512)	(881,172)	(233,606)
Other Non-operating Revenue	300	398	25,599	433,508	2,502
Net Non-operating Revenue (Expense)	<u>(\$2,763,035)</u>	<u>(\$13,770,806)</u>	<u>(\$9,526,732)</u>	<u>(\$1,562,290)</u>	<u>(\$7,017,589)</u>
Net Operating Revenue After Debt Service	\$7,462,483	\$8,413,783	\$5,894,338	\$3,814,550	\$2,853,177
Net Non-operating Revenue (Expense)	<u>(2,763,035)</u>	<u>(13,770,806)</u>	<u>(9,526,732)</u>	<u>(1,562,290)</u>	<u>(7,017,589)</u>
Total Income (Loss)	\$4,699,448	(\$5,357,023)	(\$3,632,394)	\$2,252,260	(\$4,164,412)
<u>Available Funds:</u>					
Beginning Balance	\$8,055,627	\$7,273,847	\$3,963,234	\$19,651,043	\$19,827,381
Total Income (Loss)	5,640,564	(5,357,023)	(3,632,395)	2,252,260	(4,164,412)
Draw from Closure Reserve			681,899	0	3,114,911
Draw from Bena & Shafter Reserve			10,509,000	0	0
Other Adjustments to Available Funds	<u>(6,422,344)</u>	<u>2,046,410</u>	<u>8,129,305</u>	<u>(2,075,922)</u>	<u>2,012,250</u>
Ending Balance	\$7,273,847	\$3,963,234	\$19,651,043	\$19,827,381	\$20,790,130
<u>Debt Service Coverage Ratio 2:</u>					
Net Operating Revenue + Available Funds					
Beginning Balance / Debt Service	7.70	8.11	5.46	11.55	11.82

Source: County of Kern Waste Management Department

TABLE 27
KERN MEDICAL CENTER
GENERAL FUND / REALIGNMENT CASH
(As of June 30)

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010⁽¹⁾</u>
Advances Payable	\$6,500,000	\$6,000,000	\$9,351,544	\$3,895,016	\$7,314,285	\$25,337,433	\$41,247,769	\$39,367,903	\$32,400,000 ⁽²⁾
County Contribution:									
Realignment for Indigent Care ⁽³⁾	\$13,650,000	\$17,050,000	\$19,300,000	\$20,800,000	\$20,800,000	\$20,800,000	\$18,607,233	\$15,778,203	\$15,054,049
Juvenile Facility ⁽³⁾	500,000	500,000	500,000	1,575,000	2,112,000	2,000,000	3,000,000	3,719,000	3,719,000
Jail Inmate ⁽³⁾	4,400,000	8,650,000	4,400,000	6,950,000	8,888,000	9,700,000	12,100,000	13,718,000	13,718,000
Ambulance ⁽³⁾	100,000	100,000	100,000	75,000	100,000	-	-	-	-
Central Plant Capital Project	-	-	-	-	-	-	-	-	3,000,000
Total County Contribution	\$18,650,000	\$26,300,000	\$24,300,000	\$29,400,000	\$31,900,000	\$32,500,000	\$33,707,233	\$33,215,203	\$35,491,049
Write-off of General Fund Loans at June 30	-	5,000,000	-	-	-	6,366,000	11,037,000	15,000,000	-
TOTAL ADVANCES & COUNTY CONTRIBUTION	\$25,150,000	\$37,300,000	\$33,651,544	\$33,295,016	\$39,214,285	\$64,203,433	\$85,992,002	\$87,583,106	\$67,891,049

⁽¹⁾ Budgeted

⁽²⁾ In 2009, the California Legislature passed AB 188 that enables California hospitals to assess themselves in order to raise more that \$2 billion to draw down matching federal Medicaid funds through December 2010. Fee revenue from this assessment would generate increased federal Medi-Cal payments to Kern Medical Center (KMC) of approximately \$25 million in 2010. This funding is not included in any cash estimates for KMC at this time. However, in order for the Medi-Cal draw down process to be implemented and funding to be received by KMC, an agreement must be reached between the California State Department of Health Care Services and the Federal Centers for Medicaid and Medicare Services.

⁽³⁾ General Fund obligation