

**COUNTY OF KERN**

**ANNUAL DISCLOSURE REPORT**

**FISCAL YEAR 2011-12**



**COUNTY OF KERN**  
**COUNTY ADMINISTRATIVE OFFICE**  
**1115 TRUXTUN AVENUE**  
**BAKERSFIELD, CALIFORNIA**  
**DATED: JANUARY 7, 2013**

**COUNTY OF KERN, STATE OF CALIFORNIA**

**BOARD OF SUPERVISORS**

Mick Gleason  
Zack Scrivner  
Mike Maggard  
David Couch  
Leticia Perez

First District  
Second District  
Third District  
Fourth District  
Fifth District

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**COUNTY OFFICIALS**

John Nilon, County Administrative Officer  
Jackie Denney, Treasurer-Tax Collector  
Mary Bedard, Interim 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 2011-12 fiscal year. In accordance with the disclosure regulations and the Agreements, the Fiscal Year 2011-12 Comprehensive Annual Financial Report (CAFR), the FY 2010-11 Solid Waste Enterprise Fund Audited Financial Statements, and the FY 2012-13 County Adopted 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	492279AM6 492279AN4

### 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
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Dated Date	August 1, 2008
Final Maturity	September 1, 2027
CUSIP# Series	492279CU6

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

Par Amount	\$95,410,000
Dated Date	April 22, 2009
Final Maturity	August 1, 2035
CUSIP# Series	49225HJB5

Kern Public Services Financing Authority Lease Revenue Refunding Bonds, 2010 Series (County Services Facility Project)

Par Amount	\$11,250,000
Dated Date	December 16, 2010
Final Maturity	June 30, 2032
CUSIP# Series	49224PAW1

County of Kern Refunding Revenue Certificates of Participation, Series 2011 (Solid Waste System Improvements)

Par Amount	\$10,860,000
Dated Date	March 24, 2011
Final Maturity	August 1, 2016
CUSIP# Series	49225HJY5

County of Kern 2011 Refunding Certificates of Participation, Series A (Capital Improvement Projects)

Par Amount	\$14,990,000
Dated Date	March 30, 2011
Final Maturity	May 16, 2016
CUSIP# Series	49225HKE7

## 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.

Nancy Lawson, Assistant County Administrative Officer  
Budget and Finance

(661) 868-3198

Fax Machine

(661) 868-3190

Kern County Homepage

[www.co.kern.ca.us](http://www.co.kern.ca.us)

**TABLE 1**

**COUNTY OF KERN  
MOTOR VEHICLE LICENSE FEE REVENUE  
FISCAL YEARS 2002-03 THROUGH 2012-13**

<u><i>Fiscal Year</i></u>	<u><i>Vehicle License Fee</i></u>
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	0
2010-11	0
2011-12	0
2012-13 Budgeted *	0

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\* 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 2010-11 Uses/Sources <sup>(1)</sup></i>	<i>Actual 2011-12 Uses/Sources</i>	<i>Adopted 2012-13 Budget</i>
<b>REQUIREMENTS:</b>			
General Government	\$119,892,891	\$110,834,294	\$153,795,481
Public Protection	563,710,381	608,518,399	724,166,476
Public Ways and Facilities	123,713,593	86,116,166	94,732,145
Health and Sanitation	222,908,562	243,008,086	292,367,253
Public Assistance	456,097,649	462,749,327	505,753,829
Education	8,871,976	7,914,718	8,081,056
Recreation and Cultural	12,099,362	12,092,540	13,343,083
Debt Service	3,928,182	14,589,441	15,193,400
Contingencies and Reserves			74,707,809
<b>Total Requirements</b>	<b>\$1,511,222,596</b>	<b>\$1,545,822,971</b>	<b>\$1,882,140,532</b>
<b>AVAILABLE FUNDS:</b>			
Current Property Taxes	\$238,995,025	\$252,564,176	\$262,838,834
Other Taxes	136,361,230	159,824,151	153,260,277
Licenses, Permits and Franchises	19,858,036	24,629,038	18,870,089
Fines, Forfeitures and Penalties	25,452,961	23,065,679	23,395,034
Use of Money and Property	13,136,423	20,069,396	15,101,724
Aid from Other Governmental Agencies	664,058,475	655,989,322	698,799,561
Charges for Current Services	162,364,618	151,098,160	140,157,136
Miscellaneous Revenue	35,133,277	29,189,809	10,079,999
Other Financing Sources (Uses)	253,192,774	294,162,417	386,116,605
Use of Available Fund Balance			173,521,273
<b>Total Available Funds</b>	<b>\$1,548,552,819</b>	<b>\$1,610,592,148</b>	<b>\$1,882,140,532</b>

Source: County of Kern Fiscal Year 2012-13 Adopted Budget

<sup>(1)</sup> Adjustments to Actual FY 2010-11 previously reported in the County of Kern FY 2010-11 Annual Disclosure Report resulted from non-County funds being correctly reclassified as fiduciary funds.



TABLE 3

COUNTY OF KERN  
STATEMENT OF GENERAL FUND REVENUE AND EXPENDITURES  
FISCAL YEARS ENDED JUNE 30, 2009, 2010, 2011 and 2012  
(Dollars in thousands)

	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>
<u>Revenue:</u>				
Taxes	\$300,452	\$274,689	\$299,389	\$329,415
Licenses, Permits and Franchises	11,895	10,507	10,895	11,004
Fines, Forfeitures and Penalties	17,515	16,228	16,580	14,881
Use of Money and Property	13,621	12,089	9,848	13,799
Intergovernmental Revenue	140,292	133,146	129,707	112,726
Charges for Current Services	92,745	98,138	101,847	82,511
Other Revenue	5,052	3,928	4,228	4,447
Total Revenue	<u>\$581,572</u>	<u>\$548,725</u>	<u>\$572,494</u>	<u>\$568,783</u>
<u>Expenditures:</u>				
General Government	\$106,634	\$95,115	\$93,138	\$96,011
Public Protection	333,534	325,255	333,013	338,966
Health and Sanitation	45,811	45,882	44,049	44,530
Public Assistance	14,990	16,038	14,280	13,539
Education	9,945	9,185	8,625	7,740
Recreational and Cultural Services	14,051	13,184	11,858	11,813
Capital Outlay	19,788	2,882	627	3,920
Debt Service	4,637	4,237	1,875	5,967
Total Expenditures	<u>\$549,390</u>	<u>\$511,778</u>	<u>\$507,465</u>	<u>\$522,486</u>
Excess Revenues Over (Under)				
Expenditures	\$32,182	\$36,947	\$65,029	\$46,297
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	99,542	86,918	82,796	115,621
Operating Transfers Out	(158,856)	(130,828)	(136,669)	(110,410)
Inception of Capital Leases	19,788	2,882	627	3,920
Total Other Financing Sources (Uses)	<u>(\$39,526)</u>	<u>(\$41,028)</u>	<u>(\$53,246)</u>	<u>\$9,131</u>
Fund Balance at Beginning of Year	\$151,635	\$144,291	\$140,210	\$151,993
Prior Period Adjustments				(\$320)
Fund Balance at End of Year	<u><u>\$144,291</u></u>	<u><u>\$140,210</u></u>	<u><u>\$151,993</u></u>	<u><u>\$207,101</u></u>

Source: County of Kern Auditor-Controller-County Clerk

**TABLE 4**

**COUNTY OF KERN  
GENERAL FUND BALANCE SHEET  
AT JUNE 30, 2009, 2010, 2011 and 2012  
(Dollars in Thousands)**

	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>
<b>Assets</b>				
Pooled Cash and Investments	\$39,677	\$10,057	\$44,561	\$93,824
Revolving Fund Cash	1,210	1,214	1,141	1,127
Interest Receivable	1,309	717	445	489
Taxes Receivable	58,735	62,129	58,865	57,610
Accrued Revenue	25,793	24,579	28,204	19,231
Due from Other Funds	7,788	7,904	42,344	66,790
Advances to Other Funds	43,587	60,776	1,916	3,661
Due from Other Agencies	7,292	8,592	5,421	2,914
Deposits with Others	205	205	205	205
Prepaid Items	0	7,200	15,921	6,794
Inventory Materials and Supplies	539	0	0	0
<b>Total Assets</b>	<u>\$186,135</u>	<u>\$183,373</u>	<u>\$199,023</u>	<u>\$252,645</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts Payable	\$6,338	\$3,972	\$7,886	\$6,293
Salaries and Employee Benefits Payable	9,711	10,631	11,975	14,644
Due to Other Funds	6,413	7,086	4,995	1,580
Due to Other Agencies	0	0	47	0
Tax Anticipation Note Payable	0	0	0	0
Loans Payable	0	0	0	0
Deferred Revenue	19,382	21,474	22,127	23,027
<b>Total Liabilities</b>	<u>\$41,844</u>	<u>\$43,163</u>	<u>\$47,030</u>	<u>\$45,544</u>
<b>Fund Balance (Pre-GASB 54)<sup>(1)</sup></b>				
Reserved	\$64,283	\$27,536		
Unreserved				
Designated	0	0		
Undesignated	80,008	112,674		
<b>Total Fund Balance</b>	<u>\$144,291</u>	<u>\$140,210</u>	<u>\$0</u>	<u>\$0</u>
<b>Fund Balance (Post-GASB 54)<sup>(1)</sup></b>				
Nonspendable			\$37,768	\$21,357
Restricted			\$2,553	\$7,806
Committed			\$56	\$0
Assigned			\$34,838	\$75,828
Unassigned			\$76,778	\$102,110
<b>Total Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$151,993</u>	<u>\$207,101</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$186,135</u>	<u>\$183,373</u>	<u>\$199,023</u>	<u>\$252,645</u>

<sup>(1)</sup> Governmental Accounting Standards Board Statement No. 54 (GASB 54) was implemented in FY 2010-2011 and has defined components of fund balance as stated. County is not required to restate prior fiscal years.

Source: County of Kern Auditor-Controller-County Clerk

**TABLE 5**

**COUNTY OF KERN  
BREAKDOWN OF BUDGETED REVENUE SOURCES  
FOR FISCAL YEAR 2012-13**

Taxes	22.11%
Licenses, Permits and Franchises	1.00%
Fines, Forfeitures and Penalties	1.24%
Use of County Property and Money	0.80%
Aid from Other Governmental Agencies	37.13%
Charges for Services	7.45%
Miscellaneous Revenues <sup>(1)</sup>	30.27%
Total	100.0%

<sup>(1)</sup> Includes Other Financing Sources, Balances carried forward from prior year and cancelation of prior year reserves and designations

Source: Kern County Administrative Office

TABLE 6

SUMMARY OF TAX LEVIES AND COLLECTIONS FOR THE SECURED TAX ROLL  
FISCAL YEARS 2002-03 THROUGH 2011-12

(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Total Levy</i>	<i>Total Collected</i> <sup>(1)</sup>	<i>Total Collected at Fiscal Year-End as Percent of Tax Levy</i>
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%
2009-10	977,544	941,531	96.3%
2010-11	1,019,564	992,648	97.4%
2011-12	1,048,417	1,025,352	97.8%

<sup>(1)</sup>Figures do not include redemptions of delinquent taxes or delinquency penalties.

Source: County of Kern Treasurer-Tax Collector

**TABLE 7**

**COUNTY OF KERN  
ASSESSSED VALUATION  
FISCAL YEARS 2003-04 THROUGH 2012-13**

(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Secured Assessed Valuation</i> <sup>(1)</sup>	<i>Unsecured Assessed Valuation</i>	<i>Less Exemptions</i> <sup>(2)</sup>	<i>Net Assessed Valuation</i>
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
2010-11	79,372,336	3,415,217	5,647,904	77,139,649
2011-12	80,493,530	4,302,692	5,638,234	79,157,988
2012-13	84,822,571	6,094,453	5,744,473	85,172,551

<sup>(1)</sup>Includes Aircraft and Public Utilities.

<sup>(2)</sup>Includes all Non-subvented Exemptions, Homeowners Exemptions and Redevelopment Agency Exemptions.

Source: County of Kern Tax Rates and Assessed Valuations Book, FY 2003-04 through FY 2012-13

**TABLE 8**  
**COUNTY OF KERN**  
**PRINCIPAL TAXPAYERS**  
**2012-13 SECURED TAX ROLL**

<u><i>Company</i></u>	<u><i>Net Secured Assessed Value</i></u>	<u><i>Total Tax on Secured Property</i></u>
Occidental of Elk Hills, Inc.	\$11,254,037,870	\$119,670,479
Chevron USA, Inc.	7,674,442,271	81,898,112
Aera Energy, LLC	6,378,884,512	65,904,043
Berry Petroleum Co.	1,702,249,501	18,003,284
Plains Exploration & Production Co.	1,314,085,038	13,586,278
Pacific Gas & Electric Co.	749,062,715	10,424,200
Vintage Production Cal LLC	636,269,061	6,983,260
Seneca Resources Corp.	620,218,813	6,472,500
Southern California Edison Co.	440,330,217	6,126,936
Macpherson Oil Co.	501,335,165	5,717,118

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Source: County of Kern Tax Rates and Assessed Valuations Book, FY 2012-13

**TABLE 9**  
**COUNTY OF KERN EMPLOYMENT LEVELS**  
**FISCAL YEARS 2003-04 THROUGH 2012-13**

<u><i>Fiscal Year</i></u> <sup>(1)</sup>	<u><i>Permanent Full-time</i></u>	<u><i>Permanent Part-time</i></u>
2003-04	7,846	362
2004-05	8,133	359
2005-06	8,490	354
2006-07	9,033 <sup>(2)</sup>	345 <sup>(2)</sup>
2007-08	9,325	332
2008-09	9,466	329
2009-10	9,532	316
2010-11	8,547	265
2011-12	8,465	263
2012-13	8,729	265

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

<sup>(2)</sup>Revised to correct for number of authorized employees.

Source: Kern County Administrative Office

**TABLE 10**  
**BARGAINING UNITS**

<i>Bargaining Unit</i>	<i>Number of Employees <sup>(1)</sup></i>	<i>Effective Term of Labor Agreement</i>
Service Employees' International, Local 521 (SEIU 521)	5,421	March 13, 2015
Kern Law Enforcement Association (KLEA)	554	March 13, 2015
Kern County Fire Fighters Union (KCFFU)	516	March 13, 2015
Kern County Probation Officers' Association (KCPOA)	384	July 24, 2015
Kern County Detention Officers' Association (KCDOA)	312	March 13, 2015
Kern County Prosecutors' Association (KCPA)	94	March 27, 2015
SEIU 521 - Criminal Justice Unit	1	March 27, 2015
Kern County Sheriff's Command Association (KCSCA)	18	March 13, 2015
Kern County Sheriff's Command Association II (KCSCA II)	8	March 13, 2015
SEIU 521 - Extra Help	538	June 30, 2010
Kern County Probation Managers' Association (KCPMA)	12	March 13, 2015
Union of American Physicians and Dentists (UAPD)	56	May 29, 2012 <sup>(2)</sup>
Committee of Interns and Residents (CIR) SEIU Healthcare	119	June 30, 2013

<sup>(1)</sup> Filled positions as of December 13, 2012. Does not include courts, Air Pollution Control District, or rehired retirees.

<sup>(2)</sup> Effective date of current Terms and Conditions of employment

Source: Kern County Administrative Office



TABLE 11

MEMBERSHIP IN KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
AT JUNE 30, 2008 THROUGH JUNE 30, 2012

	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>	<u>June 30, 2012</u>
Retirees and Beneficiaries <sup>(1)</sup>	6,681	6,978	7,267	7,636	7,930
Active Plan Participants	<u>9,105</u>	<u>9,020</u>	<u>8,567</u>	<u>8,196</u>	<u>8,260</u>
Total	15,786	15,998	15,834	15,832	16,190

<sup>(1)</sup>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

<i><u>Fiscal Year Ended June 30</u></i>	<i><u>Annual Required Contributions (in thousands)</u></i>	<i><u>Percentage Contributed</u></i>
2007	\$128,135	100%
2008	\$137,264	100%
2009	\$138,814	100%
2010	\$151,127	100%
2011	\$177,444	100%
2012	\$189,837	100%
2013*	\$206,111	N/A

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Source: KCERA Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2012

\* Source: County of Kern, estimate includes Courts.

**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>
12/31/06	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%
06/30/09	2,780,215	4,205,200	1,424,985	66.11%	559,872	254.52%
06/30/10	2,794,644	4,457,038	1,662,395	62.70%	559,380	297.19%
06/30/11	2,839,747	4,672,348	1,832,601	60.78%	539,836	339.47%
06/30/12	2,960,507	4,894,990	1,934,483	60.48%	543,558	355.89%

Source: KCERA Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2012 and KCERA Actuarial Valuation as of June 30, 2012

**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>
6/30/2012	\$ 55,171,573	90%	\$ 49,654,416
12/31/2011	(251,559,875)	80%	(201,247,900)
6/30/2011 <sup>(1)</sup>	49,026,579		(17,957,657)
12/31/2010	254,820,355		(17,957,657)
6/30/2010	(155,035,143)		(17,957,657)
12/31/2009	270,171,707		(17,957,657)
6/30/2009	(31,419,887)		(17,957,657)
12/31/2008	(838,242,988)		(17,957,657)
6/30/2008	(314,937,911)		(17,957,657)

<sup>(1)</sup> For the June 30, 2012 valuation, KCERA adopted an adjustment to the asset smoothing method that combines the net deferred losses of \$162 million from the June 30, 2011 valuation into a single smoothing layer. The net deferred losses are then recognized over the next four and a half years from that date in nine level amounts of approximately \$18 million each six-month period.

Source: KCERA Actuarial Valuation as of June 30, 2012 and Kern County Employees' Retirement Association

TABLE 15

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
ACTUARIAL ASSUMPTIONS

<i>Actuarial Assumption</i>	<i>2009</i>	<i>2010</i>	<i>2011</i>
Interest	7.75%	7.75%	7.75%
Inflation	3.25%	3.25%	3.25%
Salary Increase <sup>(1)</sup>	4.00%	4.00%	4.00%

<sup>(1)</sup>Total Payroll

Source: KCERA Comprehensive Annual Financial Report for the Fiscal Years Ended June 30, 2011 and June 30, 2012

TABLE 16

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

<i>Year Ended June 30</i>	<i>Annualized Rate of Return <sup>(1)</sup></i>
2006	11.69%
2007	18.40%
2008	-6.50%
2009	-21.87%
2010	13.30%
2011	19.20%
2012	1.00%

<sup>(1)</sup> Net of fees

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Source: KCERA Comprehensive Annual Financial Report for Fiscal Years ended  
June 30, 2006, 2007, 2008, 2009, 2010, 2011 and 2012

## 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 2, 2012, the County issued \$200,000,000 in aggregate principal amount of its 2012-2013 Tax Revenue Anticipation Notes, which mature on June 28, 2013.

**Certificates of Participation.** As of June 30, 2012, the County has outstanding certificates of participation in the aggregate principal amount of \$116,310,000. 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 Refunding Revenue Certificates of Participation, Series 2011 (Solid Waste System Improvements), the County's General Fund is available and makes payments with respect to all such obligations. A portion of the 2011 Refunding Certificates of Participation, Series A (Capital Improvement Projects) are paid from the Kern Medical Center Enterprise and Fire Funds, offsetting the liability of the General Fund. The County makes payments of principal and interest with respect to the Refunding Revenue Certificates of Participation, Series 2011 (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.

On April 12, 2011, the County entered into a private placement lease/purchase agreement in connection with a project consisting of the acquisition of solar panels and related equipment to be installed on the parking garage adjacent to the County Administrative Center, and other property of the County. The project qualifies as a "qualified conservation purpose" and the County received an allocation for subsidized financing pursuant to the American Recovery and Reinvestment Act. On December 2011, the County entered into a private placement lease/leaseback arrangement in the amount of \$8,660,000 to refund \$9,450,000 of principal outstanding of the County of Kern 2003 Certificates of Participation.

On November 28, 1995, the County issued \$227,818,439 in aggregate principal amount of its Taxable Pension Obligation Bonds, Series 1995 (the "1995 Pension Bonds"). The par amount outstanding as of June 30, 2012 is \$129,223,439. 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 the debt service on the 1995 Pension Bonds for Fiscal Year 2012-13 is \$27,731,783.

On May 28, 2003, the County issued \$288,177,066 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, 2027, and debt service on the 2003A Pension Bonds for Fiscal Year 2012-13 is \$17,561,250. The final maturity of the 2008A Pension Bonds is August 15, 2027, and debt service on the 2008A Pension Bonds for Fiscal Year 2012-13 is estimated at approximately \$500,000.

TABLE 17

**COUNTY OF KERN**  
**CERTIFICATES OF PARTICIPATION, PRIVATELY PLACED OBLIGATIONS AND PENSION**  
**OBLIGATION BONDS OUTSTANDING**  
**AS OF JUNE 30, 2012**

<i>Description of Issue</i>	<i>Source of Payment<sup>(1)</sup></i>	<i>Principal Outstanding</i>	<i>Final Maturity</i>	<i>2012-13 Payment Obligation</i>
<b>Certificates of Participation</b>				
1994 Certificates of Participation (Rosamond Library Project)	General Fund	\$465,000	October 1, 2014	\$170,513
2009 Certificates of Participation (Capital Improvement Projects)	General Fund	\$93,250,000	August 1, 2035	\$6,939,191
2011 Refunding Certificates of Participation (Capital Improvement Projects)	General Fund/Kern Medical Center Enterprise Fund/Fire Fund	\$13,475,000	November 1, 2019	\$2,211,700
2011 Refunding Certificates of Participation (Solid Waste System Improvements)	Solid Waste Enterprise Fund	\$9,120,000	August 1, 2016	\$1,994,903
<b>Pension Obligation Bonds</b>				
1995 Taxable Pension Obligation Bonds	Various Funds <sup>(2)</sup>	\$129,223,439	August 15, 2021	\$27,731,783
2003 Taxable Pension Obligation Bonds	Various Funds <sup>(2)</sup>	\$219,882,067	August 15, 2027	\$17,561,250
2008 Taxable Pension Obligation Refunding Bonds Series 2008A	Various Funds <sup>(2)(3)</sup>	\$50,000,000	August 15, 2027	\$497,322
<b>Privately Placed Obligations</b>				
Qualified Energy Conservation Bonds (Installment Purchase)	General Fund	\$4,231,461	January 12, 2026	\$509,351
Airport Terminal Refunding Lease/Leaseback	Airport Enterprise Fund/General Fund	\$8,660,000	August 1, 2022	\$938,182
<b>Total</b>		<b>\$528,306,967</b>		<b>\$58,554,195</b>

<sup>(1)</sup> Except for the 2011 Refunding 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; however, the County is currently making payments with respect to each such issue from the sources indicated.

<sup>(2)</sup> The debt service payments for the 1995, 2003 and 2008 Pension Obligation Bonds are made on pro rata between various County Funds proportional to the amount of salary cost incurred in those funds.

<sup>(3)</sup> The interest rate with respect to these bonds is variable and reset weekly. Therefore, the actual payment may differ from the amount specified.

Source: Kern County Administrative Office



TABLE 18

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

AS OF JUNE 30, 2012

(Dollars in Thousands)

<i><u>Fiscal Year</u></i>	<i><u>Amount</u></i>
2012-13	6,142
2013-14	3,480
2014-15	3,265
2015-16	1,904
2016-17	803
2018-2020	1,204
Net Minimum Lease Payments	<u>\$16,798</u>
Less Amount Representing Interest	(1,225)
Present Value of Net Minimum Lease Payments	<u>\$15,573</u>

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Source: County of Kern Auditor-Controller-County Clerk

**TABLE 19**  
**COUNTY OF KERN**  
**LONG-TERM OPERATING LEASE OBLIGATIONS**  
**AS OF JUNE 30, 2012**  
**(Dollars in Thousands)**

<u><i>Fiscal Year</i></u>	<u><i>Amount</i></u>
2012-13	11,767
2013-14	10,306
2014-15	8,621
2015-16	7,674
2016-17	7,517
2018-2022	30,842
2023-2027	29,043
2028-2032	7,826
Total	<u>\$113,596</u>

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Source: County of Kern Auditor-Controller-County Clerk

**TABLE 20**  
**COUNTY OF KERN PORTFOLIO STATISTICS**  
**AS OF OCTOBER 31, 2012**  
(Dollars in Thousands)

<u><i>Investments</i></u>	<u><i>Book Value</i></u>	<u><i>Market Value</i></u>	<u><i>Average Yield to Maturity at Book Value</i></u>
Pooled Funds	\$26,316	\$26,316	0.350%
Money Market Accounts	11,119	11,040	2.050%
Negotiable CDs	145,014	145,067	0.560%
Commercial Paper - Discount	627,662	627,884	0.370%
Federal Agency Issues - Coupon	740,051	739,484	0.667%
Medium Term Notes	488,944	478,868	0.920%
Repurchase Agreements	16,084	16,084	0.780%
Total Securities	<u>\$2,055,190</u>	<u>\$2,044,743</u>	<u>0.632%</u>
Cash, Accruals and Payables	17,193	17,193	N/A
Total Portfolio	<u>\$2,072,383</u>	<u>\$2,061,936</u>	

Source: County of Kern Treasurer-Tax Collector Pooled Cash Portfolio Report

**TABLE 21**  
**COUNTY OF KERN**  
**AGING OF MATURING INVESTMENTS**  
**AS OF OCTOBER 31, 2012**

<u><i>Aging Interval</i></u>	<u><i>Par Value (In Thousands)</i></u>	<u><i>Percent of Portfolio</i></u>
0 - 366 days	\$1,076,880	52.69%
1 - 3 years	599,325	29.32%
3 - 5 years	367,675	18.00%
Over 5 years	<u>0</u>	<u>0.00%</u>
Total	\$2,043,880	100.00%

Source: County of Kern Treasurer-Tax Collector

TABLE 22

COUNTY OF KERN  
 MAJOR EMPLOYERS  
 AS OF JANUARY 2012

<i><u>Employer</u></i>	<i><u>Type of Business</u></i>	<b>Number of Employees</b>
Edwards Air Force Base	Government	13,800
County of Kern	Government	8,697
China Lake Naval Weapons Center	Government	6,545
Grimmway Enterprise	Agriculture	4,600
Giumarra Vineyards	Agriculture	3,500
Mercy & Memorial Hospitals	Health Care	3,053
Wm. Bolthouse Farms	Agriculture	2,350
San Joaquin Community Hospital	Hospital	2,100
Chevron	Oil Production	1,500
City of Bakersfield	Government	1,403
State Farm Insurance	Insurance	1,269
Paramount Citrus	Agriculture	1,000
Aera Energy LLC	Energy	950
Kaiser Permanente	Health Care	850
Rio Tinto Minerals-Borax	Chemicals	813
Sun World	Agriculture	800
Target Distribution Center	Retail Distribution	661
Frito-Lay	Food Processing	632

Source: Information compiled by Kern Economic Development Corporation, 2012

**TABLE 23**  
**COUNTY OF KERN**  
**TOTAL AGRICULTURAL PRODUCTION VALUES**  
**FOR YEARS 2006 THROUGH 2011**  
**(Dollars in Thousands)**

	<u>2006</u>	<u>2007<sup>(1)</sup></u>	<u>2008</u>	<u>2009<sup>(2)</sup></u>	<u>2010<sup>(3)</sup></u>	<u>2011</u>
Fruit and Nut Crops	\$1,636,785	\$1,871,861	\$1,787,077	\$2,012,491	\$2,699,492	\$ 2,772,705
Field Crops and Rangeland	393,565	542,866	562,302	285,671	383,658	604,861
Vegetable Crops	647,412	555,732	649,674	541,455	694,192	699,919
Nursery Crops	109,330	105,317	84,822	63,861	67,405	61,816
Industrial and Wood Crops	5,985	7,647	11,208	11,125	10,970	14,470
Seed Crops	5,701	6,039	4,621	7,305	6,767	12,729
Livestock and Poultry	215,277	230,431	232,545	182,769	284,603	354,864
Livestock and Poultry Products	426,099	732,707	651,132	469,313	555,680	787,746
Apiary Products	34,119	39,547	49,931	41,583	54,650	55,429
<b>Totals</b>	<b>\$3,474,273</b>	<b>\$4,092,147</b>	<b>\$4,033,312</b>	<b>\$3,615,573</b>	<b>\$4,757,417</b>	<b>\$ 5,364,539</b>

Source: Kern County Agricultural Crop Reports 2006 through 2011

<sup>(1)</sup>Revised values per 2008 Kern County Agricultural Crop Report.

<sup>(2)</sup>Revised values per 2010 Kern County Agricultural Crop Report.

<sup>(3)</sup>Revised values per 2011 Kern County Agricultural Crop Report.

TABLE 24

KERN COUNTY SANITARY LANDFILLS  
CAPACITY STUDY SUMMARY AS OF JANUARY 1, 2012

<i>Landfill</i>	<i>Projected Closure Date</i>	<i>Calendar Year 2011 Disposal Tonnage</i>	<i>Calendar Year 2011 % of Total Disposal</i>	<i>Remaining Capacity (tons)</i>
Bena Phase 2A	January 2043	424,539	61%	19,831,686
Boron	October 2039	2,557	0%	92,958
Mojave-Rosamond	April 2019	6,980	1%	321,775
Ridgecrest	November 2042	50,077	7%	2,721,219
Shafter-Wasco	October 2056	119,595	17%	9,887,314
Taft	August 2080	35,700	5%	4,659,102
Tehachapi	Nov-15	61,189	9%	281,014
Total		700,637	100%	37,795,068

Source: January 2012 Capacity Study, Kern County Sanitary Landfills

TABLE 25

COUNTY OF KERN  
SYSTEM NON-RECYCLED WASTE DISPOSAL BY JURISDICTION

<u>Jurisdiction</u>	<i>Waste Disposal (tons) in Calendar Year 2011</i>	<i>Percentage of Total</i>
Unincorporated Kern County	329,899	44.09%
Cities within Kern County		
Arvin	8,817	1.18%
Bakersfield	272,463	36.42%
California City	8,625	1.15%
Delano	25,502	3.41%
Maricopa	863	0.12%
McFarland	6,419	0.86%
Ridgecrest	25,593	3.42%
Shafter	17,260	2.31%
Taft	8,067	1.08%
Tehachapi	14,543	1.94%
Wasco	18,747	2.51%
All Cities within Kern County	406,899	54.40%
Other Jurisdictions	11,304	1.51%
Total	748,102	100.0%

Source: Waste Management Jurisdictional Disposal Report for Calendar 2011



**TABLE 26**  
**COUNTY OF KERN**  
**SOLID WASTE ENTERPRISE FUND HISTORICAL REVENUES AND EXPENDITURES**  
**FOR FISCAL YEARS 2007-08 THROUGH 2011-12**

	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>
Land Use Fee/Single Family Unit	\$70	\$72	\$75	\$75	\$78
Non-residential Tipping Fee	\$38	\$40	\$41	\$41	\$42
Tons Disposed	821,903	741,471	709,274	704,740	684,973
<u>Operating Revenue:</u>					
Land Use Fee	\$17,374,928	\$18,796,038	\$19,582,616	\$19,908,442	20,623,640
Gate Fee	10,987,223	8,657,182	8,486,648	9,059,234	9,330,678
Bin Fee	4,578,083	4,686,330	4,717,961	4,437,187	4,522,634
Other (includes interest income and tires)	4,477,678	2,988,562	3,186,341	2,353,480	2,937,971
Total Operating Revenue	<u>\$37,417,912</u>	<u>\$35,128,112</u>	<u>\$35,973,566</u>	<u>\$35,758,343</u>	<u>37,414,923</u>
<u>Operating Expense:</u>					
Salaries	\$10,784,234	\$11,409,588	\$11,427,906	\$11,916,225	12,572,957
Services and Supplies	17,377,079	17,225,208	14,046,730	14,895,012	14,792,593
Transfer to Closure Reserve	2,625,700	1,162,467	3,211,417	0	235,110
Other (excluding depreciation)	492,049	275,658	545,944	865,343	434,863
Total Operating Expense	<u>\$31,279,062</u>	<u>\$30,072,921</u>	<u>\$29,231,997</u>	<u>\$27,676,580</u>	<u>28,035,523</u>
Net Operating Revenue	\$6,138,850	\$5,055,191	\$6,741,569	\$8,081,763	9,379,400
1994 COP Principle and Interest	1,674,563	1,535,884	0	0	-
2002 COP Principle and Interest	548,737	561,224	2,165,121	2,037,206	1,958,184
Total Debt Service	<u>\$2,223,300</u>	<u>\$2,097,108</u>	<u>\$2,165,121</u>	<u>\$2,037,206</u>	<u>\$1,958,184</u>
<u>Debt Service Coverage Ratio 1:</u>					
Net Operating Revenue/Total Debt Service	2.76	2.41	3.11	3.97	4.79
Net Operating Revenue After Debt Service	\$3,915,550	\$2,958,083	\$4,576,448	\$6,044,558	\$7,421,215
<u>Non-operating Revenue (Expense):</u>					
Closure Project Expense	(\$27,438)	(\$4,708,674)	(\$1,237,796)	(\$582,973)	(3,764,969)
Pay-as-you-go Capital Projects	(1,087,188)	(2,077,811)	(732,369)	(5,910,877)	(2,622,376)
Capital Equipment	(881,172)	(233,606)	(145,315)	(7,774)	(71,566)
Other Non-operating Revenue	433,508	2,502	(342)	567	522
Net Non-operating Revenue (Expense)	<u>(\$1,562,290)</u>	<u>(\$7,017,589)</u>	<u>(\$2,115,822)</u>	<u>(\$6,501,057)</u>	<u>(\$6,458,389)</u>
Net Operating Revenue After Debt Service	\$3,915,550	\$2,958,083	\$4,576,448	\$6,044,558	\$7,421,215
Net Non-operating Revenue (Expense)	<u>(1,562,290)</u>	<u>(7,017,589)</u>	<u>(2,115,822)</u>	<u>(6,501,057)</u>	<u>(6,458,389)</u>
Total Income (Loss)	\$2,353,260	(\$4,059,506)	\$2,460,626	(\$456,499)	\$962,826
<u>Available Funds:</u>					
Beginning Balance	\$19,651,043	\$19,667,637	\$18,070,227	\$23,682,057	\$19,113,184
Total Income (Loss)	2,353,260	(4,059,506)	2,460,626	(456,499)	962,826
Draw from Closure Reserve	0	3,114,911	282,146	847,737	7,324,520
Draw to/from Other Reserves	(159,744)	0	198,036	0	-
Proceeds from Loans	0	0	640,000	(64,000)	(64,000)
Capital Lease Principal Payments	(101,000)	(104,906)	0	(55,976)	-
Other Adjustments to Available Funds	(2,075,922)	(547,909)	2,031,022	(4,840,137)	3,149,679
Ending Balance	<u>\$19,667,637</u>	<u>\$18,070,227</u>	<u>\$23,682,057</u>	<u>\$19,113,184</u>	<u>\$30,486,210</u>
<u>Debt Service Coverage Ratio 2:</u>					
Net Operating Revenue + Available Funds					
Beginning Balance / Debt Service	11.60	11.79	11.46	N/A	N/A

Source: County of Kern Waste Management Department

**TABLE 27**

**COUNTY OF KERN  
Historical System Waste Total Tonnage Received**

<b>Year</b>	<b>Tonnage Amount</b>	<b>% Change</b>
2001	709,577	-0.12%
2002	722,290	1.76%
2003	783,736	7.84%
2004	852,181	8.03%
2005	927,685	8.14%
2006	961,152	3.48%
2007	929,661	-3.39%
2008	846,020	-9.89%
2009	777,083	-8.87%
2010	764,562	-1.64%
2011	756,415	-1.08%
2012	Unavailable	Unavailable

Source: Kern County Waste Management Department - Feasibility Study

**TABLE 28**

**Solid Waste Enterprise Fund Ordinances  
Fee Changes and Effective Dates**

<b>Effective Date</b>	<b>Land Use Fee</b>			<b>Gate Fee</b>		<b>Bin Fee</b>	
	<b>Ordinance</b>	<b>Single Family Dwelling Unit</b>	<b>Multi-Unit Residential</b>	<b>Ordinance</b>	<b>Rate</b>	<b>Ordinance</b>	<b>Rate</b>
1/11/1989	G-4908	\$27.50	\$27.50 x "SF DU Factor"	N/A	N/A	N/A	N/A
8/8/1990	G-5316	\$57.00	\$45.60 x "SF DU Factor"	N/A	N/A	N/A	N/A
7/1/1993	G-5941	\$57.00	\$45.60 x Actual Number of Units	G-5940	\$29/ton	G-5940	\$2/CY
7/1/2003	G-6944	\$66.00	\$45.60 x Actual Number of Units	G-6945	\$36/ton	G-6945	\$1.9/CY
7/1/2004	G-7104	\$66.00	\$53.00 x Actual Number of Units	Remained \$36/ton		Remained \$1.9/CY	
7/1/2007	G-7500	\$70.00	\$56.00 x Actual Number of Units	G-7501	\$38.25/ton	G-7501	\$2/CY
7/1/2008	G-7713	\$72.31	\$57.84 x Actual Number of Units	G-7714	\$39.50/ton	G-7730	\$2.05/CY
7/1/2009	G-7864	\$74.84	\$59.86 x Actual Number of Units	G-7865	\$40.50/ton	G-7865	\$2.11/CY
7/1/2011	G-8073	\$77.83	\$62.25 x Actual Number of Units	G-8075	\$42.25/ton	G-8075	\$2.20/CY
7/1/2012	G-8074	\$82.89	\$66.30 x Actual Number of Units	G-8075	\$45.00/ton	G-8075	\$2.34/CY

Source: Kern County Waste Management Department

**TABLE 29**  
**KERN MEDICAL CENTER**  
**GENERAL FUND / REALIGNMENT CASH**  
**(As of June 30)**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Advances Payable - Year End Balance <sup>(1)</sup>	\$3,895,016	\$7,314,285	\$25,337,433	\$41,247,769	\$39,367,903	\$54,866,792	\$33,740,332	\$58,171,862
County Contribution:								
Realignment for Indigent Care	\$20,800,000	\$20,800,000	\$20,800,000	\$18,607,233	\$18,205,168	\$15,170,363	\$14,383,490	\$17,623,892
Juvenile Facility <sup>(2)</sup>	1,575,000	2,112,000	2,000,000	3,000,000	3,719,000	3,719,000	3,719,000	3,719,000
Jail Inmate <sup>(2)</sup>	6,950,000	8,888,000	9,700,000	12,100,000	13,718,000	13,718,000	13,718,000	15,561,000
Ambulance <sup>(2)</sup>	75,000	100,000	-	-	-	-	-	-
Central Plant Capital Project	-	-	-	-	-	-	3,000,000	-
Total County Contribution	\$29,400,000	\$31,900,000	\$32,500,000	\$33,707,233	\$35,642,168	\$32,607,363	\$34,820,490	\$36,903,892
Write-off of General Fund Loans at June 30	-	-	6,366,000	11,037,000	15,000,000	-	-	-
Total Advances & County Contribution	\$33,295,016	\$39,214,285	\$64,203,433	\$85,992,002	\$90,010,071	\$87,474,155	\$68,560,822	\$95,075,754

<sup>(1)</sup> Year-end balance reflects General Fund loans outstanding at June 30.

<sup>(2)</sup> General Fund obligation