

**COUNTY OF KERN**

**ANNUAL DISCLOSURE REPORT**

**FISCAL YEAR 2015-16**



**COUNTY OF KERN**  
**COUNTY ADMINISTRATIVE OFFICE**  
**1115 TRUXTUN AVENUE**  
**BAKERSFIELD, CALIFORNIA**  
**DATED: JANUARY 10, 2017**

**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**

Ryan Alsop, County Administrative Officer  
Jordan Kaufman, Treasurer-Tax Collector  
Mary Bedard, Auditor-Controller-County Clerk  
Mark Nations, Interim 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 2015-16 fiscal year. In accordance with the disclosure regulations and the Agreements, the Fiscal Year 2015-16 Comprehensive Annual Financial Report (CAFR), the FY 2015-16 Solid Waste Enterprise Fund Audited Financial Statements and the FY 2016-17 County Adopted Budget are provided.

This report along with the CAFR, the Solid Waste Enterprise Fund Audited Financial Statements and the County Budget will be filed with the Municipal Securities Rulemaking Board (MSRB). Notices of material events will be filed by the County with the MSRB. 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. With the exception of the refunding of the 2009 Certificates of Participation on December 28, 2016, as described below, no material events as defined in Rule 15c2-12 have occurred within the County during the period beginning July 1, 2016 through the date of this report.

On December 14, 2016 the County issued the 2016 Refunding Certificates of Participation and used the proceeds to defease the 2009 Certificates of Participation (Capital Improvement Projects). The advance refunding resulted in a total net present value savings of \$8.9 million over the life of the certificates. The certificates carry fixed interest rates ranging from 3.0% to 5% and fully mature on August 1, 2035.

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.



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**APPLICABLE ISSUANCES**

**County of Kern Taxable Pension Obligation Bonds, Series 1995.** Bonds issued to offset unfunded accrued actuarial liability.

|                |                  |
|----------------|------------------|
| Par Amount     | \$227,818,439.25 |
| Dated Date     | November 1, 1995 |
| Final Maturity | August 15, 2021  |
| CUSIP# Series  | 492279AM6        |

**County of Kern Taxable Pension Obligation Refunding Bonds, Series 2003A.** Bonds issued to offset unfunded accrued actuarial liability.

|                |   |
|----------------|---|
| Par Amount     | \$238,177,066.85  |
| Dated Date     | May 28, 2003  |
| Final Maturity | August 15, 2026   |
| CUSIP# Series  | 492279CM4, 492279CN2, 492279CP7, 492279CQ5,<br>492279CR3, & 492279CS1 |

**County of Kern 2009 Certificates of Participation (Capital Improvement Projects).** Certificates issued for the construction of County Fire Station 65, Pine Mountain Fire Station, the Information Technology Building, the 7<sup>th</sup> Standard Road Corridor, and the Hageman Road at Santa Fe Way Separation of Grade. In addition, there were various Local Transportation Projects including reconstruction, and installation of roads, installation of bike paths, construction of curbs and gutters and other activities related to a number of roads throughout the County. On December 14, 2016, the 2016 Refunding Certificates of Participation were issued to advance refund the 2009 Certificates of Participation (Capital Improvement Projects).

|                |  |
|----------------|--|
| Par Amount     | \$95,410,000   |
| Dated Date     | April 22, 2009   |
| Final Maturity | August 1, 2035   |
| CUSIP# Series  | 49225HJG4, 49225HJH2, 49225HJJ8, 49225HJK5,<br>49225HJL3, 49225HJM1, 49225HJN9, 49225HJP4,<br>49225HJQ2, 49225HJR0, 49225HJS8, 49225HJT6,<br>49225HJU3, 49225HJV1, & 49225HJW9 |



**APPLICABLE ISSUANCES (Cont'd)**

**County of Kern 2016 Refunding Certificates of Participation, Series A (Capital Improvement Projects).** Certificates refunded the 2009 Certificates of Participation (Capital Improvement Projects).

|                |  |
|----------------|--|
| Par Amount     | \$80,350,000   |
| Dated Date     | December 28, 2016  |
| Final Maturity | August 1, 2035   |
| CUSIP# Series  | 49225HKN7, 49225HKP2, 49225HKQ0, 49225HKR8,<br>49225HKS6, 49225HKT4, 49225HKU1, 49225HKV9,<br>49225HKW7, 49225HKX5, 49225HKY3, 9225HKZ0,<br>49225HLA4, 49225HLB2, 49225HLC0, 49225HLD8,<br>& 49225HLE6 |

**Kern Public Services Financing Authority Lease Revenue Refunding Bonds, 2010 Series (County Services Facility Project).** Bonds were issued to refund the Kern Public Services Financing Authority's 2002 Lease Revenue Bonds, Series A. The original bonds were issued to construct the County Service Facility located at 1600 East Belle Terrace in Bakersfield.

|                |  |
|----------------|--|
| Par Amount     | \$11,250,000   |
| Dated Date     | December 16, 2010  |
| Final Maturity | June 30, 2032  |
| CUSIP# Series  | 49224PBA8, 49224PBB6, 49224PBC4, 49224PBD2,<br>49224PBE0, 49224PBF7, 49224PBG5, 49224PBH3,<br>49224PBJ9, 49224PBK6, 49224PBL4, 49224PBM2,<br>& 49224PBN0 |

**County of Kern Refunding Revenue Certificates of Participation, Series 2011 (Solid Waste System Improvements).** Refunding Certificates issued to defease all outstanding principal of the 2002 Revenue Certificates of Participation (Solid Waste System Improvements).

|                |                                  |
|----------------|----------------------------------|
| Par Amount     | \$10,860,000                     |
| Dated Date     | March 24, 2011                   |
| Final Maturity | August 1, 2016                   |
| CUSIP# Series  | 49225HKA5, 49225HKB3 & 49225HKC1 |



### APPLICABLE ISSUANCES (Cont'd)

**County of Kern 2011 Refunding Certificates of Participation, Series A (Capital Improvement Projects).** Certificates refunded the 1997 Certificates of Participation (Fire Department Projects) and the 1999 Certificates of Participation (Capital Improvement Projects).

|                |   |
|----------------|---|
| Par Amount     | \$14,990,000                                |
| Dated Date     | March 30, 2011                              |
| Final Maturity | May 16, 2016                                |
| CUSIP# Series  | 49225HKJ6, 49225HKK3, 49225HKL1 & 49225HKM9 |

### 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 person:

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)

COUNTY OF KERN  
ANNUAL DISCLOSURE REPORT  
FISCAL YEAR 2015-16



TABLE 1  
GOVERNMENTAL FUNDS BUDGETS

|                                      | <i>Actual</i><br>2014-15<br><i>Uses/Sources</i> <sup>(1)</sup> | <i>Actual</i><br>2015-16<br><i>Uses/Sources</i> | <i>Adopted</i><br>2016-17<br><i>Budget</i> |
|--------------------------------------|--|---|--|
| REQUIREMENTS:                        |  |   |  |
| General Government                   | \$107,139,045  | \$111,934,197                                   | \$125,638,978                              |
| Public Protection                    | 723,846,785  | 768,173,284                                     | 786,457,758                                |
| Public Ways and Facilities           | 52,816,376   | 41,203,218                                      | 62,351,875                                 |
| Health and Sanitation                | 266,252,916  | 276,160,384                                     | 368,774,102                                |
| Public Assistance                    | 561,847,771  | 633,821,302                                     | 632,115,743                                |
| Education                            | 8,084,587  | 8,131,427                                       | 8,218,983                                  |
| Recreation and Cultural              | 11,942,889   | 11,708,706                                      | 12,834,092                                 |
| Debt Service                         | 9,449,121  | 21,198,555                                      | 14,229,917                                 |
| Contingencies and Reserves           |  |   | 71,348,743                                 |
| Total Requirements                   | \$1,741,379,490  | \$1,872,331,073                                 | \$2,081,970,191                            |
| AVAILABLE FUNDS:                     |  |   |  |
| Current Property Taxes               | \$293,937,661  | \$262,405,838                                   | \$235,892,563                              |
| Other Taxes                          | 176,524,741  | 164,290,661                                     | 141,049,482                                |
| Licenses, Permits and Franchises     | 25,641,805   | 26,807,162                                      | 21,429,865                                 |
| Fines, Forfeitures and Penalties     | 23,399,468   | 21,228,112                                      | 22,446,107                                 |
| Use of Money and Property            | 11,977,559   | 25,101,000                                      | 10,575,282                                 |
| Aid from Other Governmental Agencies | 744,560,695  | 820,902,976                                     | 792,933,189                                |
| Charges for Current Services         | 176,501,776  | 185,470,858                                     | 184,463,979                                |
| Miscellaneous Revenue                | 62,634,129   | 17,553,620                                      | 11,154,421                                 |
| Other Financing Sources (Uses)       | 340,160,241  | 447,423,721                                     | 471,543,971                                |
| Use of Available Fund Balance        |  |   | 190,481,332                                |
| Total Available Funds                | \$1,855,338,075  | \$1,971,183,948                                 | \$2,081,970,191                            |

Source: County of Kern Fiscal Year 2016-17 Adopted Budget

<sup>(1)</sup> Adjustments to Actual FY 2014-15 previously reported in the County of Kern FY 2014-15 Annual Disclosure

Report resulted from revenues being correctly reclassified.



COUNTY OF KERN  
ANNUAL DISCLOSURE REPORT  
FISCAL YEAR 2015-16



TABLE 2  
STATEMENT OF GENERAL FUND REVENUE AND EXPENDITURES  
FISCAL YEARS ENDED JUNE 30, 2013, 2014, 2015, and 2016  
(Dollars in thousands)

|  | <u>June 30, 2013</u> | <u>June 30, 2014</u> | <u>June 30, 2015</u> | <u>June 30, 2016</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| <u>Revenue:</u>                              |                      |                      |                      |                      |
| Taxes  | \$351,176            | \$337,457            | \$360,017            | \$315,286            |
| Licenses, Permits and Franchises             | 11,420               | 12,126               | 13,050               | 10,363               |
| Fines, Forfeitures and Penalties             | 17,093               | 16,181               | 14,889               | 13,259               |
| Use of Money and Property                    | 14,615               | 12,985               | 10,409               | 23,849               |
| Intergovernmental Revenue                    | 113,508              | 102,069              | 149,535              | 147,115              |
| Charges for Current Services                 | 76,647               | 77,145               | 83,255               | 80,605               |
| Other Revenue                                | 4,499                | 3,690                | 4,549                | 4,096                |
| Total Revenue                                | \$588,958            | \$561,653            | \$635,704            | \$594,573            |
| <u>Expenditures:</u>                         |                      |                      |                      |                      |
| General Government                           | \$97,802             | \$108,891            | \$107,628            | \$118,022            |
| Public Protection                            | 367,383              | 393,466              | 391,542              | 408,778              |
| Public Ways and Facilities                   | 0                    | 0                    | 237                  | 0                    |
| Health and Sanitation                        | 44,119               | 44,787               | 41,043               | 32,214               |
| Public Assistance                            | 12,722               | 12,391               | 12,488               | 13,169               |
| Education                                    | 7,744                | 8,038                | 7,919                | 8,034                |
| Recreational and Cultural Services           | 12,300               | 12,560               | 11,831               | 11,816               |
| Capital Outlay                               | 7,375                | 2,150                | 15                   | 106                  |
| Debt Service                                 | 4,944                | 2,986                | 1,982                | 13,533               |
| Total Expenditures                           | \$554,389            | \$585,269            | \$574,685            | \$605,672            |
| Excess Revenues Over (Under)<br>Expenditures | \$34,569             | (\$23,616)           | \$61,019             | (\$11,099)           |
| <u>Other Financing Sources (Uses):</u>       |                      |                      |                      |                      |
| Operating Transfers In                       | \$139,236            | \$153,133            | \$159,998            | \$166,930            |
| Operating Transfers Out                      | (136,306)            | (155,254)            | (146,297)            | (174,767)            |
| Inception of Capital Leases                  | 7,375                | 2,150                | 15                   | 106                  |
| Total Other Financing Sources (Uses)         | \$10,305             | \$29                 | \$13,716             | (\$7,731)            |
| Fund Balance at Beginning of Year            | \$207,101            | \$250,085            | \$226,326            | \$300,833            |
| Prior Period Adjustments                     | (1,890)              | (172)                | (228)                | 10,771               |
| Fund Balance at End of Year                  | \$250,085            | \$226,326            | \$300,833            | \$292,774            |

Source: County of Kern Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2013, 2014, 2015, and 2016.

COUNTY OF KERN  
ANNUAL DISCLOSURE REPORT  
FISCAL YEAR 2015-16



**TABLE 3**  
**GENERAL FUND BALANCE SHEET**  
**AT JUNE 30, 2013, 2014, 2015, and 2016**  
**(Dollars in Thousands)**

|  | <u>June 30, 2013</u> | <u>June 30, 2014</u> | <u>June 30, 2015</u> | <u>June 30, 2016</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| <b>Assets:</b>   |                      |                      |                      |                      |
| Pooled Cash and Investments  | \$108,835            | \$110,882            | \$229,810            | \$242,033            |
| Revolving Fund Cash  | 1,156                | 1,220                | 1,322                | 1,321                |
| Interest Receivable  | 384                  | 283                  | 560                  | 920                  |
| Taxes Receivable   | 56,836               | 55,042               | 31,926               | 33,473               |
| Accounts Receivable  | 0                    | 0                    | 0                    | 1,433                |
| Accrued Revenue  | 23,128               | 21,779               | 21,437               | 21,037               |
| Due from Other Funds   | 92,446               | 66,053               | 45,598               | 28,002               |
| Loans Receivable   | 12,702               | 23,286               | 699                  | 0                    |
| Advances to Other Funds  | 0                    | 0                    | 0                    | 3,000                |
| Due from Other Agencies  | 1,994                | 1,342                | 4,160                | 12,500               |
| Deposits with Others   | 136                  | 136                  | 136                  | 136                  |
| Prepaid Items  | 701                  | 0                    | 5,457                | 206                  |
| <b>Total Assets</b>  | <b>\$298,318</b>     | <b>\$280,023</b>     | <b>\$341,105</b>     | <b>\$344,061</b>     |
| <b>Liabilities, Deferred Inflows of Resources,<br/>and Fund Balance:</b> |                      |                      |                      |                      |
| <b>Liabilities:</b>  |                      |                      |                      |                      |
| Accounts Payable   | \$6,192              | \$8,700              | \$9,877              | \$13,230             |
| Salaries and Employee Benefits Payable                                   | 16,663               | 17,834               | 18,756               | 21,374               |
| Due to Other Funds   | 2,021                | 521                  | 6,281                | 11,289               |
| Advances from Grantors and Third Parties                                 | 1,824                | 1,632                | 1,428                | 1,445                |
| <b>Total Liabilities</b>   | <b>\$26,700</b>      | <b>\$28,687</b>      | <b>\$36,342</b>      | <b>\$47,338</b>      |
| <b>Deferred Inflows of Resources:</b>                                    |                      |                      |                      |                      |
| Unavailable Revenue - Property Taxes                                     | \$21,533             | \$25,010             | \$3,231              | \$3,810              |
| Unavailable Revenue - Other  | 0                    | 0                    | 699                  | 139                  |
| <b>Total Deferred Inflows of Resources</b>                               | <b>\$21,533</b>      | <b>\$25,010</b>      | <b>\$3,930</b>       | <b>\$3,949</b>       |
| <b>Fund Balance</b>  |                      |                      |                      |                      |
| Nonspendable   | \$34,005             | \$42,785             | \$18,088             | \$22,035             |
| Restricted   | 9,557                | 9,718                | 10,867               | 11,471               |
| Committed  | 130                  | 16                   | 0                    | 37,301               |
| Assigned   | 106,528              | 100,909              | 156,780              | 147,459              |
| Unassigned   | 99,865               | 72,898               | 115,098              | 74,508               |
| <b>Total Fund Balance</b>  | <b>\$250,085</b>     | <b>\$226,326</b>     | <b>\$300,833</b>     | <b>\$292,774</b>     |
| <b>Total Liabilities and Fund Balance</b>                                | <b>\$298,318</b>     | <b>\$280,023</b>     | <b>\$341,105</b>     | <b>\$344,061</b>     |

Source: County of Kern Comprehensive Annual Financial Reports for Fiscal Years Ended June 30, 2013, 2014, 2015, and 2016.



TABLE 4

**BREAKDOWN OF BUDGETED REVENUE SOURCES  
FOR FISCAL YEAR 2016-17**

|                                       |               |
|---------------------------------------|---------------|
| Taxes                                 | 18.11%        |
| Licenses, Permits and Franchises      | 1.03%         |
| Fines, Forfeitures and Penalties      | 1.08%         |
| Use of County Property and Money      | 0.51%         |
| Aid from Other Governmental Agencies  | 38.09%        |
| Charges for Services                  | 8.86%         |
| Miscellaneous Revenues <sup>(1)</sup> | <u>32.33%</u> |
| Total                                 | 100.00%       |

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

Source: County of Kern Fiscal Year 2016-17 Adopted Budget



TABLE 5

SUMMARY OF TAX LEVIES AND COLLECTIONS FOR THE SECURED TAX ROLL  
 FISCAL YEARS 2006-07 THROUGH 2015-16  
 (Dollars in Thousands)

| <u>Fiscal Year</u> | <u>Total Levy</u> | <u>Total Collected<sup>(1)</sup></u> | <u>Total Collected at Fiscal Year-End as Percent of Tax Levy</u> |
|--------------------|-------------------|--------------------------------------|--|
| 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%  |
| 2012-13            | 1,081,258         | 1,060,498                            | 98.1%  |
| 2013-14            | 1,106,614         | 1,086,941                            | 98.2%  |
| 2014-15            | 1,163,968         | 1,142,410                            | 98.1%  |
| 2015-16            | 1,093,665         | 1,073,935                            | 98.2%  |

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

Source: County of Kern Treasurer-Tax Collector



TABLE 6

ASSESSED VALUATION  
FISCAL YEARS 2007-08 THROUGH 2016-17  
(Dollars in Thousands)

| <i>Fiscal Year</i>     | <i>Secured Assessed Valuation</i> <sup>(1)(3)</sup> | <i>Unsecured Assessed Valuation</i> | <i>Less Exemptions</i> <sup>(2)</sup> | <i>Net Assessed Valuation</i> <sup>(3)</sup> | <i>Redevelopment Agency Exemptions</i> |
|------------------------|---|-------------------------------------|---------------------------------------|--|--|
| 2007-08                | \$78,414,095  | \$2,727,563                         | \$2,217,697                           | \$78,923,961                                 | \$3,210,936                            |
| 2008-09                | 83,094,627  | 2,867,813                           | 2,360,803                             | 83,601,637                                   | 3,550,541                              |
| 2009-10                | 81,120,674  | 3,265,233                           | 2,563,031                             | 81,822,876                                   | 3,283,406                              |
| 2010-11                | 81,182,505  | 3,415,217                           | 2,584,193                             | 82,013,529                                   | 3,063,710                              |
| 2011-12                | 82,373,823  | 4,302,692                           | 2,649,832                             | 84,026,683                                   | 2,988,401                              |
| 2012-13                | 86,811,945  | 6,094,453                           | 2,748,534                             | 90,157,864                                   | 2,995,938                              |
| 2013-14                | 87,709,909  | 7,471,075                           | 2,916,966                             | 92,264,018                                   | 3,181,921                              |
| 2014-15                | 92,603,386  | 8,154,380                           | 2,977,287                             | 97,780,479                                   | 3,434,656                              |
| 2015-16                | 84,028,730  | 8,328,464                           | 3,113,532                             | 89,243,662                                   | 3,621,861                              |
| 2016-17 <sup>(4)</sup> | 81,052,885  | 7,625,479                           | 3,246,813                             | 85,431,551                                   | 3,877,795                              |

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

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

<sup>(3)</sup> Recalculated Secured Assessed Valuation per the Kern Tax Rates and Assessed Valuation Books for the years listed.

<sup>(4)</sup> Value reflects decrease in oil and gas property values resulting from a decline in market price for a barrel of oil as of January 1, 2016. (For purposes of oil and gas property valuation for a fiscal year, the price of oil on the preceding January 1 is used.)

Source: County of Kern Tax Rates and Assessed Valuations Book, FY 2007-08 through FY 2016-17



TABLE 7  
 PRINCIPAL TAXPAYERS  
 2016-17 SECURED TAX ROLL

| <u>Company</u>                    | <u>Net Secured<br/>Assessed Value</u> | <u>Total Tax on<br/>Secured<br/>Property<sup>(1)</sup></u> |
|-----------------------------------|---------------------------------------|--|
| Chevron USA, Inc.                 | \$4,039,879,770                       | \$45,004,285   |
| Occidental of Elk Hills, Inc.     | 3,613,067,568                         | 40,766,190   |
| Aera Energy, LLC                  | 1,863,523,907                         | 19,821,396   |
| Pacific Gas & Electric Co.        | 956,385,626                           | 13,565,093   |
| Southern California Edison Co.    | 818,093,398                           | 11,604,234   |
| Berry Petroleum Company LLC       | 755,819,501                           | 8,781,043  |
| Freeport McMoran Oil & Gas LLC    | 699,922,666                           | 7,738,031  |
| Paramount Farms International LLC | 509,824,440                           | 5,465,192  |
| Paramount Land Company LLC        | 418,527,759                           | 4,976,476  |
| WM Bolthouse Farms Inc.           | 404,347,880                           | 4,523,582  |

Source: County of Kern Tax Rates and Assessed Valuations Book, FY 2016-17

<sup>(1)</sup> Property Tax is allocated to County, Cities and Other Districts



TABLE 8

COUNTY OF KERN EMPLOYMENT LEVELS  
 FISCAL YEARS 2007-08 THROUGH 2016-17

| <i>Fiscal Year</i> <sup>(1)</sup> | <i>Permanent Full-time</i> | <i>Permanent Part-time</i> |
|-----------------------------------|----------------------------|----------------------------|
| 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                        |
| 2013-14                           | 8,942                      | 261                        |
| 2014-15 <sup>(2)</sup>            | 9,032                      | 255                        |
| 2015-16 <sup>(3)</sup>            | 9,123                      | 262                        |
| 2016-17 <sup>(4)</sup>            | 7,592                      | 133                        |

<sup>(1)</sup> Figures for FY 2007-08 through 2013-14 represent numbers of authorized employees as of the adoption of the budget each year.

<sup>(2)</sup> Authorized positions as of December 5, 2014

<sup>(3)</sup> Authorized positions as of December 18, 2015

<sup>(4)</sup> Authorized positions as of January 5, 2017. Does not include employees transferred to the Kern County Hospital Authority on July 1, 2017.

Source: Kern County Administrative Office - Human Resources Division



**TABLE 9**  
**BARGAINING UNITS**

| <i>Bargaining Unit</i>  | <i>Number of Employees <sup>(1)</sup></i> | <i>Ending Term of Labor Agreement</i> |
|---|---|---------------------------------------|
| Service Employees' International, Local 521 (SEIU 521)          | 4,457                                     | August 27, 2017                       |
| Kern Law Enforcement Association (KLEA)                         | 509                                       | March 13, 2015 <sup>(4)</sup>         |
| Kern County Fire Fighters Union (KCCFFU)                        | 499                                       | September 20, 2017                    |
| Kern County Probation Officers' Association (KCPOA)             | 427                                       | July 24, 2015 <sup>(4)</sup>          |
| Kern County Detention Officers' Association (KCDOA)             | 308                                       | March 13, 2015 <sup>(4)</sup>         |
| Kern County Prosecutors' Association (KCPA)                     | 94  | March 27, 2015 <sup>(4)</sup>         |
| SEIU 521 - Criminal Justice Unit                                | 1   | August 27, 2017                       |
| Kern County Sheriff's Command Association (KCSCA)               | 25  | March 13, 2015 <sup>(4)</sup>         |
| Kern County Sheriff's Command Association II (KCSCA II)         | 7   | March 13, 2015 <sup>(4)</sup>         |
| SEIU 521 - Extra Help   | 464                                       | June 30, 2010 <sup>(4)</sup>          |
| Kern County Probation Managers' Association (KCPMA)             | 14  | March 13, 2015 <sup>(4)</sup>         |
| Union of American Physicians and Dentists (UAPD) <sup>(3)</sup> | 59  | May 29, 2012 <sup>(2)</sup>           |
| Committee of Interns and Residents (CIR) SEIU Healthcare        | 119                                       | June 30, 2017                         |

<sup>(1)</sup> Filled positions as of December 1, 2015. Does not include Courts, Air Pollution Control District, or rehired retirees.

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

<sup>(3)</sup> As of April 1, 2014 UAPD no longer represents KMC Managerial and Staff Physicians.

<sup>(4)</sup> Currently negotiating successor Memorandum of Understanding

Source: Kern County Administrative Office





TABLE 10

MEMBERSHIP IN KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
 AT JUNE 30, 2012 THROUGH JUNE 30, 2016

|  | <u>June 30, 2012</u> | <u>June 30, 2013</u> | <u>June 30, 2014</u> | <u>June 30, 2015</u> | <u>June 30, 2016</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Retirees and<br>Beneficiaries <sup>(1)</sup> | 7,930                | 8,235                | 8,185                | 8,412                | 8,716                |
| Active Plan<br>Participants                  | <u>8,260</u>         | <u>8,517</u>         | <u>8,525</u>         | <u>8,492</u>         | <u>8,635</u>         |
| Total  | 16,190               | 16,752               | 16,710               | 16,904               | 17,351               |

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

Source: KCERA Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.



TABLE 11

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

| <i><u>Fiscal Year</u></i><br><i><u>Ended June 30</u></i> | <i><u>Annual Required</u></i><br><i><u>Contributions</u></i> <sup>(1)</sup><br><i><u>(in thousands)</u></i> | <i><u>Percentage</u></i><br><i><u>Contributed</u></i> |
|--|---|---|
| 2011   | \$177,444   | 100%  |
| 2012   | 189,837   | 100%  |
| 2013   | 211,677   | 100%  |
| 2014   | 220,393   | 100%  |
| 2015   | 215,477   | 100%  |
| 2016   | 234,717   | 100%  |
| 2017   | 229,801 <sup>(2)</sup>  | N/A   |

Source: KCERA Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016.

<sup>(1)</sup> Contributions include all plan sponsors.

<sup>(2)</sup> Estimate includes Courts and County only.



TABLE 12

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF FUNDING PROGRESS

(Dollars in Thousands)

| <i>Actuarial<br/>Valuation<br/>Date</i> | <i>Actuarial<br/>Value of<br/>Assets <sup>(1)</sup></i> | <i>Actuarial<br/>Accrued<br/>Liability<br/>(AAL) <sup>(2)</sup></i> | <i>Unfunded<br/>(Overfunded)<br/>AAL</i> | <i>Funded<br/>Ratio</i> | <i>Annual<br/>Covered</i> | <i>Unfunded<br/>(Overfunded)<br/>AAL<br/>Percentage of<br/>Annual<br/>Covered<br/>Payroll</i> |
|---|---|---|--|-------------------------|---------------------------|---|
| 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%   |
| 06/30/13                                | 3,120,632   | 5,108,619   | 1,987,987                                | 61.09%                  | 555,752                   | 357.71%   |
| 06/30/14                                | 3,342,122   | 5,492,440   | 2,150,318                                | 60.85%                  | 555,634                   | 387.00%   |
| 06/30/15                                | 3,529,786   | 5,657,173   | 2,127,387                                | 62.40%                  | 556,824                   | 382.06%   |
| 06/30/16                                | 3,685,447   | 5,813,092   | 2,127,645                                | 63.40%                  | 567,261                   | 375.07%   |

<sup>(1)</sup> Excludes assets for SRBR Reserves Unallocated to 0.5% COLA benefits and COLA Contribution Reserve. Excludes assets for Contingency Reserve (unless the Contingency Reserve is negative).

<sup>(2)</sup> Excludes liabilities held for SRBR Reserves Unallocated to 0.5% COLA benefits.

Source: KCERA Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015 and KCERA Actuarial Valuation as of June 30, 2016



TABLE 13

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

| <i>Six-Month Period Ended</i> | <i>Investment Gain<br/>(Loss)</i> | <i>Deferred<br/>Factor</i> | <i>Deferred<br/>Return</i> |
|-------------------------------|-----------------------------------|----------------------------|----------------------------|
| 6/30/2016                     | (\$29,765,355)                    | 90%                        | (\$26,788,820)             |
| 12/31/2015                    | (268,158,347)                     | 80%                        | (214,526,678)              |
| 6/30/2015                     | (20,642,498)                      | 70%                        | (14,449,749)               |
| 12/31/2014                    | (167,479,888)                     | 60%                        | (100,487,933)              |
| 6/30/2014                     | 74,319,473                        | 50%                        | 37,159,737                 |
| 12/31/2013                    | 153,308,491                       | 40%                        | 61,323,396                 |
| 6/30/2013                     | (4,669,505)                       | 30%                        | (1,400,852)                |
| 12/31/2012                    | 91,616,654                        | 20%                        | 18,323,331                 |
| 6/30/2012                     | 55,171,573                        | 10%                        | 5,517,157                  |
| Total Deferred Return         |                                   |                            | <u>(\$235,330,409)</u>     |

Source: KCERA Actuarial Valuation as of June 30, 2016 and Kern County Employees' Retirement Association



TABLE 14

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
 ACTUARIAL ASSUMPTIONS

| <i>Actuarial Assumption</i>    | <i>2014</i> | <i>2015</i> | <i>2016</i> |
|--------------------------------|-------------|-------------|-------------|
| Interest                       | 7.50%       | 7.50%       | 7.50%       |
| Inflation                      | 3.25%       | 3.25%       | 3.25%       |
| Salary Increase <sup>(1)</sup> | varies      | varies      | varies      |

<sup>(1)</sup>Varies by service, including inflation. General: 4.25% to 9.25%. Safety: 4.25% to 11.75%.

Source: KCERA Comprehensive Annual Financial Report for the Fiscal Years Ended June 30, 2015 and June 30, 2016



TABLE 15

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
INVESTMENT RESULTS BASED ON MARKET VALUE (NET OF FEES)

| <i>Year Ended</i><br><u>June 30</u> | <i>Annualized</i><br><i>Rate of</i><br><u>Return</u> |
|-------------------------------------|--|
| 2009                                | -21.87%  |
| 2010                                | 13.30%   |
| 2011                                | 19.20%   |
| 2012                                | 1.00%  |
| 2013                                | 10.40%   |
| 2014                                | 15.00%   |
| 2015                                | 2.40%  |
| 2016                                | -0.50%   |

---

Source: KCERA Comprehensive Annual Financial Report for Fiscal Years ended  
June 30, 2009 through 2016.



## 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 1, 2016, the County issued \$160,000,000 in aggregate principal amount of its 2016-2017 Tax Revenue Anticipation Notes, which mature in the amounts of \$64,000,000, \$56,000,000, and \$40,000,000 on March 15, 2017, May 15, 2017, and June 30, 2017, respectively.

**Certificates of Participation.** As of June 30, 2016, the County has outstanding certificates of participation in the aggregate principal amount of \$92,395,000. The proceeds of such certificates of participation were 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, including the 2009 Certificates of Participation (Capital Improvement Projects). A portion of the 2011 Refunding Certificates of Participation, Series A (Capital Improvement Projects) is paid from the Kern Medical Center 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.

As part of the transition of Kern Medical Center from the County to the Kern County Hospital Authority (the "Authority"), as described on page 35 of this report, the County substituted property securing the 2011 Refunding Certificates of Participation (Capital Improvement Projects). In accordance with the Sublease, as amended by the First Amendment to the Facilities Sublease, dated as of June 1, 2016, the County substituted the property that originally secured the certificates as it was included in the transfer of assets to the Authority. For further information on the transaction, please see the Notice of Listed Event filed with the MSRB on June 27, 2016.

**Subsequent Event.** On December 28, 2016, the County issued the 2016 Refunding Certificates of Participation, Series A in the principal amount of \$80,350,000 to advance refund the 2009 Certificates of Participation, Series A. Debt service payments will be made from the General Fund and the certificates will fully mature on August 1, 2035.

**Pension Obligation Bonds.** 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, 2016 is \$41,923,443. The County began paying on Capital Appreciation Bonds (CABs) in Fiscal Year 2015-16. The total interest cost of the CABs at final maturity will be \$219,031,561. The 1995 Pension Bonds constitute a liability across all operating funds within the County, therefore, the annual debt service is payable from several sources,



### OUTSTANDING INDEBTEDNESS (Cont'd)

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 2016-17 is \$35,805,000.

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 refunded the Series 2003B bonds in the principal amount of \$50,000,000 through a private placement. On March 10, 2014, the County converted the 2008A Pension Obligation Refunding Bonds from an index rate to a fixed rate of 4.19%. 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 par amount outstanding as of June 30, 2016 is \$183,152,067. The County will begin paying Capital Appreciation Bonds (CABs) on the 2003A pension obligation bonds in Fiscal Year 2023-24. The total interest cost of the CABs at that time will be \$72,347,933. The final maturity of the 2003A Pension Bonds is August 15, 2027, and debt service on the 2003A Pension Bonds for Fiscal Year 2016-17 is \$20,228,890. The first principal payment on the 2008A Pension Bonds is due on August 15, 2026 and the final maturity of the bonds is August 15, 2027. The debt service on the 2008A Pension Bonds for Fiscal Year 2016-17 is \$2,092,500.

***Privately Placed and Other Obligations.*** The County's outstanding principal on privately placed and other obligations is \$30,663,473 as of June 30, 2016. 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. Debt service payments on Qualified Energy Conservation Bonds are made from the General Fund, which have an outstanding principal balance of \$3,149,360, as of June 30, 2016. In 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.

Outstanding principal on the 2010 Public Services Financing Refunding Lease Revenue Bonds is \$9,510,000. The debt service payment for the Fiscal Year 2016-17 is \$905,471. Revenue from rental payments is used to fulfill this debt service obligation.

In addition to bonds, the County has outstanding principal balances on equipment capital leases, an Economic Development Bank Loan, and a California Integrated Waste Management Board loan in the amounts of \$7,310,108, \$4,568,006, and \$256,000, respectively. On November 8, 2016, the County entered into a capital lease with a term of five years in the amount of \$3,300,000 for vehicles for the Sheriff's Department.



COUNTY OF KERN  
ANNUAL DISCLOSURE REPORT  
FISCAL YEAR 2015-16



TABLE 16

CERTIFICATES OF PARTICIPATION, PRIVATELY PLACED OBLIGATIONS AND PENSION OBLIGATION BONDS  
OUTSTANDING  
AS OF JUNE 30, 2016

| <i>Description of Issue</i>   | <i>Source of Payment</i>                   | <i>Principal Outstanding</i> | <i>Final Maturity</i>        | <i>2016-17 Payment Obligation</i> |
|---|--|------------------------------|------------------------------|-----------------------------------|
| <b>Certificates of Participation</b>  |  |                              |                              |                                   |
| 2009 Certificates of Participation (Capital Improvement Projects) <sup>(1)</sup>    | General Fund                               | \$83,910,000                 | August 1, 2035               | \$6,936,685                       |
| 2011 Refunding Certificates of Participation (Capital Improvement Projects)         | General/Kern Medical Center/<br>Fire Funds | 6,530,000                    | November 1, 2019             | 2,197,125                         |
| 2011 Refunding Certificates of Participation (Solid Waste System Improvements)      | Solid Waste Enterprise Fund                | 1,955,000                    | August 1, 2016               | 1,986,769                         |
| <b>Subtotal Certificates of Participation</b>                                       |  | <b>\$92,395,000</b>          |                              | <b>\$11,120,579</b>               |
| <b>Privately Placed and Other Obligations</b>                                       |  |                              |                              |                                   |
| Qualified Energy Conservation Bonds (Installment Purchase)                          | General Fund                               | \$3,149,360                  | January 12, 2026             | \$468,227                         |
| Economic Development Bank Loan (5th District Curb & Gutter Project)                 | Community Development Block Grant          | 4,568,006                    | August 1, 2026               | 493,324                           |
| Equipment Capital Leases  | Various Funds <sup>(2)(3)</sup>            | 7,310,108                    | Various                      | 3,334,293                         |
| Kern Public Services Financing Authority Lease Revenue Refunding Bonds, 2010 Series | Various Funds <sup>(4)</sup>               | 9,510,000                    | March 1, 2032                | 905,471                           |
| Airport Terminal Refunding Lease/Leaseback  | Airport Enterprise Fund                    | 5,870,000                    | August 1, 2022               | 934,944                           |
| California Integrated Waste Management Board Loan                                   | Solid Waste Enterprise Fund                | 256,000                      | September 1, 2019            | 64,000                            |
| <b>Subtotal Privately Placed and Other Obligations</b>                              |  | <b>\$30,663,473</b>          |                              | <b>\$6,200,259</b>                |
| <b>Pension Obligation Bonds<sup>(5)</sup></b>                                       |  |                              |                              |                                   |
| 1995 Taxable Pension Obligation Bonds   | Various Funds                              | \$41,923,443                 | August 15, 2021              | \$35,805,000                      |
| 2003 Taxable Pension Obligation Bonds   | Various Funds                              | 183,152,067                  | August 15, 2027              | 20,228,890                        |
| 2008 Taxable Pension Obligation Refunding Bonds Series 2008A                        | Various Funds                              | 50,000,000                   | August 15, 2027              | 2,092,500                         |
| <b>Subtotal Pension Obligation Bonds</b>  |  | <b>\$275,075,510</b>         |                              | <b>\$58,126,390</b>               |
| <b>Total Long-Term Debt</b>   |  | <b>\$398,133,984</b>         |                              | <b>\$75,447,228</b>               |
| <b>Short-Term Debt</b>  |  |                              |                              |                                   |
| FY 2016-17 Tax and Revenue Anticipation Notes                                       | General Fund                               | \$160,000,000                | June 30, 2017 <sup>(6)</sup> | \$163,518,889                     |

<sup>(1)</sup> On December 14, 2016, the 2009 Certificates of Participation were refunded with the 2016 Refunding Certificates of Participation. See page 20 of this report for further information.

<sup>(2)</sup> The debt service payments for the Equipment Capital Leases are made from the budget units owning the equipment.

<sup>(3)</sup> On November 8, 2016, the County entered into a capital lease in the amount of \$3,300,000.

<sup>(4)</sup> The debt service payments for the Kern Public Services Financing Authority Lease Revenue Refunding Bonds, 2010 Series is made with the lease payments from the entities occupying the facility.

<sup>(5)</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>(6)</sup> This issue matures in the amounts of \$64,000,000, \$56,000,000, and \$40,000,000 on March 15, 2017, May 15, 2017, and June 30, 2017, respectively.

Source: Kern County Administrative Office



TABLE 17

CAPITAL LEASE OBLIGATIONS  
 GOVERNMENTAL AND BUSINESS TYPE ACTIVITIES  
 AS OF JUNE 30, 2016  
 (Dollars in Thousands)

| <u>Year Ending June 30,</u>                 | <u>Amount</u>  |
|---|----------------|
| 2017  | \$3,419        |
| 2018  | 2,230          |
| 2019  | 1,216          |
| 2020  | 593            |
| 2021  | 287            |
|   | <hr/>          |
| Net Minimum Lease Payments <sup>(1)</sup>   | 7,745          |
| Less Amount Representing Interest           | (287)          |
|   | <hr/>          |
| Present Value of Net Minimum Lease Payments | <u>\$7,458</u> |

<sup>(1)</sup> Includes lower value capital leases not included on Table 16.

Source: County of Kern Fiscal Year 2015-16 Comprehensive Annual Financial Report



TABLE 18  
LONG-TERM OPERATING LEASE OBLIGATIONS  
AS OF JUNE 30, 2016  
(Dollars in Thousands)

| <u>Year Ending June 30,</u> | <u>Amount</u>    |
|-----------------------------|------------------|
| 2017                        | \$13,583         |
| 2018                        | 11,895           |
| 2019                        | 9,942            |
| 2020                        | 9,294            |
| 2021                        | 8,547            |
| 2022-2026                   | 35,531           |
| 2027-2031                   | 17,209           |
| 2032-2036                   | 31               |
| 2037-2041                   | 30               |
| 2042                        | 5                |
| Total                       | <u>\$106,067</u> |

Source: County of Kern Fiscal Year 2015-16 Comprehensive Annual Financial Report



TABLE 19  
COUNTY OF KERN PORTFOLIO STATISTICS  
AS OF NOVEMBER 30, 2016  
(Dollars in Thousands)

| <u>Investments</u>          | <u>Original Cost</u> | <u>Market Value</u> | <u>Original<br/>Yield to<br/>Maturity at<br/>Book Value</u> |
|-----------------------------|----------------------|---------------------|---|
| Pooled Funds                | \$97,493             | \$97,493            | 0.67%   |
| Supranationals              | 65,217               | 64,668              | 1.32%   |
| Negotiable CDs              | 425,019              | 424,406             | 0.80%   |
| Commercial Paper            | 432,221              | 433,676             | 0.80%   |
| U.S. Treasuries             | 19,849               | 19,888              | 0.88%   |
| Federal Agency Issues       | 1,060,353            | 1,054,335           | 1.22%   |
| Money Market Accounts       | 49,479               | 49,479              | 0.45%   |
| Corporate Notes             | 586,624              | 576,783             | 1.27%   |
| Total Securities            | \$2,736,255          | \$2,720,728         | 1.04%   |
| Cash, Accruals and Payables | 52,327               | 52,327              | 0.02%   |
| Total Portfolio             | \$2,788,582          | \$2,773,055         |   |

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



TABLE 20  
 COUNTY OF KERN  
 AGING OF MATURING INVESTMENTS  
 AS OF NOVEMBER 30, 2016

| <u>Aging Interval</u> | <u>Par Value<br/>(In<br/>Thousands)</u> | <u>Percent<br/>of<br/>Portfolio</u> |
|-----------------------|---|-------------------------------------|
| 0 - 366 days          | \$1,327,837                             | 47.85%                              |
| 1 - 3 years           | 1,146,964                               | 41.33%                              |
| 3 - 5 years           | 300,052                                 | 10.81%                              |
| Over 5 years          | 0                                       | 0.00%                               |
| Total                 | \$2,774,853                             | 100.00%                             |

Source: County of Kern Treasurer-Tax Collector



**TABLE 21**  
**COUNTY OF KERN**  
**MAJOR EMPLOYERS**  
**AS OF MARCH 2016**

| <i>Employer</i>                 | <i>Type of Business</i> | <b>Estimated<br/>Number of<br/>Employees</b> |
|---------------------------------|-------------------------|--|
| Edwards Air Force Base          | Military                | 9,774  |
| County of Kern                  | Government              | 9,300  |
| China Lake Naval Weapons Center | Military                | 7,000  |
| Grimmway                        | Agriculture             | 4,130  |
| Dignity Health                  | Healthcare Services     | 3,200  |
| WM. Bolthouse Farms             | Agriculture             | 2,800  |
| San Joaquin Community Hospital  | Healthcare Services     | 2,100  |
| Sun World                       | Agriculture             | 1,600  |
| Chevron                         | Oil & Gas               | 1,600  |
| City of Bakersfield             | Government              | 1,474  |

Source: California Employment Development Department - 2016 Kern County Market Overview & Investor Directory



TABLE 22  
 TOTAL AGRICULTURAL PRODUCTION VALUES  
 FOR YEARS 2010 THROUGH 2015  
 (Dollars in Thousands)

|                                | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Fruit and Nut Crops            | \$2,699,492 | \$3,020,538 | \$3,790,085 | \$4,133,389 | \$4,769,213 | \$4,670,622 |
| Field Crops and Rangeland      | 383,658     | 604,517     | 539,374     | 522,365     | 507,302     | 340,618     |
| Vegetable Crops                | 694,192     | 684,867     | 714,149     | 686,789     | 648,857     | 654,165     |
| Nursery Crops                  | 67,405      | 61,816      | 100,824     | 111,271     | 93,720      | 83,265      |
| Industrial and Wood Crops      | 10,970      | 14,470      | 15,717      | 14,176      | 18,498      | 12,838      |
| Seed Crops                     | 6,767       | 12,729      | 7,742       | 5,305       | 6,591       | 11,251      |
| Livestock and Poultry          | 284,603     | 354,864     | 395,078     | 418,926     | 443,650     | 370,376     |
| Livestock and Poultry Products | 555,680     | 787,746     | 732,385     | 819,880     | 980,756     | 652,917     |
| Apiary Products                | 54,650      | 55,429      | 56,707      | 57,755      | 83,737      | 82,772      |
| Totals                         | \$4,757,417 | \$5,596,976 | \$6,352,061 | \$6,769,856 | \$7,552,324 | \$6,878,824 |

Source: Kern County Agricultural Crop Reports 2011 through 2015



TABLE 23

KERN COUNTY SANITARY LANDFILLS  
 CAPACITY STUDY SUMMARY AS OF JANUARY 1, 2016

| <i>Landfill</i> | <i>Projected Closure Date</i> | <i>Calendar Year 2015 Disposal Tonnage</i> | <i>Calendar Year 2015 % of Total Disposal</i> | <i>Remaining Capacity (tons)</i> |
|-----------------|-------------------------------|--|---|----------------------------------|
| Bena Phase 2A   | December 2044                 | 435,922                                    | 60%   | 18,329,069                       |
| Boron           | December 2049                 | 2,952                                      | 0%  | 113,896                          |
| Mojave-Rosamond | December 2028                 | 11,758                                     | 2%  | 426,163                          |
| Ridgecrest      | June 2030                     | 49,649                                     | 7%  | 2,546,615                        |
| Shafter-Wasco   | February 2059                 | 138,465                                    | 19%   | 9,432,891                        |
| Taft            | October 2076                  | 36,956                                     | 5%  | 4,275,193                        |
| Tehachapi       | February 2022                 | 53,981                                     | 7%  | 334,214                          |
| Total           |                               | 729,683                                    | 100%  | 35,458,041                       |

Source: January 2016 Capacity Study, Kern County Sanitary Landfills





TABLE 24

COUNTY OF KERN  
SYSTEM NON-RECYCLED WASTE DISPOSAL BY JURISDICTION

| <i><u>Jurisdiction</u></i>    | <i><u>Waste Disposal<br/>(tons) in<br/>Calendar Year<br/>2015</u></i> | <i><u>Percentage<br/>of Total</u></i> |
|-------------------------------|---|---------------------------------------|
| Unincorporated Kern County    | 401,835   | 41.7%                                 |
| Cities within Kern County     |   |                                       |
| Arvin                         | 11,164  | 1.2%                                  |
| Bakersfield                   | 308,062   | 32.0%                                 |
| California City               | 6,979   | 0.7%                                  |
| Delano                        | 29,654  | 3.1%                                  |
| Maricopa                      | 872   | 0.1%                                  |
| McFarland                     | 7,248   | 0.8%                                  |
| Ridgecrest                    | 24,864  | 2.6%                                  |
| Shafter                       | 19,323  | 2.0%                                  |
| Taft                          | 7,369   | 0.8%                                  |
| Tehachapi                     | 11,937  | 1.2%                                  |
| Wasco                         | 16,152  | 1.7%                                  |
| All Cities within Kern County | 443,624   | 46.0%                                 |
| Other Jurisdictions           | 118,171   | 12.3%                                 |
| Total <sup>(1)</sup>          | 963,630   | 100.0%                                |

<sup>(1)</sup> Includes non-recycled waste from non-County operated sites.

Source: Waste Management Jurisdictional Disposal Report for Calendar Year 2015

COUNTY OF KERN  
ANNUAL DISCLOSURE REPORT  
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TABLE 25  
COUNTY OF KERN  
SOLID WASTE ENTERPRISE FUND HISTORICAL REVENUES AND EXPENDITURES  
FOR FISCAL YEARS 2010-11 THROUGH 2015-16

|  | 2011-12       | 2012-13       | 2013-14       | 2014-15       | 2015-16       |
|--|---------------|---------------|---------------|---------------|---------------|
| Land Use Fee/Single Family Unit            | \$78          | \$83          | \$83          | \$83          | \$83          |
| Non-residential Tipping Fee                | \$42          | \$45          | \$45          | \$45          | \$45          |
| Tons Disposed                              | 684,973       | 694,505       | 697,466       | 722,545       | 737,915       |
| <u>Operating Revenue:</u>                  |               |               |               |               |               |
| Land Use Fee                               | \$20,623,640  | \$22,069,561  | \$22,309,160  | \$22,463,446  | \$22,667,860  |
| Gate Fee                                   | 9,330,678     | 10,512,288    | 11,469,839    | 11,829,523    | 11,445,317    |
| Bin Fee                                    | 4,522,634     | 5,033,958     | 5,066,442     | 4,791,344     | 4,703,569     |
| Other (includes interest income and tires) | 2,937,971     | 4,426,378     | 2,225,238     | 2,343,820     | 2,167,983     |
| Total Operating Revenue                    | \$37,414,922  | \$42,042,185  | \$41,070,679  | \$41,428,133  | \$40,984,729  |
| <u>Operating Expense:</u>                  |               |               |               |               |               |
| Salaries                                   | \$12,572,957  | \$13,264,860  | \$13,612,513  | \$13,799,326  | \$0           |
| Services and Supplies                      | 14,792,593    | 14,157,509    | 15,359,943    | 15,787,471    | 30,404,776    |
| Transfer to Closure Reserve                | 235,110.00    | 1,536,811     | 1,236,714     | 913,998       | 902,982       |
| Other (excluding depreciation)             | 434,863       | 240,796       | 464,421       | 143,394       | 369,220       |
| Total Operating Expense                    | \$28,035,524  | \$29,199,976  | \$30,673,591  | \$30,644,189  | \$31,676,978  |
| Net Operating Revenue                      | \$9,379,399   | \$12,842,209  | \$10,397,088  | \$10,783,944  | \$9,307,751   |
| 2002 COP Principal and Interest            | 1,958,184     | 1,981,764     | 1,961,111     | 1,973,449     | 1,982,566     |
| Total Debt Service                         | \$1,958,184   | \$1,981,764   | \$1,961,111   | \$1,973,449   | \$1,982,566   |
| <u>Debt Service Coverage Ratio 1:</u>      |               |               |               |               |               |
| Net Operating Revenue/Total Debt Service   | 4.79          | 6.48          | 5.30          | 5.46          | 4.69          |
| Net Operating Revenue After Debt Service   | \$7,421,215   | \$10,860,445  | \$8,435,977   | \$8,810,495   | \$7,325,185   |
| <u>Non-operating Revenue (Expense):</u>    |               |               |               |               |               |
| Closure Project Expense                    | (\$3,764,969) | (\$2,453,510) | (\$3,111,907) | (\$193,479)   | (\$20,583)    |
| Pay-as-you-go Capital Projects             | (2,622,376)   | (1,417,663)   | (729,266)     | (6,562,041)   | (1,825,989)   |
| Capital Equipment                          | (71,566)      | (287,829)     | (377,532)     | (1,812,841)   | (1,092,368)   |
| Other Non-operating Revenue                | 522           | 695           | 135           | 602           | 81            |
| Net Non-operating Revenue (Expense)        | (\$6,458,389) | (\$4,158,307) | (\$4,218,570) | (\$8,567,759) | (\$2,938,859) |
| Net Operating Revenue After Debt Service   | \$7,421,215   | \$10,860,445  | \$8,435,977   | \$8,810,495   | \$7,325,185   |
| Net Non-operating Revenue (Expense)        | (6,458,389)   | (4,158,307)   | (4,218,570)   | (8,567,759)   | (2,938,859)   |
| Total Income (Loss)                        | \$962,826     | \$6,702,138   | \$4,217,407   | \$242,736     | \$4,386,326   |
| <u>Available Funds:</u>                    |               |               |               |               |               |
| Beginning Balance                          | \$19,113,188  | \$30,486,214  | \$31,577,582  | \$32,552,014  | \$35,491,758  |
| Total Income (Loss)                        | 962,826       | 6,702,138     | 4,217,407     | 242,736       | 4,386,326     |
| Draw from Closure Reserve                  | 7,324,520     | 1,224,596     | 2,782,875     | 0             | 4,001,213     |
| Draw to/from Other Reserves                | 0             | (4,268,995)   | (2,867,151)   | (3,065,228)   | 650,000       |
| Proceeds from Loans                        | (64,000)      | (64,000)      | (64,000)      | (64,000)      | (64,000)      |
| Capital Lease Principal Payments           | 0             | 0             | 0             | 0             | 0             |
| Other Adjustments to Available Funds       | 3,149,679     | (2,502,371)   | (3,094,699)   | 5,826,236     | 1,118,456     |
| Ending Balance                             | \$30,486,214  | \$31,577,582  | \$32,552,014  | \$35,491,758  | \$45,583,753  |

Source: County of Kern Public Works Department Waste Management Division



TABLE 26

Historical System Waste Total Tonnage Received

| <u>Year</u> | <u>Tonnage Amount</u> | <u>% Change</u> |
|-------------|-----------------------|-----------------|
| 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        | 759,693               | 0.43%           |
| 2013        | 753,656               | -0.80%          |
| 2014        | 781,751               | 3.59%           |
| 2015        | 805,301               | 2.92%           |
| 2016        | Unavailable           | Unavailable     |

Source: County of Kern Public Works Department Waste Management Division



**TABLE 27**  
**Solid Waste Enterprise Fund Ordinances**  
**Fee Changes and Effective Dates**

|                  |                  | <u>Land Use Fee</u>  |                                     | <u>Gate Fee</u>  |             | <u>Bin Fee</u>   |             |
|------------------|------------------|----------------------|-------------------------------------|------------------|-------------|------------------|-------------|
| <u>Effective</u> | <u>Ordinance</u> | <u>Dwelling Unit</u> | <u>Multi-Unit Residential</u>       | <u>Ordinance</u> | <u>Rate</u> | <u>Ordinance</u> | <u>Rate</u> |
| 8/8/1990         | G-5316           | \$57.00              | \$45.60 x "SFUDU Factor"            | N/A              | N/A         | N/A              | N/A         |
| 7/1/1993         | G-5941           | \$57.00              | \$45.60 x Actual<br>Number of Units | G-5940           | \$29/ton    | G-5940           | \$2/CY      |
| 7/1/2003         | G-6944           | \$66.00              | \$45.60 x Actual<br>Number of Units | G-6945           | \$36/ton    | G-6945           | \$1.90/CY   |
| 7/1/2004         | G-7104           | \$66.00              | \$53.00 x Actual<br>Number of Units | G-6945           | \$36/ton    | G-6945           | \$1.90/CY   |
| 7/1/2007         | G-7500           | \$70.00              | \$56.00 x Actual<br>Number of Units | G-7501           | \$38.25/ton | G-7501           | \$2/CY      |
| 7/1/2008         | G-7713           | \$72.31              | \$57.84 x Actual<br>Number of Units | G-7714           | \$39.50/ton | G-7730           | \$2.05/CY   |
| 7/1/2009         | G-7864           | \$74.84              | \$59.86 x Actual<br>Number of Units | G-7865           | \$40.50/ton | G-7865           | \$2.11/CY   |
| 7/1/2011         | G-8073           | \$77.83              | \$62.25 x Actual<br>Number of Units | G-8075           | \$42.25/ton | G-8075           | \$2.20/CY   |
| 7/1/2012         | G-8074           | \$82.89              | \$66.30 x Actual<br>Number of Units | G-8075           | \$45.00/ton | G-8075           | \$2.34/CY   |
| 7/1/2013         | G-8401           | \$82.89              | \$66.30 x Actual<br>Number of Units | G-8075           | \$45.00/ton | G-8075           | \$2.34/CY   |
| 7/1/2014         | G-8482           | \$82.89              | \$66.30 x Actual<br>Number of Units | G-8075           | \$45.00/ton | G-8075           | \$2.34/CY   |
| 7/1/2015         | G-8570           | \$82.89              | \$66.30 x Actual<br>Number of Units | G-8075           | \$45.00/ton | G-8075           | \$2.34/CY   |
| 7/1/2016         | G-8640           | \$82.89              | \$66.30 x Actual<br>Number of Units | G-8075           | \$45.00/ton | G-8075           | \$2.34/CY   |

Source: County of Kern Public Works Department Waste Management Division

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TABLE 28  
KERN MEDICAL CENTER  
GENERAL FUND / REALIGNMENT CASH  
(As of June 30)

|  | <u>2009</u>  | <u>2010</u>  | <u>2011</u>  | <u>2012</u>  | <u>2013</u>   | <u>2014</u>                 | <u>2015</u>  | <u>2016</u>  |
|--|--------------|--------------|--------------|--------------|---------------|-----------------------------|--------------|--------------|
| Advances Payable - Year End Balance <sup>(1)</sup>           | \$39,367,903 | \$54,866,792 | \$33,740,332 | \$58,171,862 | \$85,400,000  | \$61,313,984 <sup>(4)</sup> | \$4,580,539  | \$0          |
| County Contribution:   |              |              |              |              |               |                             |              |              |
| Realignment for Indigent Care                                | \$18,205,168 | \$15,170,363 | \$14,383,490 | \$17,623,892 | \$15,700,694  | \$10,500,000                | \$11,910,653 | \$2,310,769  |
| Juvenile Facility <sup>(2)</sup>                             | 3,719,000    | 3,719,000    | 3,719,000    | 3,719,000    | 3,719,000     | 3,755,720                   | 3,739,941    | 3,951,504    |
| Jail Inmate <sup>(2)</sup>                                   | 13,718,000   | 13,718,000   | 13,718,000   | 15,561,000   | 17,561,000    | 17,734,393                  | 17,126,515   | 19,292,637   |
| Central Plant Capital Project                                | 0            | 0            | 3,000,000    | 0            | 0             | 0                           | 0            | 0            |
| County Contribution for Operations                           | 0            | 0            | 0            | 0            | 0             | 25,801,396                  | 9,900,000    | 7,147,774    |
| Other Capital Projects                                       | 0            | 0            | 0            | 0            | 0             | 0                           | 0            | 453,017      |
| Total County Contribution                                    | \$35,642,168 | \$32,607,363 | \$34,820,490 | \$36,903,892 | \$36,980,694  | \$57,791,509                | \$42,677,109 | \$33,155,701 |
| Write-off of General Fund Loans<br>at June 30 <sup>(3)</sup> | 15,000,000   | 0            | 0            | 0            | 0             | 3,817,773                   | 0            | 0            |
| Total Advances & County Contribution                         | \$90,010,071 | \$87,474,155 | \$68,560,822 | \$95,075,754 | \$122,380,694 | \$122,923,266               | \$47,257,648 | \$33,155,701 |

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

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

<sup>(3)</sup> A \$9,595,980 contribution was included in the Fiscal Year 2013-14 Adopted Budget in anticipation of a write-off.

<sup>(4)</sup> Pursuant to GASB 54, the Auditor-Controller determined \$23,286,201 of the outstanding advance payable to be non-spendable as of June 30.

Source: County of Kern



### KERN MEDICAL CENTER - KERN COUNTY HOSPITAL AUTHORITY

Kern Medical Center was the County-owned and operated teaching hospital. On July 1, 2016, the hospital was transferred to the Kern County Hospital Authority (The Authority). The Authority was created after the California Governor approved Assembly Bill 2546 which gave the County the Authority to establish by ordinance, the Authority to manage, administer and control Kern Medical Center. As part of the transfer all employees, facilities, certain liabilities and resources were transferred. The County will continue to retain ultimate responsibility for indigent medical care under Section 17000 of the Welfare and Institutions Code. The County and the Authority have contracted with each other with respect to certain health care, administrative, and financial services under separate agreements. These agreements contemplate certain financial relationships between the County and the Authority, including the County's financial support in the form of loans and/or grants, the Authority assumption of certain liabilities of the County incurred in connection with prior operations of the hospital, the continued provision of certain health care services to residents of the County and inmates and the County's consent for the Authority to participate in and receive, certain County general purpose funds and local revenue funds (1991 Realignment) identified or earmarked for health care services to the indigent, including Medi-Cal beneficiaries and uninsured patients.

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EXHIBIT A  
S.E.C. Rule 15c2-12  
Continuing Disclosure Requirements - MATRIX

|   | Requirement of:                       |  |   |  |  |  |   |
|---|---------------------------------------|--|---|--|--|--|---|
|   | 1995<br>Pension<br>Obligation<br>Bond | 2003<br>Pension<br>Obligation<br>Bond, Series<br>2003A | 2008<br>Pension<br>Obligation<br>Bond, Series<br>2003B<br>Refunding | 2009<br>Capital<br>Improvement<br>Projects | 2010<br>Public<br>Services<br>Facility<br>Project<br>Refunding | 2011<br>Solid Waste<br>System<br>Improvements<br>Refunding | 2011<br>Capital<br>Improvement<br>Projects<br>Refunding |
| Governmental Funds Budgets  | x                                     | x  |   | x  | x  |  | x   |
| General Fund Revenues and Expenditures                                  | x                                     | x  |   | x  | x  |  | x   |
| General Fund Balance Sheet  |                                       | x  |   | x  | x  |  | x   |
| Breakdown of Revenue Sources  | x                                     | x  |   | x  | x  |  | x   |
| Summary of Tax Levies and Collections                                   | x                                     | x  |   | x  | x  |  | x   |
| Assessed Valuation  | x                                     | x  |   | x  | x  |  | x   |
| Principal Taxpayers   | x                                     | x  |   | x  | x  |  | x   |
| County Employment Levels  | x                                     | x  |   | x  | x  |  | x   |
| Bargaining Units  |                                       | x  |   | x  | x  |  | x   |
| Membership in Employees Retirement Association                          | x                                     | x  |   | x  | x  |  | x   |
| Retirement Association Annual Employer Contributions                    |                                       |  |   | x  | x  |  | x   |
| Retirement Association Schedule of Funding Progress                     |                                       | x  |   | x  | x  |  | x   |
| Retirement Association Unrecognized Gains and Losses                    |                                       |  |   | x  | x  |  | x   |
| Retirement Association Actuarial Assumptions                            |                                       |  |   | x  | x  |  | x   |
| Retirement Association Market Value Investment Results                  |                                       |  |   | x  | x  |  | x   |
| Outstanding Indebtedness  | x                                     | x  |   | x  | x  |  | x   |
| Certificates of Participation and Pensions Obligation Bonds Outstanding | x                                     | x  |   | x  | x  |  | x   |
| Capital lease Obligations   | x                                     | x  |   | x  | x  |  | x   |
| Operating Lease Obligations   | x                                     | x  |   | x  | x  |  | x   |
| Investment Portfolio Statistics   | x                                     | x  |   | x  | x  |  | x   |
| Aging of Maturing Investments   | x                                     |  |   | x  | x  |  | x   |
| Major Employers   |                                       |  |   |  |  |  |   |
| Total Agricultural Production   |                                       |  |   |  |  |  |   |
| Kern County Landfill Capacity   |                                       |  |   |  |  |  |   |
| System Non-Recycled Waste Disposal by Jurisdiction                      |                                       |  |   |  |  |  |   |
| Solid Waste Enterprise Fund Historical Revenues and Expenditures        |                                       |  |   |  |  | x  |   |
| Historical System Waste Total Tonnage Received                          |                                       |  |   |  |  | x  |   |
| Solid Waste Enterprise Fund Ordinance, Fee Changes and Effective Dates  |                                       |  |   |  |  | x  |   |
| Kern Medical Center General Fund/Realignment Cash                       |                                       |  |   | x  | x  |  | x   |
| Estimated Direct and Overlapping Bonded Debt                            | x                                     | x  |   |  |  |  |   |