

COUNTY OF KERN

ANNUAL DISCLOSURE REPORT

FISCAL YEAR 2009-10



COUNTY OF KERN
COUNTY ADMINISTRATIVE OFFICE
1115 TRUXTUN AVENUE
BAKERSFIELD, CALIFORNIA
DATED: JANUARY 11, 2011

COUNTY OF KERN, STATE OF CALIFORNIA

BOARD OF SUPERVISORS

Jon McQuiston
Zack Scrivner
Mike Maggard
Ray Watson
Karen Goh

First District
Second District
Third District
Fourth District
Fifth District

COUNTY OFFICIALS

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

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INTRODUCTION

This Annual Disclosure Report ("Report") is designed to meet the continuing disclosure requirements of the Securities and Exchange Commission (SEC) rule 15c2-12. The County has covenanted, within the Continuing Disclosure Agreements ("Agreements") related to the Applicable Issuances as outlined in the section below, to provide the following financial information and operating data relating to the County not later than 195 days following the end of the County's 2009-10 fiscal year. In accordance with the disclosure regulations and the Agreements, the Fiscal Year 2009-10 Comprehensive Annual Financial Report (CAFR), the FY 2008-09 Solid Waste Enterprise Fund Audited Financial Statements, and the FY 2010-11 County Budget must be provided. Those documents, when available, will be provided to the Nationally Recognized Municipal Securities Information Repository (NRMSIRs) separate from this report.

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

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

County of Kern Taxable Pension Obligation Bonds, Series 1995

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

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

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

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

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

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

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

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

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

County of Kern Taxable Pension Obligation Refunding Bonds, Series 2003A

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

County of Kern Taxable Pension Obligation Refunding Bonds, Series 2008A

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

County of Kern 2003 Certificates of Participation (Capital Projects)

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

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 49225HJ

COUNTY CONTACTS

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

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

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

TABLE 1

COUNTY OF KERN
MOTOR VEHICLE LICENSE FEE REVENUE
FISCAL YEARS 2000-01 THROUGH 2010-11

<u>Fiscal Year</u>	<u>Vehicle License Fee</u>
2000-01	41,296,979
2001-02	44,120,712
2002-03	47,663,261
2003-04	37,089,739
2004-05	0
2005-06	0
2006-07	0
2007-08	0
2008-09	0
2009-10	0
2010-11 budgeted *	0

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

Source: Kern County Administrative Office

TABLE 2

COUNTY OF KERN
GOVERNMENTAL FUNDS BUDGETS

	<i>Actual</i> 2008-09 <i>Uses/Sources</i> ⁽¹⁾	<i>Actual</i> 2009-10 <i>Uses/Sources</i>	<i>Adopted</i> 2010-11 <i>Budget</i>
REQUIREMENTS:			
General Government	\$116,708,373	\$123,595,263	\$129,377,748
Public Protection	584,308,245	554,386,655	578,107,663
Public Ways and Facilities	76,340,076	95,468,594	77,702,952
Health and Sanitation	237,402,319	224,428,901	242,749,283
Public Assistance	447,868,569	463,102,303	490,965,956
Education	10,079,723	9,706,794	8,462,381
Recreation and Cultural	14,520,943	13,497,014	12,079,282
Debt Service	7,741,605	7,778,627	6,901,332
Contingencies and Reserves	-	-	89,039,161
Total Requirements	\$1,494,969,853	\$1,491,964,151	\$1,635,385,758
AVAILABLE FUNDS:			
Current Property Taxes	\$233,022,289	\$217,094,117	\$228,058,285
Other Taxes	142,857,439	124,867,115	125,442,595
Licenses, Permits and Franchises	17,687,373	15,936,692	18,650,566
Fines, Forfeitures and Penalties	26,812,950	25,628,758	21,563,314
Use of Money and Property	22,895,389	14,244,232	18,988,650
Aid from Other Governmental Agencies	641,137,146	701,606,873	670,448,653
Charges for Current Services	172,221,924	161,076,788	166,954,283
Miscellaneous Revenue	25,760,250	23,259,749	11,134,099
Other Financing Sources (Uses)	218,138,370	246,653,215	243,574,172
Use of Available Fund Balance	-	-	130,571,141
Total Available Funds	\$1,500,533,130	\$1,530,367,539	\$1,635,385,758

Source: County of Kern Fiscal Year 2010-11 Final Budget

⁽¹⁾ Adjustments to Actual FY 2008-09 previously reported in the County of Kern FY 2008-09 Annual Disclosure Report resulted from reclassifications of Capital Projects funds by County Auditor-Controller to comply with the revised 2010 County Budget Act.

TABLE 3

COUNTY OF KERN
STATEMENT OF GENERAL FUND REVENUE AND EXPENDITURES
FISCAL YEARS ENDED JUNE 30, 2007, 2008, 2009 and 2010

(Dollars in thousands)

	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
<u>Revenue:</u>				
Taxes	\$270,050	\$298,036	\$300,452	\$274,689
Licenses, Permits and Franchises	10,125	10,327	11,895	10,507
Fines, Forfeitures and Penalties	12,901	18,100	17,515	16,228
Use of Money and Property	21,073	18,441	13,621	12,089
Intergovernmental Revenue	122,182	111,692	140,292	133,146
Charges for Current Services	90,224	88,625	92,745	98,138
Other Revenue	4,844	3,643	5,052	3,928
Total Revenue	<u>\$531,399</u>	<u>\$548,864</u>	<u>\$581,572</u>	<u>\$548,725</u>
<u>Expenditures:</u>				
General Government	\$93,415	\$105,909	\$106,634	\$95,115
Public Protection	276,868	330,625	333,534	325,255
Health and Sanitation	38,090	44,908	45,811	45,882
Public Assistance	14,113	13,484	14,990	16,038
Education	10,151	10,224	9,945	9,185
Recreational and Cultural Services	13,720	15,558	14,051	13,184
Public Ways and Facilities	0	0	0	0
Capital Outlay	2,326	225	19,788	2,882
Debt Service	7,120	6,797	4,637	4,237
Total Expenditures	<u>\$455,803</u>	<u>\$527,730</u>	<u>\$549,390</u>	<u>\$511,778</u>
Excess Revenues Over (Under)				
Expenditures	\$75,596	\$21,134	\$32,182	\$36,947
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	66,367	78,043	99,542	86,918
Operating Transfers Out	(95,545)	(122,906)	(158,856)	(130,828)
Inception of Capital Leases	2,326	225	19,788	2,882
Total Other Financing Sources (Uses)	(\$26,852)	(\$44,638)	(\$39,526)	(\$41,028)
Fund Balance at Beginning of Year	\$126,395	\$175,139	\$151,635	\$144,291
Fund Balance at End of Year	<u>\$175,139</u>	<u>\$151,635</u>	<u>\$144,291</u>	<u>\$140,210</u>

Source: County of Kern Auditor-Controller-County Clerk

TABLE 4
COUNTY OF KERN
GENERAL FUND BALANCE SHEET
AT JUNE 30, 2007, 2008, 2009 and 2010
(Dollars in Thousands)

	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
Assets				
Pooled Cash and Investments	\$114,382	\$56,957	\$39,677	\$10,057
Revolving Fund Cash	1,155	1,207	1,210	1,214
Interest Receivable	3,828	2,157	1,309	717
Taxes Receivable	37,000	57,232	58,735	62,129
Accrued Revenue	26,326	27,290	25,793	24,579
Due from Other Funds	6,728	4,962	7,788	7,904
Advances to Other Funds	27,654	43,791	43,587	60,776
Due from Other Agencies	338	8,756	7,292	8,592
Deposits with Others	205	205	205	205
Prepaid Items	0	0	0	7,200
Inventory Materials and Supplies	69	62	539	0
Total Assets	<u><u>\$217,685</u></u>	<u><u>\$202,619</u></u>	<u><u>\$186,135</u></u>	<u><u>\$183,373</u></u>
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	\$5,594	\$7,432	\$6,338	\$3,972
Salaries and Employee Benefits Payable	18,690	23,504	9,711	10,631
Due to Other Funds	2,757	2,235	6,413	7,086
Due to Other Agencies	0	0	0	0
Tax Anticipation Note Payable	0	0	0	0
Loans Payable	0	0	0	0
Deferred Revenue	15,505	17,813	19,382	21,474
Total Liabilities	<u><u>\$42,546</u></u>	<u><u>\$50,984</u></u>	<u><u>\$41,844</u></u>	<u><u>\$43,163</u></u>
Fund Balance				
Reserved	\$85,976	\$87,876	\$64,283	\$27,536
Unreserved				
Designated	0	0	0	0
Undesignated	89,163	63,759	80,008	112,674
Total Fund Balance	<u><u>\$175,139</u></u>	<u><u>\$151,635</u></u>	<u><u>\$144,291</u></u>	<u><u>\$140,210</u></u>
Total Liabilities and Fund Balance	<u><u>\$217,685</u></u>	<u><u>\$202,619</u></u>	<u><u>\$186,135</u></u>	<u><u>\$183,373</u></u>

Source: County of Kern Auditor-Controller-County Clerk

TABLE 5

**COUNTY OF KERN
BREAKDOWN OF BUDGETED REVENUE SOURCES
FOR FISCAL YEAR 2010-11**

Taxes	21.6%
Licenses, Permits and Franchises	1.1%
Fines, Forfeitures and Penalties	1.3%
Use of County Property and Money	1.2%
Aid from Other Governmental Agencies	41.0%
Charges for Services	10.2%
Miscellaneous Revenues	23.6%
Total	100.0%

Source: Kern County Administrative Office

TABLE 6

SUMMARY OF TAX LEVIES AND COLLECTIONS FOR THE SECURED TAX ROLL
FISCAL YEARS 2000-01 THROUGH 2009-10

(Dollars in Thousands)

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Total Collected</u> ⁽¹⁾	<u>Total Collected at Fiscal Year-End as Percent of Tax Levy</u>
2000-01	\$ 518,583	\$ 502,118	96.8%
2001-02	551,988	534,278	96.8%
2002-03	552,471	538,096	97.4%
2003-04	581,097	565,237	97.3%
2004-05	629,659	614,352	97.6%
2005-06	717,670	695,719	96.9%
2006-07	857,732	830,809	96.9%
2007-08	971,779	926,755	95.4%
2008-09	1,016,294	975,420	96.0%
2009-10	977,544	941,531	96.3%

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

Source: County of Kern Treasurer-Tax Collector

TABLE 7

COUNTY OF KERN
 ASSESSED VALUATION
 FISCAL YEARS 2002-03 THROUGH 2010-11

(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Secured Assessed Valuation</i> ⁽¹⁾	<i>Unsecured Assessed Valuation</i>	<i>Less Exemptions</i> ⁽²⁾	<i>Net Assessed Valuation</i>
2002-03	\$ 42,900,982	\$ 2,101,405	\$ 2,838,678	\$ 42,163,709
2003-04	45,111,129	2,122,090	3,031,218	44,202,001
2004-05	48,610,073	2,189,943	3,329,023	47,470,993
2005-06	56,225,478	2,316,034	3,761,882	54,779,630
2006-07	68,606,975	2,566,299	4,555,548	66,617,726
2007-08	76,929,892	2,727,563	5,428,634	74,228,821
2008-09	81,484,267	2,867,813	5,911,352	78,440,728
2009-10	75,856,342	3,265,233	5,501,104	73,620,471
2010-11	79,372,336	3,415,217	5,647,904	77,139,649

⁽¹⁾Includes Aircraft and Public Utilities.

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

Source: County of Kern Tax Rates and Assessed Valuations Book, FY 2002-03 through FY 2010-11

TABLE 8

COUNTY OF KERN
 PRINCIPAL TAXPAYERS
 2010-11 SECURED TAX ROLL

<u>Company</u>	<u>Net Secured Assessed Value</u>	<u>Total Tax on Secured Property</u>
Occidental of Elk Hills, Inc.	\$8,240,269,393	\$88,152,431
Chevron USA, Inc.	6,908,544,090	73,831,123
Aera Energy, LLC	6,379,363,824	65,970,273
Pacific Gas & Electric Co.	658,203,185	9,104,998
Berry Petroleum Co.	793,419,973	8,491,413
Plains Exploration & Production Co.	719,489,296	7,439,338
Seneca Resources Corp.	622,267,455	6,496,823
Souththern California Edison Co.	457,236,089	6,326,037
Macpherson Oil Co.	487,774,664	5,624,261
Pastoria Energy Facility, LLC	484,900,000	5,369,153

Source: County of Kern Tax Rates and Assessed Valuations Book, FY 2010-11

TABLE 9

COUNTY OF KERN EMPLOYMENT LEVELS
FISCAL YEARS 2000-01 THROUGH 2010-11

<u>Fiscal Year</u> ⁽¹⁾	<u>Permanent Full-time</u>	<u>Permanent Part-time</u>
2000-01	7,873	499
2001-02	8,386	472
2002-03	8,551	392
2003-04	7,846	362
2004-05	8,133	359
2005-06	8,490	354
2006-07	9,033 ⁽²⁾	345 ⁽²⁾
2007-08	9,325	332
2008-09	9,466	329
2009-10	9,532	316
2010-11	8,547	265

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

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

TABLE 10
BARGAINING UNITS

<u>Bargaining Unit</u>	<u>Number of Employees ⁽¹⁾</u>	<u>Effective Term of Labor Agreement</u>
SEIU 521	5,511	June 30, 2010
KLEA	507	June 30, 2009
KCFFU	501	June 30, 2009
KCPOA	383	June 30, 2010
KCDOA	316	June 30, 2009
KCPA	87	June 30, 2009
SEIU 521 - CJU	2	June 30, 2009
KSCSA	16	June 30, 2010
KSCSA II	6	June 30, 2010
SEIU 521 - Extra Help	368	June 30, 2010
KCPMA	13	June 30, 2010
KFA	65	June 30, 1996
CIR SEIU Healthcare	113	June 30, 2012

Source: Kern County Administrative Office, ⁽¹⁾ Filled positions as of August 26, 2010. The County is currently negotiating successor memorandums of understanding with all represented employees.

TABLE 11
MEMBERSHIP IN KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
AT JUNE 30, 2006 THROUGH JUNE 30, 2010

	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>
Retirees and Beneficiaries ⁽¹⁾	6,226	6,479	6,681	6,978	7,267
Active Plan Participants	<u>8,274</u>	<u>8,690</u>	<u>9,105</u>	<u>9,020</u>	<u>8,567</u>
Total	14,500	15,169	15,786	15,998	15,834

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

Source: Kern County Employees' Retirement Association

TABLE 12

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

<i>Fiscal Year Ended June 30</i>	<i>Annual Required Contributions (in thousands)</i>	<i>Percentage Contributed</i>
2005	\$60,268	100%
2006	\$100,734	100%
2007	\$128,135	100%
2008	\$137,264	100%
2009	\$138,814	100%
2010	\$151,127	100%
2011*	\$201,203	N/A

Source: KCERA Comprehensive Annual Financial Report for the Fiscal Year ended
June 30, 2010

* Source: County of Kern, estimate.

TABLE 13

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF FUNDING PROGRESS

(Dollars in Thousands)

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL)</i>	<i>Unfunded (Overfunded) AAL</i>	<i>Funded Ratio</i>	<i>Annual Covered</i>	<i>Unfunded (Overfunded) AAL Percentage of Annual Covered Payroll</i>
12/31/04	\$2,012,521	\$2,336,406	\$323,885	86.14%	\$374,951	86.38%
12/31/05	2,164,304	2,861,871	697,568	75.63%	391,381	178.23%
12/31/06	2,352,028	3,109,038	757,010	75.65%	417,351	181.38%
12/31/07	2,589,817	3,355,755	765,937	77.18%	453,412	168.93%
06/30/08	2,654,316	3,671,460	1,017,155	72.30%	482,879	210.64%
06/30/09	2,780,215	4,205,200	1,424,985	66.11%	559,872	254.52%

Source: KCERA Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2010

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>
6/30/2009	\$ (31,419,887)	90%	\$ (28,277,899)
12/31/2008	(838,242,988)	80%	(670,594,390)
6/30/2008	(314,937,911)	90%	(283,444,120)
12/31/2007	(124,728,966)	80%	(112,256,070)
6/30/2007	72,567,632	70%	58,054,105
12/31/2006	168,086,809	60%	117,660,767
6/30/2006	17,460,517	50%	10,476,310
12/31/2005	55,690,220	40%	27,845,110
6/30/2005	(55,108,744)	30%	(22,043,498)

Source: KCERA Actuarial Valuation as of June 30, 2009

TABLE 15

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
ACTUARIAL ASSUMPTIONS

(Dollars in Thousands)

<i>Actuarial Assumption</i>	<i>2007</i>	<i>2008</i>	<i>2009</i>
Interest	8.00%	7.75%	7.75%
Inflation	3.50%	3.25%	3.25%
Salary Increase ⁽¹⁾	4.00%	4.00%	4.00%

⁽¹⁾Total Payroll

Source: KCERA Comprehensive Annual Financial Report for Fiscal Years ended
June 30, 2009 and 2010

TABLE 16

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

<i>Year Ended June 30</i>	<i>Annualized Rate of Return</i>
2004	16.73%
2005	11.09%
2006	11.69%
2007	18.40%
2008	-6.50%
2009	-21.87%

Source: KCERA Comprehensive Annual Financial Report for Fiscal Years ended
June 30, 2004, 2005, 2006, 2007, 2008 and 2009

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 October 13, 2010, the County issued \$180,000,000 in aggregate principal amount of its 2010-11 Tax and Revenue Anticipation Notes, which mature on June 30, 2011.

Certificates of Participation. As of June 30, 2010, the County has outstanding certificates of participation in a principal amount aggregating \$138,325,000. The proceeds of such certificates of participation are being used for the acquisition of equipment and the acquisition, construction, and renovation of certain public facilities within the County.

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

TABLE 17

COUNTY OF KERN
 CERTIFICATES OF PARTICIPATION OUTSTANDING
 AS OF JUNE 30, 2010

<i>Description of Issue</i>	<i>Source of Payment ⁽¹⁾</i>	<i>Principal Outstanding</i>	<i>Final Maturity</i>	<i>2010-11 Payment Obligation</i>
1994 Certificates of Participation (Rosamond Library Project)	General Fund	\$730,000	October 1, 2014	\$174,687
1997 Certificates of Participation (Fire Department Projects)	General Fund	\$4,680,000	May 1, 2017	\$815,700
1999 Certificates of Participation (Public Improvement Projects)	General Fund Kern Medical Center Enterprise Fund	\$14,340,000	November 1, 2019	\$1,867,993
2002 Certificates of Participation (Solid Waste System Improvements)	Solid Waste Enterprise Fund	\$12,555,000	August 1, 2016	\$2,088,310
2003 Certificates of Participation (Airport Terminal & Improvements)	Airport Enterprise Fund	\$10,610,000	August 1, 2023	\$1,023,836
2009 Certificates of Participation (Capital Improvement Projects)	General Fund	\$95,410,000	August 1, 2025	\$0
Total		<u>\$138,325,000</u>		<u>\$5,970,526</u>

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

PENSION OBLIGATION BONDS

On November 28, 1995, the County issued \$227,818,439.25 in aggregate principal amount of its Taxable Pension Obligation Bonds, Series 1995 (the "1995 Pension Bonds"). The par amount outstanding as of June 30, 2010 is \$165,463,439. The 1995 Pension Bonds constitute a liability across all operating funds within the County, therefore, the annual debt service is payable from several sources, including the General Fund. The final maturity of the 1995 Pension Bonds is August 15, 2021, and debt service on the 1995 Pension Bonds for Fiscal Year 2010-11 is approximately \$25 million.

On May 28, 2003, the County issued \$288,177,066.85 in aggregate principal amount of its Taxable Pension Obligation Bonds, Series 2003A and 2003B (the "2003 Pension Bonds"). On August 27, 2008, the County issued \$50,000,000 principal amount Series 2008A Pension Obligation Refunding Bonds in order to refund the same principal amount of the Series 2003B Pension Bonds. The 2003A and the 2008A Pension Bonds constitute a liability across various operating funds within the County, therefore, the annual debt service is payable from several sources, including the General Fund. The final maturity of the 2003A Pension Bonds is August 15, 2026, and debt service on the 2003A Pension Bonds for Fiscal Year 2010-11 is approximately \$12.7 million. The final maturity of the 2008A Pension Bonds is August 15, 2027, and debt service on the 2008A Pension Bonds for Fiscal Year 2010-11 is approximately \$2.1 million.

TABLE 18

COUNTY OF KERN CAPITAL LEASE OBLIGATIONS
GENERAL LONG-TERM DEBT ACCOUNT GROUP
AS OF JUNE 30, 2010
(Dollars in Thousands)

<i><u>Fiscal Year</u></i>	<i><u>Amount</u></i>
2010-11	\$7,233
2011-12	5,394
2012-13	4,466
2013-14	2,303
2014-15	2,303
2016-2020	3,092
Net Minimum Lease Payments	<u>\$24,791</u>
Less Amount Representing Interest	<u>(2,279)</u>
Present Value of Net Minimum Lease Payments	<u>\$22,512</u>

Source: County of Kern Auditor-Controller-County Clerk

TABLE 19

COUNTY OF KERN
LONG-TERM OPERATING LEASE OBLIGATIONS
AS OF JUNE 30, 2010
(Dollars in Thousands)

<i><u>Fiscal Year</u></i>	<i><u>Amount</u></i>
2010-11	\$12,720
2011-12	12,330
2012-13	11,767
2013-14	10,306
2014-15	8,621
2016-20	34,329
2021-2025	29,129
2026-2030	19,443
2031-2035	1
Total	<u>\$138,646</u>

Source: County of Kern Auditor-Controller-County Clerk

TABLE 20
COUNTY OF KERN PORTFOLIO STATISTICS
AS OF OCTOBER 31, 2010
(Dollars in Thousands)

<u>Investments</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Average Yield to Maturity at Book Value</u>
Pooled Funds	\$36,003	\$36,003	0.605%
Money Market Accounts	45,078	45,078	0.650%
Negotiable CDs	10,003	1,003	0.477%
Commercial Paper - Discount	624,951	624,806	0.444%
Federal Agency Issues - Coupon	757,316	754,938	1.269%
Medium Term Notes	348,131	351,777	0.987%
Asset Backed Securities - Coupon	5,576	5,743	3.768%
Repurchase Agreements	10,711	10,711	0.100%
Total Securities	<u>\$1,837,769</u>	<u>\$1,830,059</u>	0.917%
Cash, Accruals and Payables	19,736	19,736	N/A
Total Portfolio	<u>\$1,857,505</u>	<u>\$1,849,795</u>	

Source: County of Kern Treasurer-Tax Collector

TABLE 21
COUNTY OF KERN
AGING OF MATURING INVESTMENTS
AS OF OCTOBER 31, 2010

<u>Aging Interval</u>	<u>Par Value (In Thousands)</u>	<u>Percent of Portfolio</u>
0 - 366 days	\$1,050,716	57.02%
1 - 3 years	440,475	23.90%
3 - 5 years	351,625	19.08%
Over 5 years	0	0.00%
Total	<u>\$1,842,816</u>	100.00%

Source: County of Kern Treasurer-Tax Collector

TABLE 22

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

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

Source: Information compiled by Kern Economic Development Corporation 2009

TABLE 23

COUNTY OF KERN
TOTAL AGRICULTURAL PRODUCTION VALUES
FOR YEARS 2005 THROUGH 2009
(Dollars in Thousands)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Fruit and Nut Crops	\$1,908,630	\$1,636,785	\$1,871,861	\$1,787,077	\$1,952,661
Field Crops and Rangeland	407,383	393,565	542,866 ⁽¹⁾	562,302	276,645
Vegetable Crops	445,513	647,412	555,732	649,674	601,397
Nursery Crops	105,728	109,330	105,317	84,822	63,861
Industrial and Wood Crops	5,760	5,985	7,647	11,208	11,125
Seed Crops	5,198	5,701	6,039	4,621	7,305
Livestock and Poultry	212,346	215,277	230,431	232,545	182,768
Livestock and Poultry Products	441,253	426,099	732,707	651,132	469,313
Apiary Products	18,901	34,119	39,547	49,931	41,423
Totals	\$3,550,712	\$3,474,273	\$4,092,147	\$4,033,312	\$3,606,498

Source: Kern County Agricultural Crop Reports 2005 through 2009

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

TABLE 24

**KERN COUNTY SANITARY LANDFILLS
CAPACITY STUDY SUMMARY AS OF JANUARY 1, 2010**

<u>Landfill</u>	<u>Projected Closure Date</u>	<u>Calendar Year 2009 Disposal Tonnage</u>	<u>Calendar Year 2009 % of Total</u>	<u>Remaining Capacity (tons)</u>
Bena Phase 2A	May 2042	429,866	60%	20,656,028
Boron	May 2038	3,107	0%	96,012
Mojave-Rosamond	January 2019	7,329	1%	338,722
Ridgecrest	September 2015	53,828	8%	352,247
Shafter-Wasco	November 2055	127,207	18%	9,723,958
Taft	July 2070	30,500	4%	3,714,779
Tehachapi	May 2015	61,163	9%	380,997
Total		713,000	100%	35,262,743

Source: January 2010 Capacity Study, Kern County Sanitary Landfills

TABLE 25

COUNTY OF KERN
SYSTEM NON-RECYCLED WASTE DISPOSAL BY JURISDICTION

<i>Jurisdiction</i>	<i>Waste Disposal (tons) in Calendar Year 2009</i>	<i>Percentage of Total</i>
Unincorporated Kern County	311,049	42.59%
Cities Within Kern County		
Arvin	9,789	1.34%
Bakersfield	276,743	37.89%
California City	9,731	1.33%
Delano	25,052	3.43%
Maricopa	1,159	0.16%
McFarland	5,816	0.80%
Ridgecrest	29,962	4.10%
Shafter	17,679	2.42%
Taft	8,703	1.19%
Tehachapi	14,798	2.03%
Wasco	16,705	2.28%
All Cities Within Kern County	416,137	56.97%
Other Jurisdictions	3,192	0.44%
Total	730,378	100.0%

Source: Waste Management Jurisdictional Disposal Report for Calendar 2009

TABLE 26

COUNTY OF KERN
SOLID WASTE ENTERPRISE FUND HISTORICAL REVENUES AND EXPENDITURES
FOR FISCAL YEARS 2005-06 THROUGH 2009-10

	<u>2005-06</u>	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09 ⁽¹⁾</u>	<u>2009-10</u>
Land Use Fee/Single Family Unit	\$66	\$66	\$70	\$72	\$75
Non-residential Tipping Fee	\$36	\$36	\$38	\$40	\$41
Tons Disposed	850,841	839,978	821,903	741,471	709,274
<u>Operating Revenue:</u>					
Land Use Fee	\$15,603,276	\$16,031,964	\$17,374,928	\$18,796,038	\$19,582,616
Gate Fee	12,059,498	11,590,031	10,987,223	8,657,182	8,486,648
Bin Fee	4,234,241	4,173,566	4,578,083	4,686,330	4,717,961
Other (includes interest income and tires)	3,982,993	4,472,186	4,477,678	2,988,562	3,186,341
Total Operating Revenue	<u>\$35,880,008</u>	<u>\$36,267,747</u>	<u>\$37,417,912</u>	<u>\$35,128,112</u>	<u>\$35,973,566</u>
<u>Operating Expense:</u>					
Salaries	\$8,928,967	\$9,610,961	\$10,784,234	\$11,409,588	\$11,427,906
Services and Supplies	15,498,041	16,983,257	17,377,079	17,225,208	14,046,730
Transfer to Closure Reserve	715,421	1,174,459	2,625,700	1,162,467	3,211,417
Other (excluding depreciation)	116,734	348,569	492,049	275,658	545,944
Total Operating Expense	<u>\$25,259,163</u>	<u>\$28,117,246</u>	<u>\$31,279,062</u>	<u>\$30,072,921</u>	<u>\$29,231,997</u>
Net Operating Revenue	\$10,620,845	\$8,150,499	\$6,138,850	\$5,055,191	\$6,741,569
1994 COP Principle and Interest	1,671,824	1,669,521	1,674,563	1,535,884	0
2002 COP Principle and Interest	535,238	542,795	548,737	561,224	2,165,121
Total Debt Service	<u>\$2,207,062</u>	<u>\$2,212,316</u>	<u>\$2,223,300</u>	<u>\$2,097,108</u>	<u>\$2,165,121</u>
<u>Debt Service Coverage Ratio 1:</u>					
Net Operating Revenue/Total Debt Service	4.81	3.68	2.76	2.41	3.11
Net Operating Revenue After Debt Service	\$8,413,783	\$5,938,183	\$3,915,550	\$2,958,083	\$4,576,448
<u>Non-operating Revenue (Expense):</u>					
Closure Project Expense	(\$27,151)	(\$47,449)	(\$27,438)	(\$4,708,674)	(\$1,237,796)
Pay-as-you-go Capital Projects	(13,533,672)	(9,312,370)	(1,087,188)	(2,077,811)	(732,369)
Capital Equipment	(210,381)	(192,512)	(881,172)	(233,606)	(145,315)
Other Non-operating Revenue	398	30,834	433,508	2,502	(342)
Net Non-operating Revenue (Expense)	<u>(\$13,770,806)</u>	<u>(\$9,521,497)</u>	<u>(\$1,562,290)</u>	<u>(\$7,017,589)</u>	<u>(\$2,115,822)</u>
Net Operating Revenue After Debt Service	\$8,413,783	\$5,938,184	\$3,915,550	\$2,958,083	\$4,576,448
Net Non-operating Revenue (Expense)	<u>(13,770,806)</u>	<u>(9,521,497)</u>	<u>(1,562,290)</u>	<u>(7,017,589)</u>	<u>(2,115,822)</u>
Total Income (Loss)	<u>(\$5,357,023)</u>	<u>(\$3,583,313)</u>	<u>\$2,353,260</u>	<u>(\$4,059,506)</u>	<u>\$2,460,626</u>
<u>Available Funds:</u>					
Beginning Balance	\$7,273,847	\$3,963,234	\$19,651,043	\$19,667,637	\$18,070,227
Total Income (Loss)	(5,357,023)	(3,583,314)	2,353,260	(4,059,506)	2,460,626
Draw from Closure Reserve	0	681,899	0	3,114,911	282,146
Draw to/from Other Reserves	0	10,509,000	(159,744)	0	198,036
Procees from Loans	0	0	0	0	640,000
Capital Lease Principal Payments	0	(49,081)	(101,000)	(104,906)	0
Other Adjustments to Available Funds	2,046,410	8,129,305	(2,075,922)	(547,909)	2,031,022
Ending Balance	<u>\$3,963,234</u>	<u>\$19,651,043</u>	<u>\$19,667,637</u>	<u>\$18,070,227</u>	<u>\$23,682,057</u>
<u>Debt Service Coverage Ratio 2:</u>					
Net Operating Revenue + Available Funds					
Beginning Balance / Debt Service	8.11	5.48	11.60	11.79	11.46

Source: County of Kern Waste Management Department

⁽¹⁾ Fiscal Year 2008-09 previously reported in the County of Kern FY 2008-09 Annual Disclosure Report was adjusted to reflect correction in treatment of Net Pension Asset.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Advances Payable - Year End Balance ⁽¹⁾	\$6,000,000	\$9,351,544	\$3,895,016	\$7,314,285	\$25,337,433	\$41,247,769	\$39,367,903	\$54,866,792
County Contribution:								
Realignment for Indigent Care ⁽²⁾	\$17,050,000	\$19,300,000	\$20,800,000	\$20,800,000	\$20,800,000	\$18,607,233	\$15,778,203	\$15,170,363
Juvenile Facility ⁽²⁾	500,000	500,000	1,575,000	2,112,000	2,000,000	3,000,000	3,719,000	3,719,000
Jail Inmate ⁽²⁾	8,650,000	4,400,000	6,950,000	8,888,000	9,700,000	12,100,000	13,718,000	13,718,000
Ambulance ⁽²⁾	100,000	100,000	75,000	100,000	-	-	-	-
Central Plant Capital Project	-	-	-	-	-	-	-	-
Total County Contribution	\$26,300,000	\$24,300,000	\$29,400,000	\$31,900,000	\$32,500,000	\$33,707,233	\$33,215,203	\$32,607,363
Write-off of General Fund Loans at June 30	5,000,000	-	-	-	6,366,000	11,037,000	15,000,000	
TOTAL ADVANCES & COUNTY CONTRIBUTION	\$37,300,000	\$33,651,544	\$33,295,016	\$39,214,285	\$64,203,433	\$85,992,002	\$87,583,106	\$87,474,155

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

⁽²⁾ General Fund obligation