

COUNTY OF KERN

ANNUAL DISCLOSURE REPORT

FISCAL YEAR 2010-11



COUNTY OF KERN
COUNTY ADMINISTRATIVE OFFICE
1115 TRUXTUN AVENUE
BAKERSFIELD, CALIFORNIA
DATED: JANUARY 10, 2012

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 2010-11 fiscal year. In accordance with the disclosure regulations and the Agreements, the Fiscal Year 2010-11 Comprehensive Annual Financial Report (CAFR), the FY 2009-10 Solid Waste Enterprise Fund Audited Financial Statements, and the FY 2011-12 County Adopted Budget must be provided. Those documents, when available, will be provided to the Nationally Recognized Municipal Securities Information Repository (NRMSIRs) separate from this report.

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

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

County of Kern Taxable Pension Obligation Bonds, Series 1995

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

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

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

Par Amount	\$11,250,000
Dated Date	December 16, 2010
Final Maturity	June 30, 2032
CUSIP# Series	49224PAV3

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

Par Amount	\$10,860,000
Dated Date	March 24, 2011
Final Maturity	August 1, 2016
CUSIP# Series	49225HJX7

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

Par Amount	\$14,990,000
Dated Date	March 30, 2011
Final Maturity	May 16, 2016
CUSIP# Series	49225HKD9

COUNTY CONTACTS

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

Nancy Lawson, Assistant County Administrative Officer
Budget and Finance

(661) 868-3198

Fax Machine

(661) 868-3190

Kern County Homepage

www.co.kern.ca.us

TABLE 1

**COUNTY OF KERN
MOTOR VEHICLE LICENSE FEE REVENUE
FISCAL YEARS 2001-02 THROUGH 2011-12**

<u><i>Fiscal Year</i></u>	<u><i>Vehicle License Fee</i></u>
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	0
2011-12 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> 2009-10 <i>Uses/Sources</i> ⁽¹⁾	<i>Actual</i> 2010-11 <i>Uses/Sources</i>	<i>Adopted</i> 2011-12 <i>Budget</i>
REQUIREMENTS:			
General Government	\$123,595,263	\$119,892,891	\$117,453,309
Public Protection	554,386,655	563,710,381	577,364,595
Public Ways and Facilities	95,468,594	123,713,593	80,529,074
Health and Sanitation	224,428,901	222,908,562	249,711,043
Public Assistance	463,102,303	456,097,649	466,833,544
Education	9,706,794	8,871,976	8,003,644
Recreation and Cultural	13,497,014	12,099,362	12,800,560
Debt Service	7,778,627	4,101,755	15,010,847
Contingencies and Reserves	-	-	113,737,178
Total Requirements	\$1,491,964,151	\$1,511,396,169	\$1,641,443,794
AVAILABLE FUNDS:			
Current Property Taxes	\$217,094,117	\$239,177,509	\$244,028,079
Other Taxes	124,867,115	136,370,160	136,080,127
Licenses, Permits and Franchises	15,936,692	19,858,036	17,737,085
Fines, Forfeitures and Penalties	25,628,758	25,455,455	25,518,113
Use of Money and Property	14,244,232	13,138,487	15,523,051
Aid from Other Governmental Agencies	701,606,873	664,058,475	648,931,837
Charges for Current Services	161,076,788	162,364,466	154,185,192
Miscellaneous Revenue	23,259,749	35,133,277	15,124,196
Other Financing Sources (Uses)	246,653,215	253,192,774	213,181,266
Use of Available Fund Balance	-	-	171,134,848
Total Available Funds	\$1,530,367,539	\$1,548,748,639	\$1,641,443,794

Source: County of Kern Fiscal Year 2011-12 Adopted Budget

⁽¹⁾ Adjustments to Actual FY 2009-10 previously reported in the County of Kern FY 2009-10 Annual Disclosure Report resulted from reclassifications of Grant Funds and Capital Projects Expenditures.

TABLE 3

COUNTY OF KERN
STATEMENT OF GENERAL FUND REVENUE AND EXPENDITURES
FISCAL YEARS ENDED JUNE 30, 2008, 2009, 2010 and 2011
(Dollars in thousands)

	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>
<u>Revenue:</u>				
Taxes	\$298,036	\$300,452	\$274,689	\$299,389
Licenses, Permits and Franchises	10,327	11,895	10,507	10,895
Fines, Forfeitures and Penalties	18,100	17,515	16,228	16,580
Use of Money and Property	18,441	13,621	12,089	9,848
Intergovernmental Revenue	111,692	140,292	133,146	129,707
Charges for Current Services	88,625	92,745	98,138	101,847
Other Revenue	3,643	5,052	3,928	4,228
Total Revenue	<u>\$548,864</u>	<u>\$581,572</u>	<u>\$548,725</u>	<u>\$572,494</u>
<u>Expenditures:</u>				
General Government	\$105,909	\$106,634	\$95,115	\$93,138
Public Protection	330,625	333,534	325,255	333,013
Health and Sanitation	44,908	45,811	45,882	44,049
Public Assistance	13,484	14,990	16,038	14,280
Education	10,224	9,945	9,185	8,625
Recreational and Cultural Services	15,558	14,051	13,184	11,858
Public Ways and Facilities	0	0	0	0
Capital Outlay	225	19,788	2,882	627
Debt Service	6,797	4,637	4,237	1,875
Total Expenditures	<u>\$527,730</u>	<u>\$549,390</u>	<u>\$511,778</u>	<u>\$507,465</u>
Excess Revenues Over (Under) Expenditures	\$21,134	\$32,182	\$36,947	\$65,029
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	78,043	99,542	86,918	82,796
Operating Transfers Out	(122,906)	(158,856)	(130,828)	(136,669)
Inception of Capital Leases	225	19,788	2,882	627
Total Other Financing Sources (Uses)	(\$44,638)	(\$39,526)	(\$41,028)	(\$53,246)
Fund Balance at Beginning of Year	\$175,139	\$151,635	\$144,291	\$140,210
Fund Balance at End of Year	<u><u>\$151,635</u></u>	<u><u>\$144,291</u></u>	<u><u>\$140,210</u></u>	<u><u>\$151,993</u></u>

Source: County of Kern Auditor-Controller-County Clerk

TABLE 4
COUNTY OF KERN
GENERAL FUND BALANCE SHEET
AT JUNE 30, 2008, 2009, 2010 and 2011
(Dollars in Thousands)

	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>
Assets				
Pooled Cash and Investments	\$56,957	\$39,677	\$10,057	\$44,561
Revolving Fund Cash	1,207	1,210	1,214	1,141
Interest Receivable	2,157	1,309	717	445
Taxes Receivable	57,232	58,735	62,129	58,865
Accrued Revenue	27,290	25,793	24,579	28,204
Due from Other Funds	4,962	7,788	7,904	42,344
Advances to Other Funds	43,791	43,587	60,776	1,916
Due from Other Agencies	8,756	7,292	8,592	5,421
Deposits with Others	205	205	205	205
Prepaid Items	0	0	7,200	15,921
Inventory Materials and Supplies	62	539	0	0
Total Assets	<u><u>\$202,619</u></u>	<u><u>\$186,135</u></u>	<u><u>\$183,373</u></u>	<u><u>\$199,023</u></u>
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	\$7,432	\$6,338	\$3,972	\$7,886
Salaries and Employee Benefits Payable	23,504	9,711	10,631	11,975
Due to Other Funds	2,235	6,413	7,086	4,995
Due to Other Agencies	0	0	0	47
Tax Anticipation Note Payable	0	0	0	0
Loans Payable	0	0	0	0
Deferred Revenue	17,813	19,382	21,474	22,127
Total Liabilities	<u><u>\$50,984</u></u>	<u><u>\$41,844</u></u>	<u><u>\$43,163</u></u>	<u><u>\$47,030</u></u>
Fund Balance (Pre-GASB 54)⁽¹⁾				
Reserved	\$87,876	\$64,283	\$27,536	
Unreserved				
Designated	0	0	0	
Undesignated	63,759	80,008	112,674	
Total Fund Balance	<u><u>\$151,635</u></u>	<u><u>\$144,291</u></u>	<u><u>\$140,210</u></u>	<u><u>\$0</u></u>
Fund Balance (Post-GASB 54)⁽¹⁾				
Nonspendable				\$37,768
Restricted				\$2,553
Committed				\$56
Assigned				\$34,838
Unassigned				\$76,778
Total Fund Balance	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$151,993</u></u>
Total Liabilities and Fund Balance	<u><u>\$202,619</u></u>	<u><u>\$186,135</u></u>	<u><u>\$183,373</u></u>	<u><u>\$199,023</u></u>

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

Source: County of Kern Auditor-Controller-County Clerk

TABLE 5

**COUNTY OF KERN
BREAKDOWN OF BUDGETED REVENUE SOURCES
FOR FISCAL YEAR 2011-12**

Taxes	23.16%
Licenses, Permits and Franchises	1.08%
Fines, Forfeitures and Penalties	1.55%
Use of County Property and Money	0.95%
Aid from Other Governmental Agencies	39.53%
Charges for Services	9.39%
Miscellaneous Revenues ⁽¹⁾	24.34%
Total	100.0%

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

Source: Kern County Administrative Office

TABLE 6

SUMMARY OF TAX LEVIES AND COLLECTIONS FOR THE SECURED TAX ROLL
FISCAL YEARS 2001-02 THROUGH 2010-11

(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Total Levy</i>	<i>Total Collected</i> ⁽¹⁾	<i>Total Collected at Fiscal Year-End as Percent of Tax Levy</i>
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%
2010-11	1,019,564	992,648	97.4%

⁽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 2011-12
 (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
2011-12	80,493,530	4,302,692	5,638,234	79,157,988

⁽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 2011-12

TABLE 8
COUNTY OF KERN
PRINCIPAL TAXPAYERS
2011-12 SECURED TAX ROLL

<u>Company</u>	<u>Net Secured Assessed Value</u>	<u>Total Tax on Secured Property</u>
Occidental of Elk Hills, Inc.	\$8,675,162,467	\$92,541,025
Chevron USA, Inc.	7,253,040,707	77,643,382
Aera Energy, LLC	6,208,869,282	64,467,543
Berry Petroleum Co.	1,469,013,084	15,585,114
Plains Exploration & Production Co.	1,317,456,162	13,674,109
Pacific Gas & Electric Co.	692,627,795	9,571,087
Seneca Resources Corp.	623,894,684	6,535,360
Souththern California Edison Co.	412,973,461	5,705,854
Nations Petroleum (California) LLC	518,789,934	5,556,268
Macpherson Oil Co.	471,548,406	5,396,957

Source: County of Kern Tax Rates and Assessed Valuations Book, FY 2011-12

TABLE 9
COUNTY OF KERN EMPLOYMENT LEVELS
FISCAL YEARS 2002-03 THROUGH 2011-12

<u><i>Fiscal Year</i></u> ⁽¹⁾	<u><i>Permanent Full-time</i></u>	<u><i>Permanent Part-time</i></u>
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
2011-12	8,465	263

⁽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

<i>Bargaining Unit</i>	<i>Number of Employees ⁽¹⁾</i>	<i>Effective Term of Labor Agreement</i>
Service Employees' International, Local 521 (SEIU 521)	5,344	June 30, 2010
Kern Law Enforcement Association (KLEA)	521	June 30, 2009
Kern County Fire Fighters Union (KCCFFU)	496	June 30, 2010
Kern County Probation Officers' Association (KCPOA)	365	June 30, 2010
Kern County Detention Officers' Association (KCDOA)	297	June 30, 2009
Kern County Prosecutors' Association (KCPA)	91	June 30, 2009
SEIU 521 - Criminal Justice Unit	1	June 30, 2009
Kern County Sheriff's Command Association (KCSCA)	18	June 30, 2010
Kern County Sheriff's Command Association II (KCSCA II)	6	June 30, 2010
SEIU 521 - Extra Help	466	June 30, 2010
Kern County Probation Managers' Association (KCPMA)	13	June 30, 2010
Union of American Physicians and Dentists (UAPD)	60	March 15, 2011 ⁽²⁾
Committee of Interns and Residents (CIR) SEIU Healthcare	111	June 30, 2012

⁽¹⁾ Filled positions as of December 28, 2011. Does not include courts, Air Pollution Control District, or rehired retirees. The County is currently negotiating successor memorandums of understanding with all represented employees.

⁽²⁾ Effective date of current Terms and Conditions of employment

Source: Kern County Administrative Office

TABLE 11

MEMBERSHIP IN KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
AT JUNE 30, 2007 THROUGH JUNE 30, 2011

	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2009</u>	<u>June 30, 2010</u>	<u>June 30, 2011</u>
Retirees and Beneficiaries ⁽¹⁾	6,479	6,681	6,978	7,267	7,636
Active Plan Participants	<u>8,690</u>	<u>9,105</u>	<u>9,020</u>	<u>8,567</u>	<u>8,196</u>
Total	15,169	15,786	15,998	15,834	15,832

⁽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</i> <u>Ended June 30</u>	<i>Annual Required</i> <i>Contributions</i> <i>(in thousands)</i>	<i>Percentage</i> <i>Contributed</i>
2006	\$100,734	100%
2007	\$128,135	100%
2008	\$137,264	100%
2009	\$138,814	100%
2010	\$151,127	100%
2011	\$177,444	100%
2012*	\$190,546	N/A

Source: KCERA Comprehensive Annual Financial Report for the Fiscal Year ended
 June 30, 2011

* 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>
12/31/05	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%
06/30/10	2,794,644	4,457,038	1,662,395	62.70%	559,380	297.19%

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>
6/30/2010	\$ (155,035,143)	90%	\$ (139,531,629)
12/31/2009	270,171,707	80%	216,137,365
6/30/2009	(31,419,887)	70%	(21,993,921)
12/31/2008	(838,242,988)	60%	(502,945,793)
6/30/2008	(314,937,911)	50%	(157,468,956)
12/31/2007	(124,728,966)	40%	(49,891,586)
6/30/2007	72,567,632	30%	21,770,289
12/31/2006	168,086,809	20%	33,617,362
6/30/2006	17,460,517	10%	1,746,052

Source: KCERA Actuarial Valuation as of June 30, 2010

TABLE 15

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

<i>Actuarial Assumption</i>	<i>2008</i>	<i>2009</i>	<i>2010</i>
Interest	7.75%	7.75%	7.75%
Inflation	3.25%	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, 2010 and 2011

TABLE 16

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

<i>Year Ended</i> <i>June 30</i>	<i>Annualized</i> <i>Rate of</i> <i>Return</i>
2005	11.09%
2006	11.69%
2007	18.40%
2008	-6.50%
2009	-21.87%
2010	13.30%
2011	19.20%

Source: KCERA Comprehensive Annual Financial Report for Fiscal Years ended
June 30, 2005, 2006, 2007, 2008, 2009 and 2010

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, 2011, the County issued \$200,000,000 in aggregate principal amount of its 2011-2012 Tax Revenue Anticipation Notes, which mature on June 29, 2012.

Certificates of Participation. As of June 30, 2011, the County has outstanding certificates of participation in the aggregate principal amount of \$131,900,000. The proceeds of such certificates of participation are being used for the acquisition of equipment and the acquisition, construction, and renovation of certain public facilities within the County.

With the exception of the Refunding Revenue Certificates of Participation, Series 2011 (Solid Waste System Improvements), the County's General Fund is available and makes payments with respect to all such obligations. A portion of the 2011 Refunding Certificates of Participation, Series A (Capital Improvement Projects) are paid from the Kern Medical Center Enterprise and Fire Funds, offsetting the liability of the General Fund. In addition, the County expects to make payments with respect of its 2003 Certificates of Participation (Capital Projects)(See footnote 3, Table 17) 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 Refunding Revenue Certificates of Participation, Series 2011 (Solid Waste System Improvements) from the Solid Waste Enterprise Fund and therefore such certificates do not constitute a liability of the County's General Fund.

On 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, 2011 is \$148,783,439. The 1995 Pension Bonds constitute a liability across all operating funds within the County, therefore, the annual debt service is payable from several sources, including the General Fund. The final maturity of the 1995 Pension Bonds is August 15, 2021, and the debt service on the 1995 Pension Bonds for Fiscal Year 2011-12 is \$26,043,906.

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, 2027, and debt service on the 2003A Pension Bonds for Fiscal Year 2011-12 is \$14,680,467. The final maturity of the 2008A Pension Bonds is August 15, 2027, and debt service on the 2008A Pension Bonds for Fiscal Year 2011-12 is estimated at approximately \$2.1 million.

TABLE 17
COUNTY OF KERN
CERTIFICATES OF PARTICIPATION AND PENSION OBLIGATION BONDS OUTSTANDING
AS OF JUNE 30, 2011

<i>Description of Issue</i>	<i>Source of Payment ⁽¹⁾</i>	<i>Principal Outstanding</i>	<i>Final Maturity</i>	<i>2011-12 Payment Obligation</i>
1994 Certificates of Participation (Rosamond Library Project)	General Fund	\$600,000	October 1, 2014	\$174,545
1995 Taxable Pension Obligation Bonds	Various Funds ⁽²⁾	\$148,783,439	August 15, 2021	\$26,043,906
2003 Taxable Pension Obligation Bonds	Various Funds ⁽²⁾	\$225,597,067	August 15, 2027	\$14,680,467
2003 Certificates of Participation (Airport Terminal & Improvements) ⁽³⁾	Airport Enterprise Fund	\$10,040,000	August 1, 2023	\$1,022,799
2008 Taxable Pension Obligation Refunding Bonds Series 2008A	Various Funds ⁽²⁾⁽⁴⁾	\$50,000,000	August 15, 2027	\$2,085,000
2009 Certificates of Participation (Capital Improvement Projects)	General Fund	\$95,410,000	August 1, 2035	\$6,939,191
2011 Refunding Certificates of Participation (Capital Improvement Projects)	General Fund/Kern Medical Center Enterprise Fund/Fire Fund	\$14,990,000	November 1, 2019	\$2,208,809
2011 Refunding Certificates of Participation (Solid Waste System Improvements)	Solid Waste Enterprise Fund	\$10,860,000	August 1, 2016	\$1,984,100
Total		\$556,280,506		\$55,138,817

⁽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.

⁽²⁾ 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.

⁽³⁾ The County issued \$8,660,000 under a private placement with Banc of America Capital Corp to refund \$9,450,000 of the Outstanding Principal amount of the 2003 Certificates of Participation.

⁽⁴⁾ The interest rate with respect to these bonds is variable, and reset weekly. Therefore, the actual payment obligation is expected to be lower than the amount specified.

Source: Kern County Administrative Office

TABLE 18

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

AS OF JUNE 30, 2011

(Dollars in Thousands)

<i><u>Fiscal Year</u></i>	<i><u>Amount</u></i>
2011-12	\$5,747
2012-13	4,823
2013-14	2,650
2014-15	2,427
2015-16	1,085
2016-2020	2,006
Net Minimum Lease Payments	<u>\$18,738</u>
Less Amount Representing Interest	(1,586)
Present Value of Net Minimum Lease Payments	<u>\$17,152</u>

Source: County of Kern Auditor-Controller-County Clerk

TABLE 19
COUNTY OF KERN
LONG-TERM OPERATING LEASE OBLIGATIONS
AS OF JUNE 30, 2011
(Dollars in Thousands)

<u><i>Fiscal Year</i></u>	<u><i>Amount</i></u>
2011-12	\$12,330
2012-13	11,767
2013-14	10,306
2014-15	8,621
2015-16	7,674
2016-2021	32,549
2021-2026	29,043
2026-2031	13,635
2032-2035	1
Total	\$125,926

Source: County of Kern Auditor-Controller-County Clerk

TABLE 20
COUNTY OF KERN PORTFOLIO STATISTICS
AS OF OCTOBER 31, 2011
(Dollars in Thousands)

<u>Investments</u>	<u>Book Value</u>	<u>Market Value</u>	<i>Average Yield to Maturity at Book Value</i>
Pooled Funds	\$46,181	\$46,181	0.380%
Money Market Accounts	45,354	45,354	0.480%
Negotiable CDs	30,000	29,980	1.028%
Commercial Paper - Discount	585,508	585,904	0.578%
Federal Agency Issues - Coupon	654,527	655,746	1.008%
Medium Term Notes	566,481	555,772	1.079%
Repurchase Agreements	23,999	23,999	0.100%
Total Securities	<u>\$1,952,050</u>	<u>\$1,942,936</u>	0.872%
Cash, Accruals and Payables	22,593	22,593	N/A
Total Portfolio	<u>\$1,974,643</u>	<u>\$1,965,529</u>	

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

TABLE 21
COUNTY OF KERN
AGING OF MATURING INVESTMENTS
AS OF OCTOBER 31, 2011

<u><i>Aging Interval</i></u>	<u><i>Par Value (In Thousands)</i></u>	<u><i>Percent of Portfolio</i></u>
0 - 366 days	\$1,081,452	55.56%
1 - 3 years	498,926	25.63%
3 - 5 years	365,975	18.81%
Over 5 years	0	0.00%
Total	\$1,946,353	100.00%

Source: County of Kern Treasurer-Tax Collector

TABLE 22

COUNTY OF KERN
 MAJOR EMPLOYERS
 AS OF JANUARY 2011

<i>Employer</i>	<i>Type of Business</i>	<i>Number of Employees</i>
Edwards Air Force Base	Government	11,000
County of Kern	Government	8,868
China Lake Naval Weapons Center	Government	6,000
Grimmway Enterprise	Agriculture	4,600
Giumarra Vineyards	Agriculture	3,500
Wm. Bolthouse Farms	Agriculture	2,350
San Joaquin Community Hospital	Hospital	1,600
Sun World	Agriculture	1,600
City of Bakersfield	Government	1,477
Mercy & Memorial Hospitals	Health Care	1,474
Chevron	Oil Production	1,440
Paramount Citrus	Agriculture	1,000
California State University, Bakersfield	Education	1,100
Dreyer's Grand Ice Cream	Food Processing	1,000
State Farm Insurance	Insurance	991
Kaiser Permanente	Health Care	900
Community Action Partnership of Kern	Non-profit	858
Aera Energy LLC	Energy	850
U.S. Borax	Chemicals	741
Frito-Lay	Food Processing	661
Target Distribution Center	Retail Distribution	653
IKEA Distribution	Retail Distribution	335
Sears Logistics	Logistics	250

Source: Information compiled by Kern Economic Development Corporation 2011

TABLE 23

COUNTY OF KERN
TOTAL AGRICULTURAL PRODUCTION VALUES
FOR YEARS 2006 THROUGH 2010
(Dollars in Thousands)

	<u>2006</u>	<u>2007⁽¹⁾</u>	<u>2008</u>	<u>2009⁽²⁾</u>	<u>2010</u>
Fruit and Nut Crops	\$1,636,785	\$1,871,861	\$1,787,077	\$2,012,491	\$2,699,492
Field Crops and Rangeland	393,565	542,866	562,302	285,671	383,658
Vegetable Crops	647,412	555,732	649,674	541,455	694,036
Nursery Crops	109,330	105,317	84,822	63,861	67,405
Industrial and Wood Crops	5,985	7,647	11,208	11,125	10,970
Seed Crops	5,701	6,039	4,621	7,305	6,767
Livestock and Poultry	215,277	230,431	232,545	182,769	284,603
Livestock and Poultry Products	426,099	732,707	651,132	469,313	555,680
Apiary Products	34,119	39,547	49,931	41,583	54,650
Totals	<u>\$3,474,273</u>	<u>\$4,092,147</u>	<u>\$4,033,312</u>	<u>\$3,615,573</u>	<u>\$4,757,261</u>

Source: Kern County Agricultural Crop Reports 2006 through 2010

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

⁽²⁾Revised values per 2010 Kern County Agricultural Crop Report.

TABLE 24

KERN COUNTY SANITARY LANDFILLS
CAPACITY STUDY SUMMARY AS OF JANUARY 1, 2011

<i>Landfill</i>	<i>Projected Closure Date</i>	<i>Calendar Year 2010 Disposal Tonnage</i>	<i>Calendar Year 2010 % of Total</i>	<i>Remaining Capacity (tons)</i>
Bena Phase 2A	May 2042	432,391	61%	20,203,082
Boron	May 2038	3,010	0%	94,664
Mojave-Rosamond	January 2019	8,663	1%	331,269
Ridgecrest	September 2015	49,506	7%	328,403
Shafter-Wasco	November 2055	118,763	17%	9,994,153
Taft	July 2070	32,269	5%	3,682,510
Tehachapi	May 2015	62,809	9%	323,854
Total		707,411	100%	34,957,935

Source: January 2011 Capacity Study, Kern County Sanitary Landfills

TABLE 25

COUNTY OF KERN
SYSTEM NON-RECYCLED WASTE DISPOSAL BY JURISDICTION

<u>Jurisdiction</u>	<i>Waste Disposal (tons) in Calendar Year 2010</i>	<i>Percentage of Total</i>
Unincorporated Kern County	326,115	44.16%
Cities Within Kern County		
Arvin	9,636	1.31%
Bakersfield	274,932	37.24%
California City	8,473	1.15%
Delano	26,422	3.58%
Maricopa	941	0.13%
McFarland	6,058	0.82%
Ridgecrest	26,632	3.61%
Shafter	16,768	2.27%
Taft	8,335	1.13%
Tehachapi	13,166	1.78%
Wasco	18,044	2.44%
All Cities Within Kern County	409,407	55.46%
Other Jurisdictions	2,802	0.38%
Total	738,324	100.0%

Source: Waste Management Jurisdictional Disposal Report for Calendar 2010

TABLE 26
COUNTY OF KERN
SOLID WASTE ENTERPRISE FUND HISTORICAL REVENUES AND EXPENDITURES
FOR FISCAL YEARS 2006-07 THROUGH 2010-11

	<u>2006-07</u>	<u>2007-08</u>	<u>2008-09</u>	<u>2009-10</u>	<u>2010-11</u>
Land Use Fee/Single Family Unit	\$66	\$70	\$72	\$75	\$75
Non-residential Tipping Fee	\$36	\$38	\$40	\$41	\$41
Tons Disposed	839,978	821,903	741,471	709,274	704,740
<u>Operating Revenue:</u>					
Land Use Fee	\$16,031,964	\$17,374,928	\$18,796,038	\$19,582,616	\$19,908,442
Gate Fee	11,590,031	10,987,223	8,657,182	8,486,648	9,059,234
Bin Fee	4,173,566	4,578,083	4,686,330	4,717,961	4,437,187
Other (includes interest income and tires)	4,472,186	4,477,678	2,988,562	3,186,341	2,353,480
Total Operating Revenue	<u>\$36,267,747</u>	<u>\$37,417,912</u>	<u>\$35,128,112</u>	<u>\$35,973,566</u>	<u>\$35,758,343</u>
<u>Operating Expense:</u>					
Salaries	\$9,610,961	\$10,784,234	\$11,409,588	\$11,427,906	\$11,916,225
Services and Supplies	16,983,257	17,377,079	17,225,208	14,046,730	14,895,012
Transfer to Closure Reserve	1,174,459	2,625,700	1,162,467	3,211,417	0
Other (excluding depreciation)	348,569	492,049	275,658	545,944	865,343
Total Operating Expense	<u>\$28,117,246</u>	<u>\$31,279,062</u>	<u>\$30,072,921</u>	<u>\$29,231,997</u>	<u>\$27,676,580</u>
Net Operating Revenue	\$8,150,499	\$6,138,850	\$5,055,191	\$6,741,569	\$8,081,763
1994 COP Principle and Interest	1,669,521	1,674,563	1,535,884	0	0
2002 COP Principle and Interest	542,795	548,737	561,224	2,165,121	2,037,206
Total Debt Service	<u>\$2,212,316</u>	<u>\$2,223,300</u>	<u>\$2,097,108</u>	<u>\$2,165,121</u>	<u>\$2,037,206</u>
<u>Debt Service Coverage Ratio 1:</u>					
Net Operating Revenue/Total Debt Service	3.68	2.76	2.41	3.11	3.97
Net Operating Revenue After Debt Service	\$5,938,183	\$3,915,550	\$2,958,083	\$4,576,448	\$6,044,557
<u>Non-operating Revenue (Expense):</u>					
Closure Project Expense	(\$47,449)	(\$27,438)	(\$4,708,674)	(\$1,237,796)	(\$582,973)
Pay-as-you-go Capital Projects	(9,312,370)	(1,087,188)	(2,077,811)	(732,369)	(5,910,877)
Capital Equipment	(192,512)	(881,172)	(233,606)	(145,315)	(7,774)
Other Non-operating Revenue	30,834	433,508	2,502	(342)	567
Net Non-operating Revenue (Expense)	<u>(\$9,521,497)</u>	<u>(\$1,562,290)</u>	<u>(\$7,017,589)</u>	<u>(\$2,115,822)</u>	<u>(\$6,501,057)</u>
Net Operating Revenue After Debt Service	\$5,938,184	\$3,915,550	\$2,958,083	\$4,576,448	\$6,044,557
Net Non-operating Revenue (Expense)	<u>(9,521,497)</u>	<u>(1,562,290)</u>	<u>(7,017,589)</u>	<u>(2,115,822)</u>	<u>(6,501,057)</u>
Total Income (Loss)	<u>(\$3,583,313)</u>	<u>\$2,353,260</u>	<u>(\$4,059,506)</u>	<u>\$2,460,626</u>	<u>(\$456,500)</u>
<u>Available Funds:</u>					
Beginning Balance	\$3,963,234	\$19,651,043	\$19,667,637	\$18,070,227	\$23,682,057
Total Income (Loss)	(3,583,314)	2,353,260	(4,059,506)	2,460,626	(456,500)
Draw from Closure Reserve	681,899	0	3,114,911	282,146	847,737
Draw to/from Other Reserves	10,509,000	(159,744)	0	198,036	0
Procees from Loans	0	0	0	640,000	(64,000)
Capital Lease Principal Payments	(49,081)	(101,000)	(104,906)	0	(55,976)
Other Adjustments to Available Funds	8,129,305	(2,075,922)	(547,909)	2,031,022	(4,840,137)
Ending Balance	<u>\$19,651,043</u>	<u>\$19,667,637</u>	<u>\$18,070,227</u>	<u>\$23,682,057</u>	<u>\$19,113,183</u>
<u>Debt Service Coverage Ratio 2:</u>					
Net Operating Revenue + Available Funds					
Beginning Balance / Debt Service	5.48	11.60	11.79	11.46	15.59

Source: County of Kern Waste Management Department

TABLE 27

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

Year	Tonnage Amount	% Change
2000	710,434	-1.29%
2001	709,577	-0.12%
2002	722,290	1.76%
2003	783,736	7.84%
2004	852,181	8.03%
2005	927,685	8.14%
2006	961,152	3.48%
2007	929,661	-3.39%
2008	846,020	-9.89%
2009	777,083	-8.87%
2010	764,562	-1.64%
2011	Unavailable	Unavailable

Source: Kern County Waste Management Department - Feasibility Study

TABLE 28

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

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

Source: Kern County Waste Management Department

TABLE 29

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

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Advances Payable - Year End Balance ⁽¹⁾	\$9,351,544	\$3,895,016	\$7,314,285	\$25,337,433	\$41,247,769	\$39,367,903	\$54,866,792	\$33,740,332
County Contribution:								
Realignment for Indigent Care	\$19,300,000	\$20,800,000	\$20,800,000	\$20,800,000	\$18,607,233	\$18,205,168	\$15,170,363	\$14,383,490
Juvenile Facility ⁽²⁾	500,000	1,575,000	2,112,000	2,000,000	3,000,000	3,719,000	3,719,000	3,719,000
Jail Inmate ⁽²⁾	4,400,000	6,950,000	8,888,000	9,700,000	12,100,000	13,718,000	13,718,000	13,718,000
Ambulance ⁽²⁾	100,000	75,000	100,000	-	-	-	-	-
Central Plant Capital Project	-	-	-	-	-	-	-	3,000,000
Total County Contribution	\$24,300,000	\$29,400,000	\$31,900,000	\$32,500,000	\$33,707,233	\$35,642,168	\$32,607,363	\$34,820,490
Write-off of General Fund Loans at June 30	-	-	-	6,366,000	11,037,000	15,000,000	-	-
TOTAL ADVANCES & COUNTY CONTRIBUTION	\$33,651,544	\$33,295,016	\$39,214,285	\$64,203,433	\$85,992,002	\$90,010,071	\$87,474,155	\$68,560,822

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

⁽²⁾ General Fund obligation