

New Issue - Book-Entry
CUSIP NO.: 492248AS8†

Rating: Standard & Poor's: "SP-1+"
See "RATING" herein.

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel to the County, under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Bond Counsel, interest on the Notes is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to other tax consequences with respect to the Notes.



\$155,000,000
COUNTY OF KERN, CALIFORNIA
2008-09 TAX AND REVENUE ANTICIPATION NOTES
Interest Rate: 3.00%
Yield: 1.58%

Dated: Date of Delivery

Maturity Date: June 30, 2009

The County of Kern's 2008-09 Tax and Revenue Anticipation Notes (the "Notes") will be delivered in fully registered form without coupons. The Notes will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York. The Depository Trust Company ("DTC") will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in the principal amount of \$25,000 and integral multiples of \$5,000 in excess thereof. Purchasers of the Notes (the "Beneficial Owners") will not receive certificates representing their interests in the Notes. Interest on the Notes will be paid on the Maturity Date. The principal of and interest on the Notes will be paid by the County Treasurer-Tax Collector as Fiscal Agent (the "Fiscal Agent") to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. **The Notes will not be subject to redemption prior to maturity.** See "THE NOTES—Description of the Notes" herein.

In accordance with California law, the Notes are general obligations of the County, but are payable only out of taxes, income, revenue, cash receipts and other moneys of the County allocable solely to Fiscal Year 2008-09 and legally available therefor. In the Resolution (as defined herein) the County pledges and agrees to pay to the Fiscal Agent for deposit in the Repayment Fund (as defined herein) (i) a sum equal to thirty percent (30%) of the aggregate principal amount of the Notes from the first moneys received by the County during the month of February 2009, and available for payment of the Notes, and (ii) a sum equal to forty percent (40%) of the aggregate principal amount of the Notes from the first moneys received by the County during the month of April 2009, and available for payment of the Notes, and (iii) a sum equal to (a) thirty percent (30%) of the aggregate principal amount of the Notes plus (b) interest accrued and to accrue thereon to the maturity thereof, from the first moneys received by the County during the month of May 2009, and available for the payment of the Notes. The Resolution provides that the principal of and interest on the Notes shall constitute a first lien on the amounts as pledged, and to the extent not paid from such pledged moneys, are payable from any other lawfully available moneys of the County. See "THE NOTES—Security for the Notes" herein.

See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of certain factors which should be considered, in addition to other matters set forth herein, in evaluating an investment in the Notes.

THIS COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. IT IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

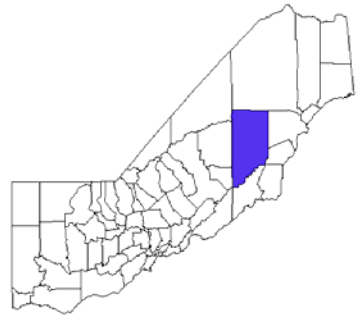
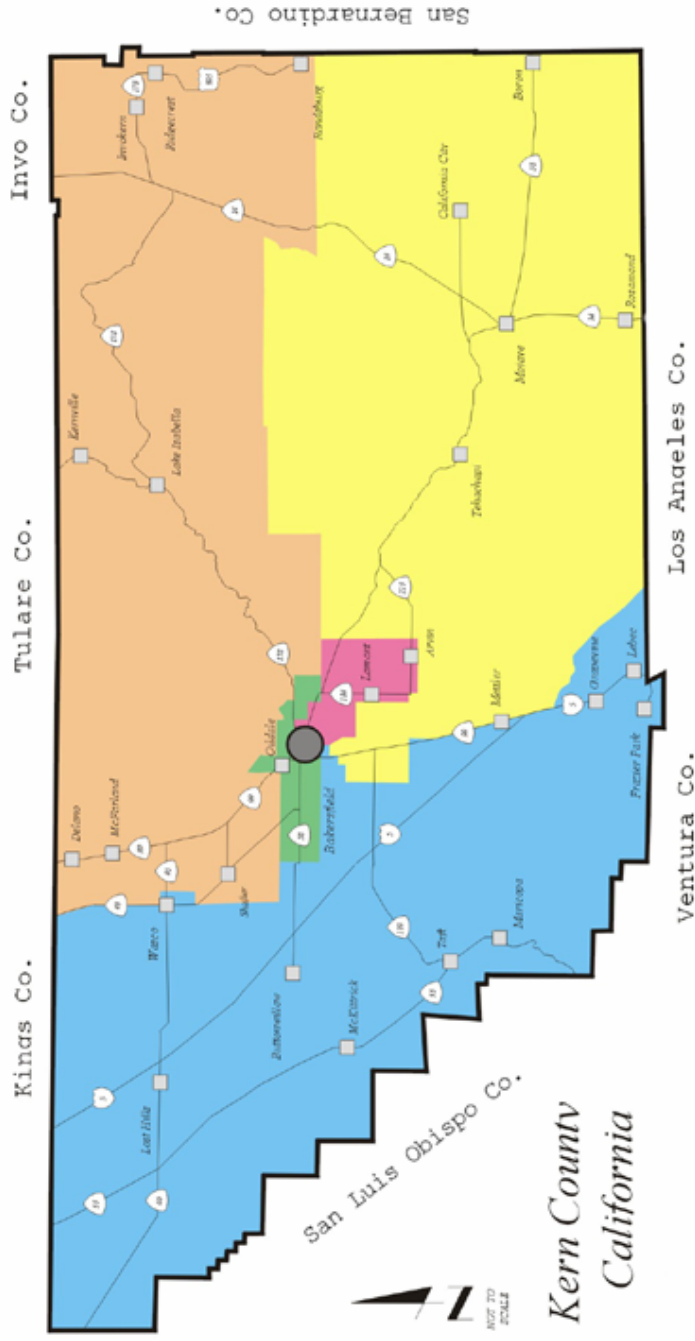
The Notes are offered subject to the final approving opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel to the County, and certain other conditions. Certain legal matters will be passed upon for the County by its Disclosure Counsel, Stradling Yocca Carlson & Rauth, and for the County by the County Counsel. It is anticipated that the Notes, in definitive form, will be available for delivery to DTC on or about July 1, 2008.

This Official Statement is dated June 5, 2008.

Banc of America Securities LLC

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COUNTY OF KERN, CALIFORNIA



COUNTY OF KERN, STATE OF CALIFORNIA

BOARD OF SUPERVISORS

Michael J. Rubio, Chairman
Don Maben, Vice Chairman
Raymond A. Watson
Jon McQuiston
Mike Maggard

Fifth District
Second District
Fourth District
First District
Third District

COUNTY OFFICIALS

Ronald M. Errea, County Administrative Officer
Jackie Denney, Treasurer-Tax Collector
Ann K. Barnett, Auditor-Controller-County Clerk
Bernard C. Barmann, Sr., County Counsel

FISCAL AGENT

The County of Kern Treasurer-Tax Collector

BOND AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation
Sacramento, California

FINANCIAL ADVISOR

KNN Public Finance
A Division of Zions First National Bank
Oakland, California

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriter to give any information or to make any representations in connection with the offer or sale of the Notes other than those contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers or owners of the Notes. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from the County and other sources which the County believes to be reliable. The information and expression of opinion herein are subject to change without notice and neither delivery of the Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County or any other parties described herein since the date hereof. All summaries of the Resolution or other documents are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the County for further information in connection therewith.

In connection with the offering of the Notes, the Underwriter may overallocate or effect transactions which stabilize or maintain the market price of such notes at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Notes to certain dealers and dealer banks and banks acting as agents at prices lower than the public offering prices stated on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

The Notes have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption contained in such act. The Notes have not been registered or qualified under the securities laws of any state.

CAUTIONARY STATEMENTS REGARDING
FORWARD-LOOKING STATEMENTS IN
THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the caption "COUNTY FINANCIAL INFORMATION" in this Official Statement. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The County does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

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- APPENDIX A: Certain Economic and Demographic Information regarding the County of Kern
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Ending June 30, 2007
- APPENDIX C: Kern County Cash Flow Statements
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OFFICIAL STATEMENT
\$155,000,000
COUNTY OF KERN, CALIFORNIA
2008-09 TAX AND REVENUE ANTICIPATION NOTES

INTRODUCTION

This Official Statement, including the cover page, the table of contents and appendices, has been prepared in connection with the issuance by the County of Kern, California (the “County”) of its 2008-09 Tax and Revenue Anticipation Notes (the “Notes”), and contains certain information relating to the Notes and the County.

All quotations from, and summaries and explanations of, provisions of the laws of the State of California (the “State”) and acts and proceedings of the County contained herein, do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Notes and the proceedings of the County relating thereto are qualified in their entirety by reference to the Notes and such proceedings.

Continuing Disclosure

The County has covenanted upon the occurrence of any of certain “Listed Events,” to report the occurrence of such event to the Municipal Securities Rulemaking Board and the State information depository, if any, if such event would constitute material information for the Owners of the Notes. See “Continuing Disclosure” for a description of the specific nature of the notices of material events. These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12(b)(5) of the Securities and Exchange Commission. The County has not failed to comply in any material respects in the last five years with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. A copy of the Resolution (as defined herein) is available, upon request, and upon payment to the County of a charge for copying, mailing and handling, from the office of the County Administrative Officer at 1115 Truxtun Avenue, 5th Floor, Bakersfield, CA 93301.

THE NOTES

Authority for Issuance

The Notes are authorized to be issued under the authority of Article 7.6, Chapter 4, Part 1, Division 2, Title 5, Sections 53850 et seq. of the California Government Code (the “Act”), and pursuant to a Resolution duly adopted by the Board of Supervisors of the County on May 27, 2008 (the “Resolution”).

Purpose of Issue

The issuance of the Notes will provide moneys to meet the County’s Fiscal Year 2008-09 General Fund expenditures, including current expenses, capital expenditures, and the discharge of other obligations or indebtedness of the County. For additional information regarding General Fund expenditures see “COUNTY FINANCIAL INFORMATION” and APPENDIX C—“KERN COUNTY CASH FLOW STATEMENTS.”

Description of the Notes

The Notes will be dated, will mature, and will bear interest at the rate per annum as shown on the cover page hereof computed on the basis of a 30 day month, 360 day year. The Notes will be registered in the

name of Cede & Company, as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Notes. Individual purchases of the Notes will be made in book-entry form only, in denominations of \$25,000 and in integral multiples of \$5,000 in excess thereof. Beneficial Owners (as defined below) of the Notes will not receive physical certificates representing the Notes purchased. Interest on the Notes will be paid on the Maturity Date. The principal of and interest on the Notes will be paid by the County Treasurer-Tax Collector as Fiscal Agent (the “Fiscal Agent”) to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners of the Notes. The Notes will not be subject to redemption prior to maturity.

Book-Entry Only System

The information herein concerning The Depository Trust Company (“DTC”), New York, New York, and DTC’s book entry system has been obtained from DTC and neither the County nor the Underwriter take any responsibility for the completeness or accuracy thereof. The County cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants (each as defined herein) will distribute to the Beneficial Owner (as defined herein) (a) payments of interest, principal or premium, if any, with respect to the Notes, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Notes, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Notes, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Note will be issued for each maturity and series of the Notes, each in the aggregate principal amount of such maturity and series, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, All of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com And www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the

transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Notes within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the County or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the County or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, security certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

Security for the Notes

As security for the payment of the principal of and interest on the Notes, the County pledges in the Resolution its Unrestricted Revenues (defined below) as follows: (i) a sum equal to thirty percent (30%) of the aggregate principal amount of the Notes from the first moneys received by the County during the month of February 2009, and available for payment of the Notes, and (ii) a sum equal to forty percent (40%) of the aggregate principal amount of the Notes from the first moneys received by the County during the month of April 2009, and available for payment of the Notes, and (iii) a sum equal to (a) thirty percent (30%) of the aggregate principal amount of the Notes plus (b) interest accrued and to accrue thereon to the maturity thereof, from the first moneys received by the County during the month of May 2009, and available for the payment of the Notes.

“Unrestricted Revenues” means taxes, income, revenue, cash receipts and other moneys which are received for the General Fund of the County during or allocable to Fiscal Year 2008-09 and which are generally available for the payment of current expenses and other obligations of the County. The General Fund means the following funds of the County: General Fund, Structural Fire Fund, Accumulated Capital Outlay Fund – General, and Accumulated Capital Outlay Fund – Fire and the Tobacco Litigation Settlement Fund. The Unrestricted Revenues required to be deposited in the 2008-09 Tax and Revenue Anticipation Notes Repayment Fund (the “Repayment Fund”) (as described below) shall be hereinafter referred to as the “Pledged Revenues.” The principal of and interest on the Notes shall, to the extent not paid from the Pledged Revenues, be paid to the Fiscal Agent for deposit into the Repayment Fund from any other lawfully available moneys of the County.

Note Repayment Fund

In accordance with the provisions of the Resolution, the Pledged Revenues must be deposited (in cash or Permitted Investments which have a market value on the date of transfer equal to the amount required to be transferred) by the County with, and held in trust by the County Treasurer-Tax Collector as Fiscal Agent (the “Fiscal Agent”) in the Repayment Fund. The principal of and interest on the Notes shall constitute a first lien and charge on amounts deposited in the Repayment Fund and any money deposited in the Repayment Fund shall be for the ratable benefit of the owners of the Notes. Until the principal of the Notes and all interest due thereon are paid in full, the moneys in the Repayment Fund shall be applied only for the purposes for which the Repayment Fund was created. The Pledged Revenues are required to be deposited by the County in the Repayment Fund no later than February 28, 2009, April 30, 2009 and May 31, 2009, respectively. If the amount of Pledged Revenues deposited in the Repayment Fund by February 28, 2009, April 30, 2009 or May 31, 2009 is less than the amount required to be deposited by such date, the amount of the deficiency shall be satisfied and made up, and paid to the Fiscal Agent for deposit in the Repayment Fund, from any other moneys of the County lawfully available for payment of the Notes by the last Business Day of the next succeeding calendar month. In any event, funds sufficient to pay the principal of and interest on the Notes shall, to the extent not paid to the Fiscal Agent from Pledged Revenues, be paid to the Fiscal Agent from any other moneys of the County lawfully available therefor on June 30, 2009. On the maturity date of the Notes, the Fiscal Agent shall transfer by wire transfer to DTC the amount of money from the Repayment Fund necessary to pay the principal of and interest due at maturity on the Notes. Any balance in the Repayment Fund in excess of the amounts needed to pay the principal of and interest on the Notes shall be transferred to the General Fund of the County following the payment in full of the principal of and interest on the Notes or the transfer to DTC of funds sufficient to make such payment.

Investment of Repayment Fund; Permitted Investments

The Resolution provides that moneys held by the Fiscal Agent in the Repayment Fund shall be invested in one or more Permitted Investments. Interest earned on the Repayment fund may be credited to the General Fund of the County quarterly and shall not be part of the Pledged Revenues.

“Permitted Investments” means (if and to the extent permitted by law), the following; provided, however, that in no event shall any Permitted Investment mature or otherwise be payable such that moneys

will be available later than the Maturity Date, or be rated below “AA-” and/or “A-1+” by S&P (except with respect to items (13) and (14) below which are not subject to the foregoing rating restrictions):

(1) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

(2) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

- a. Farmers Home Administration
Certificates of beneficial ownership
- b. Federal Housing Administration Debentures
- c. General Services Administration
Participation Certificates
- d. Government National Mortgage Association (GNMA)
GNMA - guaranteed mortgage-backed bonds
GNMA - guaranteed pass-through obligations (Participation Certificates)
- e. U.S. Maritime Administration
Guaranteed Title XI financing
- f. U.S. Department of Housing and Urban Development
Project Notes
Local Authority Bonds

(3) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself).

- a. Federal Home Loan Bank System
Senior obligations (consolidated debt obligations)
- b. Federal Home Loan Mortgage Corporation (FMAC)
Participation Certificates (mortgage backed securities)
Senior debt obligations
- c. Federal National Mortgage Association (FNMA)
Mortgage-backed securities and senior debt obligations (excluded are stripped mortgage securities which are valued greater than par on the portion of unpaid principal.)
- d. Student Loan Marketing Association
Senior debt obligations
- e. Resolution Funding Corp. (REFCORP)
Only the interest component of REFCORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable.
- f. Farm Credit System
Consolidated system wide bonds and notes

(4) Money market funds registered under the federal Investment Company Act of 1940, whose shares are registered under the federal Securities Act of 1933, and having a rating by S&P of AAAM-G; AAAM; or AAm. Such money market funds may include funds for which the Fiscal Agent, its affiliates or subsidiaries provide investment advisory or other management services.

(5) Certificates of deposit (CD's) secured at all times by collateral described in (1) and/or (2) above. CD's must have a one year or less maturity. Such certificates must be issued by commercial banks (including the Fiscal Agent), savings and loan associations or mutual savings banks whose short term obligations are rated A-1+ or better by S&P.

The collateral must be held by a third party and the Owners must have a perfected first security interest in the collateral.

(6) Certificates of deposit, savings accounts, deposit accounts or money market deposits (including those of the Fiscal Agent) which are fully insured by Federal Deposit Insurance Corporation, including BIF and SAIF.

(7) Investment Agreements, including guaranteed investment contracts, acceptable to S&P.

(8) Commercial paper rated "Prime-1" by Moody's and "A-1+" or better by S&P.

(9) Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest long-term rating categories assigned by such agencies.

(10) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1+" or better by S&P.

(11) Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria:

a. Repurchase agreements must be between the municipal entity and a dealer bank or securities firm:

A. Primary dealers on the Federal Reserve reporting dealer list which fall under the jurisdiction of the Securities Investor Protection Corporation (SIPC) and which are rated "AA" or better by S&P and Moody's, or

B. Banks rated "AA" or above by S&P and Moody's.

b. The written repurchase contract must include the following:

A. Securities which are acceptable for transfer are:

(i) Direct U.S. governments

(ii) Federal agencies backed by the full faith and credit of the U.S. Government (and FNMA & FMAC)

B. The term of the repurchase agreement may be up to 30 days

- C. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).
- D. The trustee has a perfected first priority security interest in the collateral.
- E. Collateral is free and clear of third-party liens and in the case of SIPC broker was not acquired pursuant to a repurchase agreement or reverse repurchase agreement.
- F. Failure to maintain the requisite collateral percentage, after a two day restoration period, will require the trustee to liquidate collateral.
- G. Valuation of Collateral
 - (i) The securities must be valued weekly, marked-to-market at current market price plus accrued interest.
 - (ii) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FMAC, then the value of collateral must equal 105%.

c. Legal opinion which must be delivered to the municipal entity:

- A. The Repurchase Agreement meets guidelines under state law for legal investment of public funds.
- (12) Pre-refunded municipal bonds rated “Aaa” by Moody’s and “AAA” by S&P.
 - (13) State of California Local Agency Investment Fund.
 - (14) Kern County Pooled Investment Fund.
 - (15) Any other investment authorized by S&P.

For purposes of Permitted Investments, the following capitalized terms shall have the following meanings:

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007 its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041, its successors and assigns, except that if such corporation shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the County.

Pursuant to the Resolution, all such Permitted Investments shall mature or otherwise be repayable so as to provide for timely payment of principal and interest on the Notes when due.

COUNTY FINANCIAL INFORMATION

The following is a description of the County's budget process, historical budget information, changes in fund balance, balance sheets, its major revenues and expenditures, indebtedness, investments and certain other financial information relating to the County.

Budget Procedure and Historical Budget Information

The County is required by State law to adopt on or before August 31st each year a fiscal line item budget setting forth estimated expenditures, revenues, and fund balances available so that appropriations during the then current fiscal year will not exceed available financing. However, the County may, by resolution, extend on a permanent basis or for a limited period, the date from August 31st to October 2nd. The Auditor-Controller-County Clerk is responsible for controlling expenditures within budgeted appropriations.

A final 2007-08 budget was adopted by the Board of Supervisors of the County on June 26, 2007. The County's adopted budget assumes the timely receipt of certain funds from the State. The County believes that it has been reasonable in formulating these assumptions, based on historical information and the current State budget. Nevertheless, any changes to the State budget during its fiscal year may affect the County's final budget, including its appropriations and expenditures. If the State decreases the amount of revenues to be allocated to the County, the County will consider commensurate adjustments to its projected revenues and to its appropriations. See "STATE FINANCIAL INFORMATION."

The following tables present, with respect to the County's general fund, special revenue funds and capital project funds (collectively, the "Governmental Funds"), (i) the County's actual revenues and expenses for the 2005-06 Fiscal Year and the 2006-07 Fiscal Year and the adopted budget for the 2007-08 Fiscal Year; (ii) the County's statement of general fund revenue and expenses for each of the past four fiscal years ended June 30; and (iii) the County's general fund balance sheet as of June 30 for each of the past four fiscal years.

**TABLE 1
COUNTY OF KERN
GOVERNMENTAL FUNDS BUDGETS**

| | <i>Actual 2005-06</i> <u>Expenditures</u> | <i>Actual 2006-07</i> <u>Expenditures</u> | <i>Adopted 2007-08</i> <u>Budget</u> |
|--------------------------------|--|--|---|
| REQUIREMENTS: | | | |
| General Government | \$80,807,579 | \$96,090,643 | \$180,002,693 |
| Public Protection | 377,051,639 | 417,987,217 | 479,524,538 |
| Public Ways and Facilities | 44,189,183 | 48,515,411 | 67,747,629 |
| Health and Sanitation | 157,347,883 | 164,417,630 | 199,164,578 |
| Public Assistance | 347,245,977 | 356,529,025 | 374,180,864 |
| Education | 8,609,155 | 10,155,134 | 10,318,462 |
| Recreation and Cultural | 12,168,387 | 13,901,462 | 14,597,382 |
| Debt Service | 8,101,507 | 11,097,556 | 11,055,983 |
| Contingencies and Reserves | <u>0</u> | <u>40</u> | <u>58,527,181</u> |
| Total Requirements | \$1,035,521,310 | \$1,118,694,078 | \$1,395,119,310 |
| AVAILABLE FUNDS: | | | |
| Current Property Taxes | \$172,594,064 | \$211,624,168 | \$218,974,900 |
| Other Taxes | 107,665,035 | 125,919,745 | 135,418,541 |
| Licenses, Permits & Franchises | 14,785,588 | 15,051,943 | 15,445,241 |
| Fines, Forfeits & Penalties | 22,938,103 | 21,537,577 | 24,959,925 |
| Use of Money & Property | 14,222,207 | 27,144,311 | 17,506,248 |
| Aid From Other Gov't. Agencies | 572,424,477 | 609,740,004 | 679,254,351 |
| Charges for Current Services | 143,258,067 | 141,278,177 | 168,288,667 |
| Miscellaneous Revenues | 23,627,239 | 19,711,900 | 18,912,449 |
| Other Financing Sources | 91,033 | 476,592 | 21,559,739 |
| Use of Available Fund Balance | <u>--</u> | <u>--</u> | <u>94,799,249</u> |
| Total Available Funds | \$1,071,605,813 | \$1,172,484,417 | \$1,395,119,310 |

Source: County of Kern Fiscal Year 2007-08 Final Budget.

TABLE 2
COUNTY OF KERN
STATEMENT OF GENERAL FUND REVENUES AND EXPENDITURES
FISCAL YEARS ENDED JUNE 30,
(Dollars in thousands)

| | <i>2004</i> | <i>2005⁽²⁾</i> | <i>2006</i> | <i>2007</i> |
|--|------------------|---------------------------|-----------------------------|-------------------|
| <u>Revenues:</u> | | | | |
| Taxes | \$ 104,020 | \$ 181,196 | \$ 225,815 | \$ 270,050 |
| Licenses, Permits, and Franchises | 8,442 | 9,124 | 9,264 | 10,125 |
| Fines, Forfeits, and Penalties | 14,891 | 16,190 | 14,922 | 12,901 |
| Use of Money and Property | 4,686 | 5,843 | 11,787 | 21,073 |
| Aid from other Governmental Agencies | 151,326 | 121,840 | 108,021 | 122,182 |
| Charges for Current Services | 80,357 | 85,578 | 82,913 | 90,224 |
| Other Revenues | <u>75,513</u> | <u>86,067</u> | <u>6,334</u> | <u>4,844</u> |
| Total Revenues | \$ 439,235 | \$ 505,838 | \$ 459,056 | \$ 531,399 |
| <u>Expenditures:</u> | | | | |
| General Government | \$ 84,522 | \$ 76,902 | \$ 81,122 | \$ 93,415 |
| Public Protection | 218,781 | 231,248 | 254,325 | 276,868 |
| Health and Sanitation | 101,613 | 109,675 | 34,606 | 38,090 |
| Public Assistance | 16,241 | 15,242 | 14,443 | 14,113 |
| Education | 8,055 | 8,313 | 8,610 | 10,151 |
| Recreational and Cultural Services | 11,231 | 12,489 | 12,167 | 13,720 |
| Public Ways and Facilities | 0 | 0 | 0 | 0 |
| Capital Outlay | 12,748 | 539 | 6,110 | 2,326 |
| Debt Service ⁽¹⁾ | <u>1,517</u> | <u>3,329</u> | <u>4,957</u> | <u>7,120</u> |
| Total Expenditures | \$ 454,708 | \$ 457,737 | \$ 416,340 | \$ 455,803 |
| Excess Revenues Over (Under) Expenditures | (\$ 15,473) | \$ 48,101 | \$ 42,716 | \$ 75,596 |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Operating Transfers In | \$ 46,329 | \$ 46,733 | \$ 56,676 | \$ 66,367 |
| Operating Transfers Out | (68,218) | (89,768) | (83,516) | (95,545) |
| Inception of Capital Leases | <u>12,748</u> | <u>539</u> | <u>6,110</u> | <u>2,326</u> |
| Total Other Financing Sources (Uses) | (\$ 9,141) | (\$ 42,496) | (\$ 20,730) | (\$ 26,852) |
| Fund Balance at Beginning of Year | \$ 98,314 | \$ 73,700 | \$ 79,305 | \$ 126,395 |
| Prior Period Adjustment | <u>0</u> | <u>0</u> | <u>25,104⁽³⁾</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$ 73,700</u> | <u>\$ 79,305</u> | <u>\$ 126,395</u> | <u>\$ 175,139</u> |

⁽¹⁾ Does not include debt service on the County's Taxable Pension Obligation Bonds, Series 1995 and 2003. Such debt service is allocated by the County among other expenditure categories.

⁽²⁾ In 2005 amounts previously characterized as Aid from other Governmental Agencies were characterized as Taxes as a result of the "Triple Flip" and the implementation of the Local Government Agreement. See "STATE FINANCIAL INFORMATION—Sales and Property Tax Swap—the "Triple Flip" " and "Vehicle License Fee; Local Government Agreement."

⁽³⁾ A prior period adjustment in the amount of \$25,104,000 was necessary to reclassify deferred income to fund balance available in the General Fund due primarily to a misinterpretation pertaining to taxes receivable during the implementation of GASB 33.

Source: County of Kern Auditor-Controller-County Clerk's Office.

TABLE 3
COUNTY OF KERN
GENERAL FUND BALANCE SHEET
AT JUNE 30, 2007
(Dollars in thousands)

| | <i>2004</i> | <i>2005</i> | <i>2006</i> | <i>2007</i> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| ASSETS: | | | | |
| Pooled Cash and Investments | \$ 38,222 | \$ 61,414 | \$ 77,278 | \$114,382 |
| Revolving Fund Cash | 1,107 | 1,121 | 1,129 | 1,115 |
| Interest Receivable | 428 | 1,229 | 2,435 | 3,828 |
| Loans Receivable | 0 | 0 | 0 | 0 |
| Taxes Receivable | 25,179 | 25,565 | 32,864 | 37,000 |
| Accrued Revenue | 23,718 | 16,354 | 23,320 | 26,326 |
| Due from Other Funds | 7,895 | 5,954 | 6,665 | 6,728 |
| Due from Other Agencies | 1,726 | 3,903 | 60 | 338 |
| Advances to Other Funds | 18,104 | 18,351 | 14,545 | 27,654 |
| Deposits with Others | 205 | 205 | 205 | 205 |
| Inventory Materials and Supplies | <u>36</u> | <u>34</u> | <u>71</u> | <u>69</u> |
| TOTAL ASSETS | \$116,620 | \$134,130 | \$158,572 | \$217,685 |
| LIABILITIES AND FUND BALANCE: | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 2,866 | \$ 5,489 | \$ 5,654 | \$ 5,594 |
| Salaries & Employee Benefits Payable | 12,222 | 13,464 | 16,225 | 18,690 |
| Due to Other Funds | 193 | 2,111 | 1,305 | 2,757 |
| Due to Other Agencies | 0 | 3,910 | 0 | 0 |
| Loans Payable | 0 | 0 | 0 | 0 |
| Deferred Revenue | <u>27,639</u> | <u>29,851</u> | <u>8,993</u> | <u>15,505</u> |
| Total Liabilities | \$ 42,920 | \$ 54,825 | \$ 32,177 | \$ 42,546 |
| Fund Balance: | | | | |
| Reserved | \$ 27,552 | \$ 22,892 | \$ 45,409 | \$ 85,976 |
| Unreserved | <u>46,148</u> | <u>56,413</u> | <u>80,986</u> | <u>89,163</u> |
| Total Fund Balance | \$ 73,700 | \$ 79,305 | \$126,395 | \$175,139 |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$116,620</u> | <u>\$134,130</u> | <u>\$158,572</u> | <u>\$217,685</u> |

Source: County of Kern Auditor-Controller-County Clerk's Office.

Major Revenues

The County derives its revenues from a variety of sources including ad valorem property taxes, sales and use taxes, licenses, permits and franchises issued by the County, use of County property and money, aid from other governmental agencies, charges for services provided by the County and other miscellaneous revenues. For Fiscal Years 2005-06 through 2007-08, the approximate percentages of the County's total Governmental Funds budgeted revenues, as provided by the County Auditor-Controller-County Clerk, were allocated as follows:

**TABLE 4
COUNTY OF KERN
BREAKDOWN OF BUDGETED
REVENUE SOURCES**

| | <i>Budgeted 2005-06</i> | <i>Budgeted 2006-07</i> | <i>Budgeted 2007-08</i> |
|---|-----------------------------|-----------------------------|-----------------------------|
| Taxes | | | |
| Current Property Taxes | 13.9% | 15.3% | 15.7% |
| Other Taxes | 6.9 | 8.9 | 9.7 |
| Licenses, Permits and Franchises | 1.3 | 1.2 | 1.1 |
| Fines, Forfeitures and Penalties | 2.1 | 1.7 | 1.8 |
| Use of County Property and Money | 0.9 | 1.3 | 1.3 |
| Aid from Other Governmental Agencies | | | |
| Federal Aid | 20.0 | 19.4 | 16.8 |
| State Aid (less Discretionary VLF) ⁽¹⁾ | 33.3 | 32.2 | 31.9 |
| Charges for Services | 12.8 | 12.1 | 12.0 |
| Miscellaneous Other Revenue/Balances from Previous Year | 8.8 | 7.9 | 9.7 |
| TOTAL | 100% | 100% | 100% |

(1) See "STATE FINANCIAL INFORMATION- Sales and Property Tax Swap—the 'Triple Flip' " and "—Vehicle License Fee; Local Government Agreement" herein.

Source: County of Kern Auditor-Controller-County Clerk's Office for Budgeted 2005-06 and Kern County Administrative Office for Budgeted 2006-07 and 2007-08.

Ad Valorem Property Taxes

Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured," and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Other property is assessed on the "unsecured roll."

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared to be in default on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the County Treasurer-Tax Collector.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid on August 31. A ten percent penalty attaches to delinquent taxes on property on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1. The taxing authority has four ways of collecting unsecured personal property taxes: (1) filing a civil action against the taxpayer; (2) filing a certificate in the office of the County Auditor-Controller-County Clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for recording in the County Recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizing and selling of personal property, improvements or possessory interests belonging or assessed to the assessee.

State law allows exemptions from ad valorem property taxation of \$7,000 of full value of owner occupied dwellings. However, the State reimburses all local taxing authorities for the loss of revenues imputed

on these exemptions. The State Constitution and various statutes provide exemptions from ad valorem property taxation for certain classes of property such as churches, colleges, tax-exempt nonprofit hospitals and tax-exempt charitable institutions.

The California Community Redevelopment Law authorizes redevelopment agencies to issue bonds payable from the allocation of tax revenues resulting from increases in assessed valuations of properties within designated project areas. In effect, in such project areas, local taxing authorities, such as the County, realize tax revenues only on the frozen base assessed valuations.

Set forth below is certain information regarding County property tax collections. During Fiscal Year 2007-08, these tax collections are estimated to be allocated approximately 28.4% to the County, 6.3% to the cities, 5.4% to the special districts and 59.9% to the schools within the County.

TABLE 5
COUNTY OF KERN
SUMMARY OF TAX LEVIES AND COLLECTIONS FOR THE SECURED TAX ROLL
FISCAL YEARS 2002-03 THROUGH 2007-08
(Dollars in thousands)

| <i>Fiscal Year</i> | <i>Total Levy</i> | <i>Total Collected⁽¹⁾</i> | <i>Total Collected at Fiscal Year-End as Percent of Tax Levy</i> |
|------------------------|-------------------|--------------------------------------|--|
| 2002-03 | \$552,471 | \$538,096 | 97.4% |
| 2003-04 | 581,097 | 565,237 | 97.3 |
| 2004-05 | 629,659 | 614,352 | 97.6 |
| 2005-06 | 717,670 | 695,719 | 96.9 |
| 2006-07 | 857,254 | 812,417 | 94.8 |
| 2007-08 ⁽²⁾ | 971,060 | 909,901 | 93.7 |

⁽¹⁾ Figures do not include any penalties collected or any penalties due with delinquency amount.

⁽²⁾ As of April 30, 2008.

Source: County Comprehensive Annual Financial Report for Fiscal Years 2002-03 –Fiscal Year 2005-06.
Kern County Auditor-controller for Fiscal Year 2007-08.

Set forth below is certain information regarding assessed values within the County.

TABLE 6
COUNTY OF KERN
ASSESSED VALUATION
FISCAL YEARS 2003-04 THROUGH 2007-08
(Dollars in thousands)

| <i>Fiscal Year</i> | <i>Secured Assessed Valuation⁽¹⁾</i> | <i>Unsecured Assessed Valuation</i> | <i>Less Exemptions⁽²⁾</i> | <i>Net Assessed Valuation</i> |
|--------------------|---|-------------------------------------|--------------------------------------|-------------------------------|
| 2003-04 | \$45,111,129 | \$2,122,090 | \$(3,031,218) | \$44,202,001 |
| 2004-05 | 48,610,073 | 2,189,943 | (3,329,023) | 47,470,993 |
| 2005-06 | 56,225,478 | 2,316,034 | (3,761,882) | 54,779,630 |
| 2006-07 | 68,606,975 | 2,566,299 | (4,555,548) | 66,617,726 |
| 2007-08 | 76,929,892 | 2,727,563 | (5,428,634) | 74,228,821 |

⁽¹⁾ Includes Aircraft and Public Utilities.

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

Source: County of Kern Tax Rates and Assessed Valuations Book, Fiscal Year 2003-04 through Fiscal Year 2007-08.

A significant portion of assessed valuation in the County is attributable to the value of oil and gas deposits which is subject to fluctuation from year to year. For Fiscal Year 2007-08 the total assessed valuation of oil and gas properties increased 6.52% over Fiscal Year 2006-07. Oil and gas valuation represents 27.4% of the County's total assessed valuation for Fiscal Year 2007-08. The assessed valuation for all other rolls (both secured and unsecured) in Fiscal Year 2007-08 increased 12.7% from Fiscal Year 2006-07. The increase in these other rolls, coupled with the increase in the oil and gas roll, brought about a 10.9% overall increase in the County's total assessed valuation for Fiscal Year 2007-08.

As shown on Table 6, the Assessed Valuation in the County has grown significantly in recent years, ranging from approximately 7.4 % growth in Fiscal Year 2004-05 to its most recent high growth rate of approximately 21.6% in Fiscal Year 2006-07. This significant increase in housing prices and associated assessed value translated into growth in property tax revenues, which make up approximately 28% of the County's General Fund revenue. However, there has been a significant slowdown in the housing market in the area, as in many parts of the State and the nation. This slowdown in the County is indicated in part by the trend in foreclosures, of which there were 1,020 in 2004, 280 in 2005, 408 in 2006, and 3,007 in 2007. For the period from January 1 through May 31, 2008, there were 3,208 foreclosures.

In addition, Notice of Default filings have significantly increased, with 2,980 in 2004, 2,058 in 2005, 3,275 in 2006, and 8,651 in 2007. For the period from January 1 through May 31, 2008, there were 6,186 Notice of Default Filings. (There are a total of 433,777 parcels assessed in this current fiscal year.) A Notice of Default Filing is the first step a mortgage-holder must take in a foreclosure proceeding, but does not necessarily result ultimately in foreclosure, as the default may be cured prior to actual foreclosure.

Another indicator of the housing market slowdown is the County Assessor's announcement in early 2008 of an anticipated decrease in assessed value for approximately 40,000 properties. (This review is focusing on properties purchased between July 2004 and December 2007.) The Assessor is in the process of reviewing these properties and adjusting the assessed valuation in conformance with Proposition 8 State requirements. The impact on General Fund revenue is undetermined at this time.

As previously mentioned, a significant portion of assessed valuation in the County is attributable to oil and gas properties. Due to the current market for oil and gas, development is continuing in this area. Growth in assessed valuation in oil and gas and industrial properties is expected to offset declines in residential values. Overall, the Tax Roll for Fiscal Year 2008-09 is still anticipated to remain at the Fiscal Year 2007-08 levels with little to no net growth anticipated. Actual assessed valuation will depend on a variety of regional, statewide, and national factors, including but not limited to the state of the overall economy, unemployment levels, and prevailing mortgage interest rates.

Under the California Constitution, property owners may protest the assessed value of their property to the county assessment appeals board. The assessment appeals board has jurisdiction to raise or lower the property assessed valuation, thereby affecting the amount of property taxes payable by the property owner for the tax year in question as well as future tax years. Annually, the County evaluates the protests filed by property owners and maintains, based on the opinion of the County Counsel, adequate reserves to fund significant tax refunds in the event of a successful protest. There are no materially significant appeals pending at this time.

As in previous years, several assessment appeals are before the Kern County Assessment Appeals Board for disputed values. As of June 30, 2007, the County estimates that the total amount of tax revenue likely to be refunded to the taxpayers related to these cases will not exceed \$2.9 million. As of April 30, 2008, the balance in the County's Tax Liability Reserve is approximately \$2.2 million. However, the County faces additional appeals involving both residential and oil and gas producing properties that will increase the contingent liability facing the County. Any excess would be payable from the General Fund and Fire Fund of the County. Nevertheless, the County believes that if the outcome of these assessment appeals cases are not found in favor of the County, it will not materially adversely affect the ability of the County to pay debt service on the Notes when due.

Principal Taxpayers

Tax levies for the ten largest taxpayers in the County total approximately \$230.9 million, representing approximately 29.3% of the County's total 2007-08 secured tax roll. The ten largest taxpayers in the County, as shown on the 2007-08 secured tax roll, and the approximate amounts of their net secured assessed values within the County are shown below.

TABLE 7
COUNTY OF KERN
PRINCIPAL TAXPAYERS
(Dollars in thousands)

| <i>Taxpayer</i> | <i>Total Tax</i> | <i>Net Assessed Valuation</i> |
|---------------------------------|------------------|-------------------------------|
| Occidental of Elk Hill, Inc. | \$71,996 | \$6,777,079 |
| Aera Energy Co. | 62,629 | 6,064,854 |
| Chevron USA | 57,601 | 5,399,371 |
| Plains Exploration & Prod. Co. | 8,784 | 845,074 |
| Pacific Gas & Electric Co | 6,705 | 521,478 |
| Berry Petroleum | 5,494 | 514,897 |
| La Paloma Generating Trust Ltd. | 5,012 | 483,600 |
| Pastoria Energy Facility, LLC | 4,317 | 386,400 |
| Seneca Resources Corp. | 4,207 | 402,732 |
| US Borox Inc. | 4,160 | 385,667 |
| Total | <u>\$230,905</u> | <u>\$21,781,152</u> |

Source: County of Kern Tax Rates and Assessed Valuations Book Fiscal Year 2007-08.

Although Table 7 above denotes that several of the top ten principal taxpayers of the County are oil and gas producing companies, it should be noted that the majority of the assessed value as represented by the top ten taxpayers is generally in the form of natural resources and cannot be moved to another location. Accordingly, the County believes that the principal taxpayers shown above represent a stable source of property tax collections.

The Teeter Plan

With respect to collection of property taxes, the County has adopted the Teeter Plan which is an alternate procedure authorized in Chapter 3, Part 8, Division 1 of the Revenue and Taxation Code of the State of California (comprising Sections 4701 through 4717, inclusive) (the "Law"), commonly referred to as the "Teeter Plan" for distribution of certain property tax and assessment levies on the secured roll.

Pursuant to the Law the County adopted the Teeter Plan in 1993. Generally, the Teeter Plan provides for a tax distribution procedure by which secured roll taxes are distributed to taxing agencies within the County included in the Teeter Plan on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest. In connection with its adoption of the Teeter Plan, the County advanced to the participating taxing agencies an amount equal to 95% of the total then-prior years' delinquent secured property taxes and 100% of the then-current year's secured roll levy.

Pursuant to the Law, the County is required to establish a tax losses reserve fund to cover losses that may occur in the amount of tax liens as a result of special sales of tax-defaulted property (i.e., if the sale price of the property is less than the amount owed). The appropriate amount in the fund was determined by one of two methods: (1) an amount not less than 1% of the total amount of taxes and assessments levied on the secured roll for a particular year for entities participating in the Teeter Plan, or (2) an amount not less than 25% of the total delinquent secured taxes and assessments calculated as of the end of the fiscal year for entities participating in the Teeter Plan. Any amount in excess of the 1% or 25% level determined pursuant to either

method of calculation may be credited to the County's General Fund. The County is currently governed by the first alternative, and this amount has consistently been sufficient to provide for any delinquencies.

Intergovernmental Revenues

Aid from other Governmental Agencies is one of the County's largest revenue sources, accounting for \$679.2 Million in the County's adopted budget for Fiscal Year 2007-08, or approximately 48.7% of the County's total Governmental Funds Revenues. A large amount of this revenue source is from the State of California, as the County receives the revenues in payment for services provided for the State. The information presented regarding the County, including the information set forth in "COUNTY FINANCIAL INFORMATION," summarizes the County's expected Aid from Other Governmental Agencies for the current year. However, the amount of aid from State and federal sources may vary from year to year. From time to time over the last twenty years, the State has currently experienced serious fiscal stress which resulted in lower revenues and/or higher costs to the County. In addition, State and federal aid may not be received by the County at the time such receipt is anticipated. Although the State is currently facing a multi-billion dollar deficit, the County does not expect variations in State or federal aid to have a material effect on its ability to pay debt service on the Notes when due. See "COUNTY FINANCIAL INFORMATION—Major Revenues" and "STATE FINANCIAL INFORMATION" herein.

Charges for Current Services

A significant source of revenues is received from charges for current services provided by the County, accounting for \$168.3 Million in the County's adopted budget for the 2007-08 Fiscal Year, or approximately 12.0% of the County's total Governmental Funds expenditures. This revenue source is a recoupment of costs for services such as recording fees, legal fees, health services fees, court and law enforcement fees. The County does not expect any significant changes in this revenue source to have a material effect on its ability to pay debt service on the Notes when due.

Miscellaneous Other Revenue

Other significant sources of revenue are included in the Miscellaneous Other Revenue category. This category includes the amounts in Table 1 corresponding to the line items Miscellaneous Revenues, Use of Available Fund Balance and Other Financing Sources. Miscellaneous Revenues accounted for approximately \$135.3 million in the County's adopted budget for Fiscal Year 2007-08, or 9.7% of the County's total Governmental Funds expenditures. The majority of Miscellaneous Other Revenues (approximately \$94.8 million) is comprised of unspent balances from the prior fiscal year applied as a funding source in the current fiscal year.

Sale of Tobacco Settlement Payments

Pursuant to a Sale Agreement, dated as of April 1, 2002 (the "Sale Agreement"), the County sold all of its right, title and interest in certain payments ("Tobacco Settlement Payments") commencing in Fiscal Year 2003-04. The County was originally entitled to receive such Tobacco Settlement Payments pursuant to a Master Settlement Agreement (the "MSA") between 46 states and various tobacco companies, and a Memorandum of Understanding (the "MOU"), as agreed to by the State, and related agreements. The County retained all Tobacco Settlement Payments previously received as well as Tobacco Settlement Payments to be received in Fiscal Year 2002-03. The County entered into the Sale Agreement described above in connection with the issuance by the California County Tobacco Securitization Agency (the "Agency") of approximately \$105,245,000 aggregate principal amount in Tobacco Settlement Asset-Backed Bonds. The County used approximately \$33 million of that amount for capital improvements. Pursuant to the terms of the Sale Agreement, the County established an endowment fund with the remaining net proceeds of approximately \$51 million. The County anticipates that approximately \$1,000,000 and \$2,750,000 will be available from interest earnings on the endowment fund for use for general County purposes in Fiscal Year 2007-08 and 2008-09, respectively (subject to actual investment performance).

Major Expenditures

As noted in the financial statements included herein, the County's major expenditures each year are public assistance and public protection, accounting for \$374.8 million and \$479.5 million respectively, in the County's adopted budget for the 2007-08 Fiscal Year, or approximately 26.8% and 34.4%, respectively, of the County's total Governmental Funds expenditures. The largest County expenditure is for public protection.

Employees and Labor Relations

A summary of authorized County employment levels is set forth below. Some County employees are hired under various federally funded programs.

TABLE 8
COUNTY OF KERN EMPLOYMENT LEVELS
FISCAL YEARS 2003-04 THROUGH 2007-08

| <i>Fiscal Year⁽¹⁾</i> | <i>Permanent Full-Time</i> | <i>Permanent Part-Time</i> |
|----------------------------------|----------------------------|----------------------------|
| 2003-04 | 7,846 | 362 |
| 2004-05 | 8,133 | 359 |
| 2005-06 | 8,490 | 354 |
| 2006-07 | 9,033 | 345 |
| 2007-08 | 9,325 | 332 |

⁽¹⁾ Figures represent numbers of authorized employees as of the adoption of the budget each year. Actual employment levels may differ.

Source: Kern County Administrative Office.

Approximately 90% of the County's employees are represented in 25 bargaining units by eight employee organizations, the principal organization being the Service Employees International Union Local 521 (SEIU 521) (formerly the Central California Association of Public Employees) which represents twelve of the 25 bargaining units or approximately 70% of the County's employees. One new employee organization was recently established; Service Employees International Local 521-Extra Help ("SEIU Local 521"). The County has not had a major employee work stoppage in over 36 years. Employees represented by bargaining units with expired contracts currently continue to work pursuant to those contracts while negotiations proceed. The County continues to negotiate an agreement with the Kern County Probation Officers' Association (KCPOA).

**TABLE 9
BARGAINING UNITS**

| <i>Bargaining Unit</i> | <i>Number of Employees</i> | <i>Effective Term of Labor Agreement</i> |
|------------------------|----------------------------|--|
| SEIU 521 | 6,050 | June 30, 2010 |
| KLEA | 523 | June 30, 2009 |
| KCFFU | 535 | June 30, 2009 |
| KCPOA | 443 | June 30, 2006 |
| KCDOA | 369 | June 30, 2009 |
| KCPA | 93 | June 30, 2009 |
| SEIU 521 - CJU | 10 | June 30, 2009 |
| KCSCA | 14 | June 30, 2009 |
| KCSCA II | 6 | June 30, 2009 |
| SEIU 521-Extra Help | 941 | Currently negotiating initial contract |

Source: County of Kern Administrative Office.

Retirement Program

General. The Kern County Employees' Retirement Association ("KCERA") was established under provisions of the Retirement Law to provide for pension benefits, including retirement, disability, death and survivor benefits, for substantially all full-time employees of the County and member agencies. For the year ended June 30, 2007, the County's total covered payroll for all employees amounted to \$390,927,000. Covered payroll refers to all compensation paid by the County to active employees covered by the pension plan on which contributions to the pension are based. The following table sets forth the Association's membership on March 31, 2008.

**TABLE 10
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Membership as of March 31, 2008**

| | |
|---|---------------|
| Retirees and beneficiaries receiving benefits: | 5,488 |
| Terminated employees entitled to benefits but not yet receiving them: | 1,049 |
| Active employees: | |
| General | 7,194 |
| Safety | <u>1,829</u> |
| Total Current Employees | 9,023 |
| Total Membership | <u>15,560</u> |

Source: KCERA

Determination of Pension Benefits. Pursuant to the Retirement Law, substantially all full-time County employees are included in the Plan. Both the County and the member are required to make contributions to the Plan. The employee's right to pension benefits vests after five years of service.

Under the Plan, any general member with 10 years of service who is age 50 or older, or with 30 years of service regardless of age, is eligible for service retirement. Any public safety member with 10 years of service who is age 50 or older, or with 20 years of service regardless of age, is eligible for service retirement.

Service retirements are paid monthly, for the remainder of the retiree's life. The amount of the pension benefit is based upon the applicable retirement factor, the member's highest twelve-month salary, age at retirement and number of years of service, except as otherwise limited by the 1986 Internal Revenue Code, as amended from time to time, including Sections 401(a), 415 and 417. Effective January 1, 2001, the applicable retirement factors for safety members were increased by action of the Kern County Board of Supervisors to a "3% at 50" formula. Pursuant to these adopted retirement factors, safety members retiring after January 1, 2001, who are 50 years of age, receive 3% of their highest 12-month average salary for each year of credited service. The twelve-month average salary is the average salary of the employee during the highest twelve-month earnings of full-time employment and is determined exclusive of overtime compensation received for hours of work performed in excess of the employee's regular duty schedule. Effective January 1, 2005, the applicable retirement factors for general members were similarly increased by action of the Kern County Board of Supervisors to a "3% at 60" formula. Effective October 27, 2007, the Kern County Board of Supervisors adopted Government Code Section 31676.01, "1.62% at 65", providing a decreased benefit formula for general member employees, except those represented by the Kern County Prosecutors' Association, hired after this date. In addition, for employees hired after October 27, 2007, the County added a defined contribution match of up to 6% of salary to the County Section 457 plan for general member employees, except those represented by the Kern County Prosecutors' Association.

Retirement Contributions. The Association does not make separate measurements of assets and pension benefit obligations for individual employees. Rather, the Association's independent actuary (the "Actuarial Consultant") determines the pension benefit obligation for the entire system. The pension benefit obligation is a standard disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of all employees' service to date, inflation and assumed rate of return. The measure is the actuarial present value of credited projected benefits and is intended to help users assess the Association's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons with other public employee retirement systems. Significant actuarial assumptions of the Actuarial Consultant for Fiscal Year 2005-06 included (a) a rate of return on the investment of present and future assets of 8.00% per year, (b) projected salary increases averaging 4.00% per year, (c) a maximum 3.50% per year cost of living post retirement benefit increase and (d) assumed inflation of 3.50%. The governing board of the Association (the "Board of Retirement"), may modify such assumptions based in part on analyses of experience and recommended changes submitted by the Actuarial Consultant. See Table 14.

The employers currently fund, at a minimum, the amounts recommended by the Actuarial Consultant. Such amounts are determined by the Actuarial Consultant using the entry age normal cost method. This method currently produces an employer contribution rate consisting of amounts for (a) normal cost and (b) amortization, beginning January 1, 2006, of the unfunded liability over a declining 30 year period. Employees' contributions are funded and recognized currently through payroll deductions in amounts recommended by the Actuarial Consultant.

Effective January 1, 2005, Milliman Consultants and Actuaries has acted as the Actuarial Consultant to the County. The Actuarial Consultant is contracted to provide actuarial services including an annual actuarial valuation, experience studies, legislative presentations and other services for the County. Upon engagement by KCERA, the Actuarial Consultant undertook a review of various aspects of KCERA, including actuarial assumptions used in the calculation of unfunded liability, retirement benefits, and required County contributions. Based on that review, the Actuarial Consultant recommended, and the County adopted, a variety of changes to the prior actuarial assumptions. This change resulted in a significant increase in the UAAL as of December 31, 2005, as well as a significant increase in required contributions in 2005.

The following table sets forth the schedule of annual employer contributions and percentage contributed for the Fiscal Years ended June 30, 2003 through June 30, 2006 and the estimated schedule of annual employer contributions and percentage contributed for the Fiscal Year ended June 30, 2007 through 2008. As described herein, County contributions have increased significantly over the last several years, due to a variety of reasons, including investment performance, benefit enhancements and changes in actuarial assumptions.

TABLE 11
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Schedule of Annual Employer Contributions and Percentage Contributed
Fiscal Years 2003-04 through 2008-09

| <i>Fiscal Year Ended June 30</i> | <i>Annual Required Contributions (in thousands)</i> | <i>Percentage Contributed</i> |
|--------------------------------------|---|-----------------------------------|
| 2004 | \$ 48,760 | 100% |
| 2005 | 60,268 | 100 |
| 2006 | 100,734 | 100 |
| 2007* | 117,824 | NA |
| 2008* | 123,068 | NA |
| 2009* | 141,559 | NA |

Source: KCERA Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2007.

* Source: County of Kern; estimate.

The amounts identified in the table above do not include debt service payments on pension obligation bonds. See "Issuance of Pension Bonds" below.

Issuance of Pension Bonds. In 1995, the County issued its Taxable Pension Obligation Bonds, Series 1995, of which approximately \$191,403,439 are outstanding. The 1995 Pension Bonds were issued to fund the then current UAAL. In 2003 the County issued its \$288,177,066.85 principal amount of the County of Kern Taxable Pension Obligation Refunding Bonds, Series 2003 to fund the UAAL as of the end of 2002. See also "COUNTY FINANCIAL INFORMATION – Indebtedness."

Unfunded Actuarial Accrued Liability and Unrecognized Losses as of December 31, 2007. In its report dated December 31, 2007, the Actuarial Consultant reported that the County had an unfunded actuarial accrued liability as of December 31, 2007 of approximately \$765,937,000. The major sources for this unfunded actuarial accrued liability include (i) benefit increases for employees (including those described herein), (ii) changes in actuarial assumptions and (iii) adjustments to the methodology for calculating the unfunded actuarial accrued liability.

The following table sets forth the schedule of funding progress as of the five most recent actuarial valuation dates. Funding progress is measured by a comparison of plan assets which have been set aside by the Association to pay plan benefits with plan liabilities.

TABLE 12
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Schedule of Funding Progress
(Dollars in thousands)

| <i>Actuarial Valuation Date</i> | <i>(1) Actuarial Value of Assets</i> | <i>(2) Actuarial Accrued Liability (AAL)</i> | <i>(3) Unfunded (Overfunded) AAL (2)/(1)</i> | <i>(4) Funded Ratio (1)/(2)</i> | <i>(5) Annual Covered Payroll</i> | <i>(6) Unfunded (Overfunded) AAL Percentage of Annual Covered Payroll (3)/(5)</i> |
|---|--|--|--|---|---|---|
| 12/31/03 | \$1,927,585 | \$2,059,286 | \$131,701 | 93.60% | \$353,444 | 37.30% |
| 12/31/04 | 2,012,521 | 2,336,406 | 323,885 | 86.10 | 374,951 | 86.40 |
| 12/31/05 | 2,164,304 | 2,861,871 | 697,568 | 75.60 | 391,381 | 178.23 |
| 12/31/06 | 2,352,028 | 3,109,038 | 757,010 | 75.60 | 417,351 | 181.38 |
| 12/31/07 | 2,589,817 | 3,355,755 | 765,937 | 77.18 | 453,412 | 168.93 |

Source: KCERA Actuarial Valuation December 31, 2007.

The actuarial value of assets has been based on a five-year smoothed market method since the Fiscal Year ended June 30, 1996. This method spreads the difference between the actual investment return achieved by the investment portfolio of the Association and the assumed investment return over a five-year period.

In addition, the Actuarial Consultant estimated that the amount of unrecognized gains and losses from investments in the Association's investment portfolio, which amounts will be booked by the Association on a smoothed, five-year basis, in accordance with current pension fund accounting principles. For purposes of analysis gains and losses are measured against an actuarially assumed earnings rate of 8%. A portion of such unrecognized losses are expected to be recognized in each of the next five annual valuations and may become part of a future unfunded actuarial accrued liability of the County. The Association's unrecognized gains and losses have resulted from fluctuating investment performance for the past few years. The County is unable to forecast future unfunded actuarial accrued liability and the net cost impact to the County with any certainty.

TABLE 13
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> |
|-----------------------------------|-----------------------------------|--------------------------------------|---------------------------------|
| 12/31/2007 | (\$124,728,966) | 90 | (\$112,256,070) |
| 6/30/2007 | 72,567,632 | 80 | 58,054,105 |
| 12/31/2006 | 168,086,809 | 70 | 151,278,128 |
| 6/30/2006 | 17,460,517 | 60 | 13,968,414 |
| 12/31/2005 | 55,690,220 | 50 | 38,983,154 |
| 6/30/2005 | (55,108,744) | 40 | (33,065,247) |
| 12/31/2004 | 107,630,379 | 30 | 53,815,189 |
| 6/30/2004 | (18,910,690) | 20 | (7,564,276) |
| 12/31/2003 | 161,380,670 | 10 | 48,414,201 |

Source: KCERA Actuarial Valuation as of December 31, 2007.

Actuarial Assumptions. The Actuarial Consultant considers various factors in determining the assumptions to be used in calculating funding ratios. Demographic assumptions are based on a study of the actual history of retirement, rates of termination/separation of employment, years of life expectancy after

retirement, disability and other factors. This experience study is generally done once every three years. The most recent experience study was completed in connection with the preparation of Actuarial recommendations by the County's now Actuarial Consultant as described below. The following table sets forth the certain economic actuarial assumptions for the Fiscal Years ended June 30, 2005 through June 30, 2007.

TABLE 14
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Actuarial Assumptions

| <i>Actuarial Assumption</i> | <i>2005</i> | <i>2006</i> | <i>2007</i> |
|------------------------------------|-------------|-------------|-------------|
| Interest | 8.00% | 8.00% | 8.00% |
| Inflation | 3.50% | 3.50% | 3.50% |
| Salary Increase (Total Payroll) | 4.00% | 4.00% | 4.00% |

Source: KCERA Actuarial Valuation as of December 31 of 2007 and KCERA Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2007.

Investment Policy. The Board of Retirement has exclusive control of the investment of the employees' retirement fund. Except as otherwise expressly restricted by the State Constitution and by law, the Board of Retirement may, in its discretion, invest, or delegate the authority to invest the assets of the fund through the purchase, holding, or sale of any form or type of investment financial instrument, or financial transaction when prudent in the informed opinion of the Board of Retirement. The Association has established a series of procedures and guidelines. The procedures, grouped together as the "Investment Policy," serve to guide the Association's investment program. The Board of Retirement reviews the Investment Policy annually, taking into consideration the latest actuarial study.

The Association's assets are exclusively managed by external professional investment management firms. The Board of Retirement monitors the performance of the managers with the assistance of an external investment consultant. The following table sets forth the total return on all assets (including reserves) for the fiscal years ending June 30, 2003 through June 30, 2007.

TABLE 15
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Investment Results Based on Market Value

| <i>Year Ended June 30</i> | <i>Annualized Rate of Return</i> |
|-------------------------------|--------------------------------------|
| 2003 | 6.58% |
| 2004 | 16.73% |
| 2005 | 11.09% |
| 2006 | 11.69% |
| 2007 | 6.30% |

Source: KCERA Actuarial Valuation as of December 31, 2007.

Insurance

The County is generally self-insured for general liability claims. However, the County does currently maintain a \$25,000,000 general liability excess coverage policy for claims over \$2,000,000. The County is self-insured for Workers' Compensation up to \$1.5 million per occurrence. The County currently has an excess coverage policy for Workers' Compensation up to \$300 million per claim.

The County is self-insured for unemployment insurance, while employee medical and dental self-insurance programs have “stop-loss” coverage if actual claims exceed 125% of estimated claims for a year.

Internal Service Funds are used to account for the County’s self-insurance activities. It is the County’s policy to provide in each fiscal year, by charges to affected operating funds, amounts sufficient to cover the estimated liabilities incurred during such fiscal year for self-insured claims. Charges to operating funds are recorded as expenditures of such funds and as revenues to the Internal Service Funds.

Administration for professional liability claims has been provided within the Kern Medical Center Enterprise Fund. The liability for outstanding claims has been estimated at approximately \$8.8 million as of June 30, 2007, and was accrued as a liability entitled “Estimate for Professional Liability Claims” in the Enterprise Fund financial statements of the County. The County is self-insured for such claims up to \$5,000,000 and maintains excess coverage policies for such liabilities up to \$20,000,000.

It is the intent of County management to maintain reasonable levels of reserves consistent with annual public agency budgeting with an ultimate goal of no less than 100% of total charges expected for each program within the given fiscal year. In the opinion of the County, the County has adequate financial resources to pay current claims.

Post-Retirement Healthcare Stipend; OPEB

In June 2004, the Governmental Accounting Standards Board (“GASB”) issued Statement No. 45 (“GASB 45”), which addresses how state and local governments should account for and report their costs and obligations related to post-employment health care and other non-pension benefits (“OPEB”). GASB 45 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitment related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. The provisions of GASB 45 may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation. However, the unfunded actuarial liability is required to be amortized over future periods on the income statement. GASB 45 also established disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and for certain employers, the extent to which the plan has been funded over time. These disclosure requirements will be effective for the County’s Fiscal Year ending June 30, 2008. In May 2007, an actuary retained by the County for purposes of complying with the disclosure requirements of GASB 45 provided to the County a current estimate of its unfunded OPEB liability of approximately \$66.1 million. The County does not believe that Statement No. 45 will have a material effect on the County’s financial condition as the County’s obligation to provide postretirement health care benefits is to provide a specified level of funding, as opposed to a specified level of health care benefits. Therefore, upon retirement, future increases in health care costs are generally borne by the retired employee, not the County. The County offers health care benefits to anyone drawing a pension check through the Kern County Employees’ Retirement Association. Participation in the County’s self-funded plan is generally limited to early retirees (those under age 65). The County contributes directly toward the cost of County retiree healthcare benefits through two programs. The Stipend program pays benefits based on enrollment tier, with the monthly contribution set at \$39.75 for single, \$53.69 for two party and \$61.50 for family enrollment. The Supplement program pays benefits based on age (age 50-65 at active retirement) and years of service (20 for minimum benefit, 25 or more for maximum benefit) and cost of single coverage in the self-insured plan at the date of retirement. Benefits are available before age 50 for a service connected disability retirement. The supplement program ends at age 65.

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 which are a General Fund obligation of the County. The notes provide cash flows to meet General Fund expenditures during the period prior to collection of

property taxes. On July 2, 2007, the County issued \$150,000,000 in aggregate principal amount of its 2007-08 Tax and Revenue Anticipation Notes which mature on June 30, 2008.

Certificates of Participation. As of June 30, 2007, the County had outstanding certificates of participation in a principal amount aggregating \$61,147,083. The proceeds of such certificates of participation are being used for the acquisition of equipment and acquisition, construction and renovation of certain public facilities within the County.

A summary of the County's outstanding certificates of participation payment obligations as of June 30, 2007 for Fiscal Year 2007-08 through Fiscal Year 2017-2018 and total remaining total payment obligations for fiscal years after Fiscal Year 2017-18 is set forth in Table 15.

Pension Obligation Bonds. On November 28, 1995, the County issued \$227,818,439.25 aggregate principal amount of its Taxable Pension Obligation Bonds, Series 1995 (the "1995 Pension Bonds"), which mature in 2021. On May 28, 2003, the County issued its Taxable Pension Obligation Refunding Bonds, Series 2003, in the outstanding principal amount of \$287,537,066.85 (the "2003 Pension Bonds"), which mature in 2027. The 1995 Pension Bonds and the 2003 Pension Bonds are payable from all of the County's operating funds, including the General Fund. The County's practice has been to allocate liability on a pro rata basis based on the amount of payroll associated with each fund. A summary of the County's outstanding pension bond payment obligations as of June 30, 2007 for Fiscal Year 2007-08 through Fiscal Year 2017-2018 and total remaining total payment obligations for fiscal years after Fiscal Year 2017-18 is set forth in Table 15. See also "COUNTY FINANCIAL INFORMATION—Retirement Program."

TABLE 16

**COUNTY OF KERN OUTSTANDING CERTIFICATES OF PARTICIPATION AND PENSION BONDS
As of June 30, 2008 ⁽¹⁾
(In Dollars)**

| Certificates of Participation | Anticipated Source of Payment ⁽²⁾ | FY 2007-08 | FY 2008-09 | FY 2009-10 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 | FY 2014-15 | FY 2015-16 | FY 2016-17 | FY 2017-18 | Remaining Total Payment Obligation |
|---|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---|
| 1994 Certificates of Participation (Solid Waste System Improvements) | Solid Waste Enterprise Fund | 1,730,200 | 1,771,313 | 1,723,156 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 1999 Certificates of Participation (Public Improvements) (Non-General Fund Portion) | Kern Med Center Enterprise fund | 1,323,954 | 1,326,207 | 1,321,041 | 1,318,373 | 1,317,873 | 1,319,305 | 1,312,688 | 1,307,933 | 1,314,546 | 1,312,570 | 1,306,925 | 2,602,363 |
| 2002 Certificates of Participation (Solid Waste System Improvements) | Solid Waste Enterprise Fund | 614,110 | 614,110 | 2,191,910 | 2,088,310 | 2,093,290 | 2,088,865 | 2,088,900 | 2,092,778 | 2,090,965 | 2,093,058 | 0 | 0 |
| 2003 Certificates of Participation (Airport Terminal and Improvements) | Airport Enterprise Fund | 1,023,224 | 1,024,024 | 1,022,405 | 1,023,836 | 1,022,799 | 1,024,436 | 1,024,336 | 1,022,904 | 1,024,937 | 1,025,015 | 1,022,818 | 6,151,689 |
| 1994 Certificates of Participation (Rosamond Library Project) | | 177,096 | 175,163 | 176,528 | 174,687 | 174,885 | 175,800 | 175,744 | 43,931 | 0 | 0 | 0 | 0 |
| 1997 Certificates of Participation (Fire Department Projects) | | 813,255 | 814,245 | 818,498 | 815,700 | 815,775 | 814,275 | 816,200 | 816,288 | 819,538 | 815,688 | 0 | 0 |
| 1999 Certificates of Participation (Public Improvements)(General Fund Portion) | | 548,149 | 544,686 | 545,268 | 549,620 | 542,829 | 544,897 | 545,580 | 544,837 | 537,818 | 539,515 | 539,575 | 1,087,475 |
| Pension Obligation Bonds | | | | | | | | | | | | | |
| Taxable Pension Obligation Bonds Series 1995 | | 20,266,331 | 21,577,054 | 22,977,658 | 24,459,402 | 26,043,906 | 27,731,783 | 29,537,275 | 31,472,431 | 33,555,000 | 35,805,000 | 38,260,000 | 161,105,000 |
| Taxable Pension Obligation Bonds Series 2003 | | <u>12,112,536</u> | <u>12,988,707</u> | <u>13,897,605</u> | <u>14,929,932</u> | <u>15,828,078</u> | <u>16,855,495</u> | <u>17,918,877</u> | <u>19,027,054</u> | <u>20,182,069</u> | <u>21,376,501</u> | <u>22,626,132</u> | <u>305,460,429</u> |
| Total | | <u>38,608,855</u> | <u>40,835,509</u> | <u>44,674,069</u> | <u>45,359,860</u> | <u>47,839,435</u> | <u>50,554,856</u> | <u>53,419,600</u> | <u>56,328,156</u> | <u>59,524,873</u> | <u>62,967,347</u> | <u>63,755,450</u> | <u>476,406,956</u> |

(1) Reflects use of debt service reserve funds held by the respective trustee for the repayment of each issue's final debt service.

(2) With the exception of the 1994 and 2002 Certificates of Participation (Solid Waste Improvements), the County's General Fund is ultimately obligated to make payments with respect to each of these issues. However, the County anticipated that moneys sufficient to meet the County's payment obligations will be available from the sources indicated.

Source: County of Kern Administrative Office

Capital Lease Obligations. The County has numerous lease obligations with various equipment suppliers as of June 30, 2007. Following is a schedule of future minimum lease payments for capital leases:

TABLE 17
COUNTY OF KERN CAPITAL LEASE OBLIGATIONS
GENERAL LONG-TERM DEBT ACCOUNT GROUP
AS OF JUNE 30, 2007
(Dollars in thousands)

| <i>Fiscal Year</i> | <i>Amount</i> |
|---|-----------------|
| 2008 | \$ 1,678 |
| 2009 | 1,906 |
| 2010 | 757 |
| 2011 | 345 |
| 2012 | 282 |
| 2013-2017 | <u>1,271</u> |
| Net Minimum Base Rental Payments | \$ 6,239 |
| Less Amount Representing Interest | (820) |
| Present Value of Net Minimum Base Rental Payments | <u>\$ 5,419</u> |

Source: County of Kern Auditor-Controller-County Clerk.

Long-Term Operating Leases. The following is a schedule of future minimum long-term operating lease payments for operating leases as of June 30, 2007.

TABLE 18
COUNTY OF KERN LONG-TERM OPERATING LEASE OBLIGATIONS
AS OF JUNE 30, 2007
(Dollars in thousands)

| <i>Fiscal Year</i> | <i>Amount</i> |
|------------------------------|---------------|
| 2008 | \$ 10,480 |
| 2009 | 7,280 |
| 2010 | 6,161 |
| 2011 | 5,134 |
| 2012 | 4,985 |
| 2013-2024 | <u>30,048</u> |
| Total Minimum Lease Payments | \$ 64,088 |

Source: County of Kern Comprehensive Annual Financial Report for the Fiscal Year ended June 30, 2007.

Estimated Direct and Overlapping Debt. The estimated direct and overlapping debt of the County as of May 1, 2008 as provided by California Municipal Statistics, Inc. ("Cal Muni") is shown below. The County does not guarantee the accuracy of the information provided by Cal Muni.

TABLE 19
COUNTY OF KERN
DIRECT AND OVERLAPPING DEBT
AS OF MAY 1, 2008

KERN COUNTY

2007-08 Assessed Valuation: \$79,505,881,353 (includes unitary utility valuation)
 Redevelopment Incremental Valuation: 3,210,936,237
 Adjusted Assessed Valuation: \$76,294,945,116

| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable</u> | <u>Debt 5/1/08</u> |
|---|---------------------|--------------------|
| Kern Community College Safety, Repair and Improvement District | 92.796% | \$ 110,122,139 |
| Antelope Valley Joint Community College District and West Kern Community College District | 5.846 & 100. | 46,604,267 |
| Mojave Unified School District School Facilities Improvement District No. 1 | 100. | 28,888,433 |
| Tehachapi Unified School District | 100. | 21,534,963 |
| Other Unified School Districts | 100. | 54,703,131 |
| Kern High School District | 100. | 240,740,000 |
| Other Union High School District | 0.013-74.554 | 37,818,941 |
| Bakersfield School District | 100. | 52,090,027 |
| Delano Union School District | 100. | 44,366,634 |
| Fruitvale School District | 100. | 19,635,000 |
| Greenfield Union School District | 100. | 19,343,406 |
| Richland School District | 100. | 12,714,997 |
| Taft School District | 100. | 18,984,031 |
| Other School Districts | 55.867-100. | 111,436,334 |
| Water Districts | 100. | 2,625,000 |
| Water Storage Districts | 100. | 13,150,000 |
| Tehachapi Valley Healthcare District | 100. | 12,369,979 |
| Bear Valley Community Services District, I.D. No. 2 | 100. | 5,195,000 |
| Community Facilities Districts | 100. | 86,870,000 |
| 1915 Act Bonds (Estimated) | 100. | <u>118,598,000</u> |
| TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT | | \$1,057,790,282 |
| Less: Water Storage Districts self-supporting issues | | <u>6,810,000</u> |
| TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT | | \$1,050,980,282 |

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

| | | | |
|--|---------------|----------------------|---------|
| Kern County General Fund Obligations | 100. % | \$ 50,040,000 | (1) (2) |
| Kern County Pension Obligations | 100. | 480,101,067 | |
| Kern County Board of Education Certificates of Participation | 100. | 56,350,000 | |
| Community College District Certificates of Participation | Various | 92,091,984 | |
| Kern High School District Certificates of Participation | 100. | 124,900,000 | |
| Other High School Certificates of Participation | Various | 261,920 | |
| Unified School District General Fund Obligations | Various | 18,648,471 | |
| School District General Fund Obligations | 100. | 76,430,000 | |
| City of Bakersfield General Fund Obligations | 100. | 31,930,000 | |
| City of Ridgecrest Certificates of Participation | 100. | 9,190,000 | |
| Other City General Fund Obligations | 100. | <u>1,425,000</u> | |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | \$941,368,442 | |
| GROSS COMBINED TOTAL DEBT | | \$1,999,158,724 | (3) |
| NET COMBINED TOTAL DEBT | | \$1,992,348,724 | |

(1) Excludes tax and revenue anticipation notes to be sold.

(2) Includes Kern Public Services Financing Authority Lease Revenue Bonds 2002 Series A.

(3) Excludes tax and revenue anticipation notes, excludes enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2007-08 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt 1.33%
 Total Net Overlapping Tax and Assessment Debt..... 1.32%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$530,141,067).....0.69%
 Gross Combined Total Debt2.62%
 Net Combined Total Debt.....2.61%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07: \$0

Source: California Municipal Statistics, Inc.

Financial Stress With Respect to Kern Medical Center

Kern Medical Center (“KMC”) is the County-owned and operated hospital. KMC financial operations are undertaken as a separate enterprise fund. Although amounts payable pursuant to certificates of participation executed and delivered for KMC purposes are payable from the County General Fund, actual debt service payments have historically been made from the KMC Enterprise Fund, and are anticipated to be so paid in the future. Through KMC, the County meets its statutory obligation to provide medical care for all residents regardless of their ability to pay and its obligation for both juvenile and adult inmate medical care. The County General Fund provides funding, which includes funding received from State-provided “realignment” revenues, to KMC to offset the costs of these statutorily required services.

The following table presents historic and projected General Fund contribution amounts, which were directed or are to be directed from the General Fund to the KMC Enterprise Fund. The amounts in the table do not include the temporary contributions from the General Fund described below.

**TABLE 20
HISTORIC AND PROJECTED
CONTRIBUTIONS TO KMC ENTERPRISE FUND**

| <i>Fiscal Year</i> | <i>Realignment⁽¹⁾</i> | <i>General Fund⁽²⁾</i> | <i>Total</i> |
|--------------------|----------------------------------|-----------------------------------|--------------|
| 2004-05 | 20,800,000 | 8,500,000 | 29,300,000 |
| 2005-06 | 20,800,000 | 11,000,000 | 31,800,000 |
| 2006-07 | 20,800,000 | 11,700,000 | 32,500,000 |
| 2007-08 | 21,450,000 | 14,960,000 | 36,410,000 |

⁽¹⁾ This funding is from State-provided “realignment” revenues to fund the County’s remaining statutory obligations.

⁽²⁾ This funding is provided from the County’s General Fund to fund the County’s obligation for both juvenile and adult inmate medical care.

Source: County of Kern.

For the last several years, KMC has been experiencing significant financial stress, and as a result, the County General Fund has made contributions to the KMC Enterprise Fund (over and above the annual funding described above).

KMC receives a majority of its funds from federal and State sources including Medicare, Medicaid and other funds for uninsured and underinsured patients.

Over the last several years, a delay between revenues accruing to the KMC Enterprise Fund and KMC's operational expenses required that contributions be made from the County General Fund to the KMC Enterprise Fund. The outstanding balance of the contributions fluctuates throughout the fiscal year and is treated as a loan by the County subject to eventual repayment from KMC. On February 28, 2006, the Board of Supervisors of the County approved an increase in the cap of the operating cash loan from the County’s General Fund to the KMC Enterprise Fund to \$70 million. At the beginning of Fiscal Year 2007-08, the outstanding balance owed by KMC to the General Fund was approximately \$25.3 million. By the end of Fiscal Year 2007-08, the balance due to the General Fund is expected to be approximately \$38.2 million: the highest balance of the operating cash advance from the General Fund during Fiscal Year 2007-08 was \$69,134,000. Despite KMC’s efforts to improve its cash position, the KMC Enterprise Fund will continue to require periodic cash advances from the County’s General Fund.

In June 2003, approximately \$5.0 million which had previously been advanced from the General Fund to KMC was recharacterized by the County as a contribution, and is not expected to be repaid to the General Fund. In addition, in December 2007, approximately \$6.3 million which had previously been advanced from the General Fund to KMC was recharacterized by the County as a contribution and is not expected to be repaid

to the General Fund. The County anticipates that, prior to the end of Fiscal Year 2007-08, an additional approximately \$11 million which had previously been advanced from the General Fund to KMC will be recharacterized by the County as a contribution and is not expected to be repaid to the General Fund.

In 2004, as part of its effort to rectify the financial distress experienced at KMC over the last several years, the County engaged Macias Consulting Group, Inc. (the "KMC Consultant") to analyze certain aspects of KMC operations, including physician compensation, billing process, fiscal procedures and cash flow. In a series of reports issued in September 2004, February 2005, and February 2007 the KMC Consultant made several findings and conclusions concerning KMC. Among other things, these findings and conclusions included the following: (i) while many public hospitals in California have faced similar fiscal health deterioration in key areas, KMC cannot fully support its operations using its own revenue; (ii) KMC physician compensation practices had certain weaknesses, including a lack of internal controls and potential conflicts of interest; (iii) the KMC medical billing process creates a system that is expensive to operate and results in communication that is confusing, insufficient and often incorrect; and (iv) KMC financial data is not as accurate as it should be because certain financial adjustments were recorded later than they should have been. The reports identified significant net operating losses (prior to the County General Fund contributions described above) ranging from approximately \$24 million to approximately \$43 million in each year since Fiscal Year 2000-01. As described above, significant advances from the General Fund were required.

On February 20, 2007, an additional report from the KMC Consultant was presented to the Board of Supervisor's outlining KMC's progress toward addressing issues previously reported. This report was based on reviews through Fiscal Year 2005-06. The report indicated that: KMC's operating margins improved, but still remain at negative levels; net patient revenue increased from \$115.4 million in Fiscal Year 2002-03 to \$185.5 million in Fiscal Year 2005-06; operating expenses increased from \$165 million in Fiscal Year 2003-03 to \$213 million in Fiscal Year 2005-06; net income increase from a negative \$8.6 million in Fiscal Year 2002-03 to a positive \$3.1 million in Fiscal Year 2005-06; four of seven recommendations from prior reports had been implemented, one partially addressed, and two remaining to be addressed; and opportunities continue to exist to help strengthen fiscal performance through improved budget monitoring and greater collections efforts. KMC acknowledged these findings and concurred with all the findings.

For Fiscal Year 2006-07, KMC continued to experience significant financial difficulty, with a net operating loss of approximately \$7.2 million (after taking into account the contributions described in Table 20 above, and the contribution from the General Fund of approximately \$6.3 million (described above). On April 1, 2008, KMC's independent auditor issued a report with respect to the financial statements of KMC for the fiscal year ended June 30, 2007. The report identified certain deficiencies in internal controls at KMC, and other deficiencies which the independent auditor determined to be material weaknesses.

Although, as noted above, KMC has undertaken certain changes to correct its financial situation, there can be no assurances that KMC will not continue to experience significant operating losses and that significant additional General Fund contributions will not be required to subsidize future shortfalls relating to KMC.

Impact of State Financial Situation on County

From time to time, the State has experienced severe budgetary difficulties. In the past, the State has balanced its budget by requiring local political subdivisions, including the County, to fund certain costs theretofore borne by the State. The County expects to receive approximately 31.9% of its total revenues from the State in Fiscal Year 2007-08 (including funds provided by the State for specific state and federal programs).

The Final Budget is subject to approval of the State Legislature, and the County cannot predict the ultimate impact of the final approved Final Budget and subsequent State budgets on the County's financial situation. As a result, there can be no assurances that the State's financial difficulties will not have a material adverse impact on the financial condition of the County. See "STATE FINANCIAL INFORMATION" below

for a summary of the 2007-08 Budget Act, the 2008-09 Proposed Budget, the May Revision and the Legislative Analyst's Office's analysis of the May Revision.

General Fund Financial Statements

The General Fund financial statements of the County for the Fiscal Year ended June 30, 2007, included in Appendix B to this Official Statement, were audited by Brown Armstrong Paulden McCown Starbuck Thornbough & Keeter, Bakersfield, California, independent accountants (the "Auditor"), as stated in their report appearing in Appendix B. The County has not requested, nor has the Auditor given, the Auditor's consent to the inclusion in Appendix B of its report on such financial statements. The Auditor's review in connection with the audited financial statements included in Appendix B included events only as of June 30, 2007 and no review or investigation with respect to the subsequent events has been undertaken in connection with such financial statements by the Auditor. The County has certified that it is not aware of any events occurring since June 30, 2007 that would cause the financial information in Appendix B hereof to be incorrect or misleading in any material respect.

Except as noted below, the County's accounting policies and audited financial statements conform to generally accepted accounting principles and standards for public financial reporting established by the Governmental Accounting Standards Board ("GASB"). The County's basis of accounting for its governmental type funds is the modified accrual basis with revenues being recorded when available and measurable and expenditures being recorded when services or goods are received and with all unpaid liabilities being accrued at year end. All of the financial statements for governmental fund types contained in this Official Statement have been prepared on this modified accrual basis and all financial statements for proprietary funds contained in the Official Statement have been prepared on an accrual basis.

Funds and Account Groups accounted for by the County are categorized as follows:

| <i>Governmental Funds</i> | <i>Proprietary Funds</i> | <i>Fiduciary Funds</i> |
|----------------------------------|---------------------------------|-------------------------------|
| General Fund | Enterprise Funds | Trust and Agency Funds |
| Special Revenue Funds | Internal Service Funds | |
| Capital Improvement | | |
| Projects Funds | | |

Account Groups

General Fixed Assets Account Group
General Long-Term Debt Account Group

See Appendix B—"KERN COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2007."

County Investment Pool

The County Investment Pool (the "Investment Pool" or the "Pool") consists of monies deposited with the Kern County Treasurer Tax Collector (the "Treasurer") by County departments and agencies, school districts, certain non County governmental agencies and special assessment districts. Most of the Pool's depositors are required by State law to invest their excess moneys in the Pool. Less than 5% of the Pool's market value is allocable to voluntary depositors.

Each depositor is assigned a distinct fund number within the Investment Pool. Cash represented by the fund balances is commingled in a Pooled Cash Portfolio for investment purposes; no funds are segregated for separate investment. Investments are selected from those authorized by California Government Code Section 53635 ("Code"). Authorized investments include obligations of the United States Treasury, agencies

of the United States government, federally sponsored enterprises, local and State bond issues, bankers acceptances, commercial paper of prime quality, collateralized and negotiable certificates of deposit, repurchase and reverse repurchase agreements, medium term corporate notes, shares of beneficial interest in diversified management companies (mutual funds), and asset backed (including mortgage related) and pass through securities.

Each calendar year the Treasurer prepares an Annual Statement of Investment Policy (the “Investment Policy”) that sets the framework for the investment practices relating to the County treasury. Legislation enacted in 1996 and effective January 1, 1997 requires that the Investment Policy be filed and approved by the Board in open session. Additionally, the Board must determine whether to delegate investment authority to the Treasurer each year. Failure to so delegate transfers investment responsibility to the Board itself. The Board of Supervisors approved the current Investment Policy as presented by the Treasurer and delegated investment responsibility to the Treasurer on November 27, 2007. Having been so approved, the Investment Policy may not be changed without Board approval.

The approved Investment Policy provides that the County’s investment objectives are “capital preservation and liquidity, while seeking high current income consistent with capital preservation and liquidity.” The Investment Policy provides that no more than 6% of the assets in the Pool can be invested in the securities of any single issuer other than the United States Treasury, agencies of the United States government and federally sponsored enterprises. Additionally, investments in repurchase or reverse repurchase agreements are limited to 10% of the total Pool. As of May 16, 2008 there were no repurchase or reverse repurchase agreements in the Pool.

In accordance with California law, the Kern County Board of Supervisors created an eleven member Treasury Oversight Committee (the “TOC”) on April 2, 1996. The statutory role of the TOC is to review the Investment Policy as prepared by the Treasurer and make recommendations to the Board, to monitor policy compliance as well as investment performance and to cause an annual independent audit to be performed. The TOC meets semi annually to accomplish its tasks.

The Pool is marked to market monthly. As shown in the tables that follow, the current market value of some investments is less than their book value. The County does not expect to realize losses from these securities since it intends to hold such investments to maturity. However, unexpected withdrawals from the Pool could force the sale of some securities prior to maturity and lead to realization of losses with respect to such securities. The County considers such events to be unlikely, based on the Pool’s historical withdrawal patterns.

The following tables present information with respect to the Pool as of the close of business on March 31, 2008. As described above, a wide range of investments is authorized under State law and the Investment Policy. Therefore, there can be no assurance that the investments in the Pool will not vary significantly from the investments described below. In addition, the value of various investments in the Pool will fluctuate on a daily basis as a result of several factors, including generally prevailing interest rates and other economic conditions. For further information concerning County investments, see Note IV(A) in “APPENDIX B—KERN COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2007” or access the County’s website: <http://www.kcttc.co.kern.ca.us>. Information on the website is not incorporated herein by reference.

Portfolio statistics for the Pool as of March 31, 2008 are presented in the following table:

TABLE 21
COUNTY OF KERN PORTFOLIO STATISTICS
AS OF MARCH 31, 2008
(Dollars in thousands)

| | <i>Market Value</i> | <i>Book Value</i> |
|------------------------------------|---------------------|-------------------|
| Pooled Funds | \$ 34,301 | \$ 34,301 |
| Negotiable CD's | 417,488 | 417,153 |
| Commercial Paper – Discount | 69,994 | 69,978 |
| Bankers Acceptances | -- | -- |
| Federal Agencies Issues – Coupon | 1,217,481 | 1,211,963 |
| Federal Agencies Issues - Discount | -- | -- |
| Medium Term Notes | 355,369 | 358,958 |
| Asset Backed Securities - Coupon | 18,907 | 18,798 |
| Total Securities | 2,113,539 | 2,111,150 |
| Passbook/Checking | 61,873 | 61,873 |
| Total Assets | 2,175,412 | 2,173,023 |
| Accrued Interest at Purchase | 5,658 | 5,658 |
| Total Pooled Cash Portfolio | \$ 2,181,070 | \$ 2,178,681 |

Maturity Distribution

| <u>Aging Interval</u> | <u>Percentage of Book Value</u> | | | <u>Par</u> | <u>Value</u> | |
|------------------------------------|---------------------------------|----------------|----------------|--------------------|--------------------|--------------------|
| | <u>Actual</u> | <u>Minimum</u> | <u>Maximum</u> | | <u>Market</u> | <u>Book</u> |
| 0-181 days | 37.90% | 30.00% | N/A | \$ 822,144 | \$ 824,313 | \$ 823,502 |
| 182-366 Days | 20.80 | 20.00 | N/A | 447,757 | 452,152 | 451,907 |
| 367-1097 Days | 25.78 | N/A | 30.00% | 553,401 | 560,048 | 560,243 |
| 1098-1827 Days | 15.53 | N/A | 20.00 | 336,615 | 338,899 | 337,371 |
| Total Assets | | | | 2,159,917 | 2,175,412 | 2,173,023 |
| Accrued Interest at Purchase | | | | 5,658 | 5,658 | 5,658 |
| Total Pooled Cash Portfolio | | | | \$2,165,575 | \$2,181,070 | \$2,178,681 |

⁽¹⁾ Limits established by Investment Policy adopted November 27, 2007.
Source: County of Kern Treasurer-Tax Collector.

STATE FINANCIAL INFORMATION

The following information concerning the State's budget has been obtained from publicly available information which the County believes to be reliable; however, the County takes no responsibility as to the accuracy or completeness thereof and has not independently verified such information. Information about the state budget is regularly available at various state-maintained Web sites. Text of the state budget may be found at the State Department of Finance Web site, www.govbud.dof.ca.gov under the heading "California Budget." An impartial analysis of the budget is posted by the Office of the Legislative Analyst at www.lao.ca.gov. In addition, various State of California official statements, many of which contain a summary of the current and past state budgets, may be found at the Web site of the State Treasurer, www.treasurer.ca.gov. The information referred to is prepared by the respective state agency maintaining each Web site and not by the County, and the County can take no responsibility for the continued accuracy of the Internet addresses or for

the accuracy or timeliness of information posted there, and such information is not incorporated herein by these references.

State Budget for Fiscal Year 2007-08 and 2008-09

On January 10, 2008, Governor Schwarzenegger released the Proposed 2008-09 Governor's Budget (the "Proposed Budget"). The Proposed Budget reflected significant fiscal stress at the State level, and projected a Fiscal Year 2007-08 and Fiscal Year 2008-09 combined shortfall of approximately \$14.5 billion. The Proposed Budget projected to end Fiscal Year 2008-09 with a \$2.8 billion total reserve. General Fund revenues and transfers for Fiscal Year 2008-09 were projected at \$102.9 billion, an increase of \$1.7 billion compared with revised estimates for Fiscal Year 2007-08. General Fund expenditures for Fiscal Year 2008-09 were projected at \$101.0 billion, a decrease of \$2.4 billion, or 2.0% compared with the revised estimates for Fiscal Year 2007-08.

If adopted, the Proposed Budget would significantly impact counties in the State. The most significant impact would be widespread and significant delays in payments, totaling \$1.27 billion, to counties for the administration of numerous human services and mental health programs. In addition, the Proposed Budget contains cuts to programs such as child welfare services and mental health services for children and low-income adults.

In addition, the Governor declared a fiscal emergency and ordered a special session to consider mid-year budget corrections for Fiscal Year 2007-08. The Legislature adopted substantially all of the Governor's proposed reductions for Fiscal Year 2007-08. As a result, approximately \$6.7 million in payments to the County expected to be received in FY 2007-08 will be delayed until the first quarter of Fiscal Year 2008-09. These delays include \$3.5 million in local gas tax subventions and \$3.2 million in Medi-cal payments. Impacts in Fiscal Year 2008-09 include cuts to the County of approximately \$9.4 million (\$2.5 million County General Fund).

LAO Analysis of the 2008-09 Budget

On February 20, 2008, the LAO released its annual report "The 2008-09 Budget: Perspectives and Issues" (the "Report"). In its overview of the State's fiscal picture, the Report stated:

"A declining economic outlook, sagging revenues, and rising costs have created bleak prospects for the State's budget. Over the current and budget years [2007-08 and 2008-09], the Governor identified a gap of \$14.5 billion between revenues and expenditures and proposes more than \$17 billion in solutions to bring the state's budget back into balance. These budget-balancing actions include the issuance of additional deficit-financing bonds, higher revenue accruals, and budget reductions across most state programs. Primarily due to the continued deterioration of the state's revenue outlook, we project that the state's budget shortfall (prior to any corrective actions) has increased to about \$16 billion. Consequently, the reserve at the end of 2008-09 under the Governor's budget policies would be \$1.1 billion, \$1.6 billion less than forecasted by the Administration."

The Report included suggestions to the Legislature for a different approach to balancing the Fiscal Year 2008-09 budget, as compared to the reliance of the Proposed Budget primarily on budget cuts. This and other reports by the LAO (which are not incorporated herein) may be read on the LAO's internet website at www.lao.ca.gov.

May Revision to 2008-09 Proposed Budget.

On May 14, 2008, the Governor released his May Revision to the Proposed 2008-09 Budget (the "May Revision"). On May 19, 2008, the Legislative Analyst's Office (the "LAO") released its Overview of the May Revision. The following information is adapted from the LAO's Overview of the May Revision.

The Governor's estimate of the gap between revenues and expenditures identified as \$14.5 billion in January 2008, grew to \$22 billion in the May Revision due to a projected decline in revenue of \$6 billion and additional expenses of \$1.7 billion. At the special session of the legislature in February 2008, the legislature and the Governor adopted \$7 billion in solutions, leaving a gap of \$15 billion to be addressed. In addition to solutions proposed in the Governor's proposed budget, the May Revision puts forth \$8 billion in new solutions including an expected \$5.1 billion in additional revenue from the securitization of future State lottery revenues. The remaining solutions include expanding a redirection of public transit funds for general fund purposes, reducing funding for the compensation offer to correctional officers, loans from special funds, and other reductions in spending.

The LAO considers the reduced forecasts for expenditures to be reasonable and the LAO projects that if all of the May Revision solutions were adopted the reserve would be \$1.5 billion, compared to the Governor's projection of \$2 billion. The \$500 million difference is based on differing assumptions of the Governor and the LAO about expenses and revenues. However, if the lottery securitization proposal is not adopted, the May Revision proposes a 1% sales tax increase which would not take effect until January 1, 2009. Since the 2008-09 fiscal year would only have six months remaining, the LAO projects \$3 billion in revenue would be raised by the sales tax increase, or \$2 billion less than the anticipated revenue from the lottery securitization proposal, eliminating the projected reserve. Also, if taxes were raised, the Proposition 98 funding obligation would increase as well.

The LAO concludes that balancing the budget will be challenging due to the structural deficits the State faces, and projects that the reserve in the current year, even if the lottery securitization proposal is accepted, would be approximately \$1.5 billion. The full text of the LAO's Overview of the May Revision is available at www.lao.ca.gov.

Future State Budgets. No prediction can be made by the County as to whether the State will continue to encounter budgetary problems in this or in any future Fiscal Years, and if it were to do so, it is not clear what measures would be taken by the State to balance its budget, as required by law. In addition, the County cannot predict the final outcome of future State budget negotiations, the impact that such budgets will have on County finances and operations or what actions will be taken in the future by the State Legislature and Governor to deal with changing State revenues and expenditures. Current and future State budgets will be affected by national and State economic conditions and other factors, including the current economic downturn, over which the County has no control.

Sales and Property Tax Swap—the “Triple Flip”

In March 2004, the State's voters approved Proposition 57, the California Economic Recovery Bond Act, which allowed the State to issue bonds to reduce the State's budget deficit (the “Economic Recovery Bonds”). The Economic Recovery Bonds are authorized to be general obligations of the State, secured by a pledge of revenues available to the State as a result of the “Triple Flip.” Beginning in Fiscal Year 2004-05, the Triple Flip shifts 0.25% of local governments' sales and use tax revenues to the State, shifts property tax revenues from the Educational Revenue Augmentation Fund to cities and counties to replace lost sales and use tax revenues on a dollar for dollar basis and reimburses the Educational Revenue Augmentation Fund for lost property tax revenues out of the State's General Fund. In general, the Triple Flip sunsets when the Economic Recovery Bonds are no longer outstanding.

The 2004-05 Budget Act proposed a constitutional amendment, which was approved by the voters in November 2004 and generally became effective in Fiscal Year 2007-08. Proposition 1A amended the State Constitution to, among other things, reduce the Legislature's authority over local government revenue sources by restricting the State from lowering the local sales tax rate or changing the allocation of local sales tax revenues without meeting certain conditions. See “LIMITATIONS ON TAX REVENUES- Proposition 1A” herein.

Proposition 1A

Proposition 1A, proposed by the Legislature in connection with the 2004-05 Budget Act, approved by the voters in November 2004 and generally effective in Fiscal Year 2007-08, provides that the State may not reduce any local sales tax rate, limit existing local government authority to levy a sales tax rate or change the allocation of local sales tax revenues, subject to certain exceptions. Proposition 1A generally prohibits the State from shifting to schools or community colleges any share of property tax revenues allocated to local governments for any fiscal year, as set forth under the laws in effect as of November 3, 2004. Any change in the allocation of property tax revenues among local governments within a county must be approved by two-thirds of both houses of the Legislature. Proposition 1A provides, however, that beginning in fiscal year 2008-09, the State may shift to schools and community colleges up to 8% of local government property tax revenues, which amount must be repaid, with interest, within three years, if the Governor proclaims that the shift is needed due to a severe state financial hardship, the shift is approved by two-thirds of both houses and certain other conditions are met. The State may also approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also provides that if the State reduces the VLF rate currently in effect, 0.65 percent of vehicle value, the State must provide local governments with equal replacement revenues. Further, Proposition 1A requires the State, beginning July 1, 2005, to suspend State mandates affecting cities, counties and special districts, excepting mandates relating to employee rights, schools or community colleges, in any year that the State does not fully reimburse local governments for their costs to comply with such mandates.

Proposition 1A may result in increased and more stable County revenues. The magnitude of such increase and stability is unknown and would depend on future actions by the State. However, Proposition 1A could also result in decreased resources being available for State programs. This reduction, in turn, could affect actions taken by the State to resolve budget difficulties. Such actions could include increasing State taxes, decreasing spending on other State programs or other action, some of which could be adverse to the County.

SPECIAL RISK FACTORS

The following information should be considered by prospective investors in evaluating the Notes. However, this information does not purport to be an exhaustive listing of the risks and other considerations which may be relevant to an investment in the Notes.

Limitations on Remedies; Bankruptcy

The rights of the owners of the Notes are subject to the limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds needed to serve the public welfare and interest. Additionally, enforceability of the rights and remedies of the owners of the Notes, and the obligations incurred by the County, may become subject to the following: The Federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect; equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose; and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or State government, if initiated, could subject the owners of the Notes to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Chapter 9 of the Bankruptcy Code (Title 11, United States Code), which governs the bankruptcy proceedings for public agencies such as the County, does not authorize involuntary petitions in bankruptcy. In

a decision dated March 8, 1995, the United States Bankruptcy Court for the Central District of California ruled that a pledge granted by Orange County pursuant to a resolution adopted by that county in connection with the issuance of tax revenue anticipation notes was not effective with respect to general revenues accruing to the County after the filing of a petition in bankruptcy. The resolution obligated Orange County to set aside a specified amount of revenues in certain months in order to secure the payment of the TRANs in a manner similar to that provided in the Note Resolution. Owners of the TRANs appealed the Bankruptcy Court's ruling. On July 12, 1995, the United States District Court for the Central District of California reversed the order of the Bankruptcy Court and ordered that the obligation created under the resolution adopted by Orange County is a statutory lien which survived the filing of Orange County's bankruptcy petition.

On January 24, 1996, the United States Bankruptcy Court for the Central District of California held in the case of *County of Orange v. Merrill Lynch* that a State statute providing for a priority of distribution of property held in trust conflicted with, and was preempted by, federal bankruptcy law. In that case, the court addressed the priority of the disposition of moneys held in a county investment pool upon bankruptcy of the county, but was not required to directly address the state statute that provides for the lien in favor of holders of tax and revenue anticipation notes. The County is in possession of the taxes and other revenues that will be set aside and pledged to repay the Notes and, following payment of these funds to the Fiscal Agent, these funds will be invested in the name of the Fiscal Agent for a period of time in the County Investment Pool. In the event of a petition for the adjustment of County debts under Chapter 9 of the federal bankruptcy code, a court might hold that the Owners of the Notes do not have a valid and/or prior lien on the Pledged Amounts where such amounts are deposited in the County Investment Pool and may not provide the Noteowners with a priority interest in such amounts. In that circumstance, unless the Owners could "trace" the funds from the Repayment Fund that have been deposited in the County Investment Pool, the Owners would be unsecured (rather than secured) creditors of the County. There can be no assurance that the Owners could successfully so "trace" the pledged taxes and other revenues.

Federal Income Tax Consequences

Certain federal income tax consequences of an investment in the Notes are discussed under "TAX EXEMPTION." Each prospective purchaser of the Notes should consult with his or her own tax advisor to determine the specific effects of an investment in the Notes based upon such prospective investor's particular tax situation.

Loss of Tax Exemption

Bond Counsel's form of opinion regarding the exclusion from gross income for federal income tax purposes of interest on the Notes appears as Appendix D herein. The County has covenanted in the Resolution to comply with each applicable requirement of the Internal Revenue Code of 1986, as amended, and has executed a Tax Certificate prepared by Bond Counsel and delivered by the County concurrently with the original delivery of the Notes as guidance for compliance with such provisions. The interest on the Notes could become includable in gross income for purposes of federal income taxation retroactive to the date of issuance of the Notes as a result of acts or omissions of the County in violation of such covenants in the Resolution. Should such an event of taxability occur, the Notes are not subject to redemption and will remain outstanding until maturity. See "TAX MATTERS" herein.

LIMITATIONS ON TAX REVENUES

Article XIII A

On June 6, 1978, California voters approved an amendment (commonly known as both Proposition 13 and the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things affects the valuation of real property for the purpose of

taxation in that it defines the full cash property value to mean “the county assessor’s valuation of real property as shown on the 1975/76 tax bill under “full cash value”, or thereafter, the appraised value of real property newly constructed, or when a change in ownership has occurred after the 1975 assessment.” The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or a reduction in the consumer price index or comparable local data at a rate not to exceed 2% per year, or reduced in the event of declining property value caused by damage, destruction or other factors including a general economic downturn. The amendment further limits the amount of any *ad valorem* tax on real property to one percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the votes cast by the voters voting on the proposition.

Legislation enacted by the California Legislature to implement Article XIII A provides that all taxable property is shown at full assessed value as described above. In conformity with this procedure, all taxable property value included in this Official Statement (except as noted) is shown at 100% of assessed value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for voter approved bonded indebtedness and pension liability are also applied to 100% of assessed value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of “situs” among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies and school districts will share the growth of “base” revenue from the tax rate area. Each year’s growth allocation becomes part of each agency’s allocation the following year. The County is unable to predict the nature or magnitude of future revenue sources that may be provided by the State of California to replace lost property tax revenues. Article XIII A effectively prohibits the levying of any other *ad valorem* property tax above the 1% limit except for taxes to support indebtedness approved by the voters as described above.

Article XIII B

On November 6, 1979, California voters approved Proposition 4, which added Article XIII B to the California Constitution. In June 1990, the voters through their approval of Proposition 111 amended Article XIII B. Article XIII B of the California Constitution limits the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted annually for changes in the cost of living, population and services rendered by the governmental entity. The “base year” for establishing such appropriation limit is the 1978-79 fiscal year. Increases in appropriations by a governmental entity are also permitted (i) if financial responsibility for providing services is transferred to the governmental entity, or (ii) for emergencies so long as the appropriations limits for the three years following the emergency are reduced to prevent any aggregate increase above the Constitutional limit. Decreases are required where responsibility for providing services is transferred from the government entity.

Appropriations subject to Article XIII B include generally any authorization to expend during the fiscal year the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of taxes, benefit payments from retirement, unemployment insurance and disability insurance funds. Appropriations subject to limitation pursuant to Article XIII B do not include debt service on indebtedness existing or legally authorized as of January 1, 1979, on bonded indebtedness thereafter approved according to law by a vote of the electors of the issuing entity voting in an election for such purpose, appropriations required to comply with mandates of courts or the Federal government, appropriations for qualified out lay projects, and appropriations by the State of revenues derived from any increase in gasoline taxes and motor vehicle weight fees above January 1, 1990 levels. “Proceeds of taxes” include, but are not limited to, all tax revenues and the proceeds to any entity of government from (i) regulatory licenses, user charges, and user fees to the extent such proceeds exceed the cost of providing the service or regulation, (ii) the investment of tax revenues and (iii) certain State subventions received by local governments. Article XIII B

includes a requirement that if an entity's revenues in any year exceed the amount permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two fiscal years.

As amended in June 1990, the appropriations limit for the County in each year is based on the limit for the prior year, adjusted annually for changes in the costs of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at the County's option, either (i) the percentage change in California per capita personal income, or (ii) the percentage change in the local assessment roll for the jurisdiction due to the addition of nonresidential new construction.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate "proceeds of taxes" received by the County over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedules over the subsequent two years.

Article XIII B permits any government entity to change the appropriations limit by vote of the electorate in conformity with statutory and Constitutional voting requirements, but any such voter-approved change can only be effective for a maximum of four years.

Proposition 46 and 39

On June 3, 1986, California voters approved Proposition 46, which added an additional exemption to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, local governments and school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if two-thirds of those voting in a local election approve the issuance of such bonds and the money raised through the sale of the bonds is used exclusively to purchase or improve real property.

On November 7, 2000, California voters approved Proposition 39, which added an additional exception to the 1% tax limitation imposed by Article XIII A. Under this amendment to Article XIII A, school districts may increase the property tax rate above 1% for the period necessary to retire new general obligation bonds, if 55% of those voting in a local election approve the issuance of such bonds and certain restrictions as to the use of the money are followed.

Proposition 62

Proposition 62 was adopted by the voters at the November 4, 1986, general election which (a) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities such as the County be approved by a two-thirds vote of the governmental entity's legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax, (b) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local government entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax, (c) restricts the use of revenues from a special tax to the purposes or for the service for which the special tax was imposed, (d) prohibits the imposition of *ad valorem* taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution, (e) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities, and (f) requires that any tax imposed by a local governmental entity on or after August 1, 1985, be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

On September 28, 1995, the California Supreme Court, in the case of *Santa Clara County Local Transportation Authority v. Guardino*, upheld the constitutionality of Proposition 62. In this case, the court held that a county-wide sales tax of one-half of one percent was a special tax that, under Section 53722 of the

Government Code, and was held invalid without the required two-thirds voter approval. The decision did not address the question of whether or not it should be applied retroactively.

Following the Guardino decision upholding Proposition 62, several actions were filed challenging taxes imposed by public agencies since the adoption of Proposition 62. On June 4, 2001, the California Supreme Court released its decision in one of these cases, *Howard Jarvis Taxpayers Association v. City of La Habra, et al.* (“*La Habra*”). In this case, the court held that a public agency’s continued imposition and collection of a tax is an ongoing violation upon which the statute of limitations period begins anew with each collection. The court also held that, unless another statute or constitutional rule provided differently, the statute of limitations for challenges to taxes subject to Proposition 62 is three years. Accordingly, a challenge to a tax subject to Proposition 62 may only be made for those taxes received within three years of the date the action is brought. Since the adoption of Proposition 62, the County enacted an increase in the transient occupancy tax from 6% to 10% without a vote. Although no challenge was instituted against the imposition or collection of this tax, following the California Supreme Court’s 2001 decision in *Howard Jarvis Taxpayers Assn. v. City of La Habra* concerning the applicable statute of limitations for a challenge under Proposition 62, the County Board of Supervisors submitted the increase in the transient occupancy tax to the voters. On March 7, 2002, a majority of the voters did not vote in favor of the increased rate to 10% and the rate has been returned to the 6% rate, which resulted in the County an annual reduction in transient occupancy tax revenues of approximately \$700,000 commencing in Fiscal Year 2002-03.

Right to Vote on Taxes Initiative Proposition 218

On November 5, 1996, the voters of the State approved Proposition 218, a constitutional initiative, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 adds Articles XIII C and XIII D to the California Constitution and contains a number of interrelated provisions affecting the ability of local governments, including the County, to levy and collect both existing and future taxes, assessments, fees and charges. Proposition 218 became effective on November 6, 1996. Senate Bill 919 was enacted to provide certain implementing provisions for Proposition 218 and became effective July 1, 1997. Proposition 218 could substantially restrict the County’s ability to raise future revenues and could subject certain existing sources of revenue to reduction or repeal, and increase the County’s costs to hold elections, calculate fees and assessments, notify the public and defend its fees and assessments in court. Further, as described below, Proposition 218 provides for broad initiative powers to reduce or repeal assessments, fees and charges. This initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. However, other than any impact resulting from the exercise of this initiative power, presently the County does not believe that the potential financial impact on the financial condition of the County as a result of the provisions of Proposition 218 will adversely affect the County’s ability to pay debt service on the Notes as and when due and its other obligations payable from the General Fund.

Article XIII C of Proposition 218 requires majority voter approval for the imposition, extension or increase of general taxes and two thirds voter approval for the imposition, extension or increase of special taxes, including special taxes deposited into the County’s General Fund. Proposition 218 also provides that any general tax imposed, extended or increased without voter approval by any local government on or after January 1, 1995 and prior to November 6, 1996 shall continue to be imposed only if approved by a majority vote in an election held within two years of November 6, 1996. The County has not enacted imposed, extended or increased any tax without voter approval since January 1, 1995. These voter approval requirements of Proposition 218 reduce the flexibility of the County to raise revenues through General Fund taxes, and no assurance can be given that the County will be able to raise such taxes in the future to meet increased expenditure requirements.

Article XIII C of Proposition 218 also expressly extends the initiative power to give voters the power to reduce or repeal local taxes, assessments, fees and charges, regardless of the date such taxes, assessments, fees or charges were imposed. This extension of the initiative power to some extent constitutionalizes the

March 6, 1995 State Supreme Court decision in *Rossi v. Brown*, which upheld an initiative that repealed a local tax and held that the State constitution does not preclude the repeal, including the prospective repeal, of a tax ordinance by an initiative, as contrasted with the State constitutional prohibition on referendum powers regarding statutes and ordinances which impose a tax. Generally, the initiative process enables California voters to enact legislation upon obtaining requisite voter approval at a general election. Proposition 218 extends the authority stated in *Rossi v. Brown* by expanding the initiative power to include reducing or repealing assessments, fees and charges, which had previously been considered administrative rather than legislative matters and therefore beyond the initiative power. This extension of the initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments or fees and charges. Such legal authority could include the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. SB 919 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution. However, no assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges that currently are deposited into the County’s General Fund.

Further, “fees” and “charges” are not defined in Article XIII C or SB 919. However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Virjil (Kelley)* (the “Bighorn Decision”) that charges for ongoing water delivery are property related fees and charges within the meaning of Article XIII D and are also fees or charges within the meaning of Section 3 of Article XIII C. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIII C.

In the Bighorn Decision, the Supreme Court did state that nothing in Section 3 of Article XIII C authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the Bighorn Decision that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution. Additionally, SB 919 provides that the initiative power provided for in Proposition 218 “shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after (the effective date of Proposition 218) assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights” protected by the United States Constitution.

The initiative power granted under Article XIII C of Proposition 218, by its terms, applies to all local taxes, assessments, fees and charges and is not limited to local taxes, assessments, fees and charges that are property-related. Accordingly, the scope of the initiative power under Article XIII C could include all sources of General Fund moneys not received from or imposed by the federal or State government or derived from investment income.

The County is unable to predict whether the courts will interpret the initiative provision to be limited to property-related fees and charges. No assurance can be given that the voters of the County will not, in the future, approve an initiative which reduces or repeals local taxes, assessments, fees or charges which are deposited into the County’s General Fund. The County believes that in the event that the initiative power was exercised so that all local taxes, assessments, fees and charges that may be subject to the provisions of

Proposition 218 are reduced or substantially reduced, the financial condition of the County, including its General Fund, would be materially adversely affected.

Article XIII D of Proposition 218 adds several new requirements making it generally more difficult for local agencies to levy and maintain “assessments” for municipal services and programs. “Assessment” is defined in Proposition 218 and SB 919 to mean any levy or charge upon real property for a special benefit conferred upon the real property. This includes maintenance assessments imposed in County service areas and in special districts. In most instances, in the event that the County is unable to collect assessment revenues relating to specific programs as a consequence of Proposition 218, the County will curtail such services rather than use amounts in the General Fund to finance such programs. Accordingly, the County anticipates that any impact Proposition 218 may have on existing or future taxes, fees, and assessments will not adversely affect the ability of the County to pay debt service on the Notes as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the assessments that presently finance them are reduced or repealed.

Article XIII D of Proposition 218 also adds several provisions affecting “fees” and “charges” which are defined as “any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new and, after June 30, 1998, existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. The County must then hold a hearing upon the proposed imposition or increase of such property based fee, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the County may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two thirds voter approval by the electorate residing in the affected area. The annual amount of revenues that are received by the County and deposited into its General Fund which may be considered to be property related fees under Article XIII D of Proposition 218 is not substantial. Accordingly, presently the County does not anticipate that any impact Proposition 218 may have on future fees and charges will adversely affect the ability of the County to pay its outstanding obligations as and when due. However, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

In the event that fees and charges cannot be appropriately increased or are reduced pursuant to the exercise of the initiative power, the County may have to choose whether to reduce or eliminate the service financed by such fees or charges or finance such service from its General Fund. Further, no assurance can be given that the County may or will be able to reduce or eliminate such services in the event the fees and charges that presently finance them are reduced or repealed.

Additional implementing legislation respecting Proposition 218 may be introduced in the State legislature from time to time that would supplement and add provisions to California statutory law. No assurance may be given as to the terms of such legislation or its potential impact on the County.

Future Initiatives

Article XIII A, Article XIII B and Propositions 1A, 46, 62 and 218 were each adopted as measures that qualified for the ballot pursuant to the State’s initiative process. From time to time, other initiative

measures could be adopted, which may place further limitations on the ability of the State, the County or local districts to increase revenues or to increase appropriations which may affect the County's revenues or its ability to expend its revenues.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations. In the further opinion of Special Counsel, interest on the Notes is exempt from State of California personal income tax. Special Counsel notes that, with respect to corporations, interest on the Notes may be included as an adjustment in the calculation of alternative minimum taxable income which may affect the alternative minimum tax liability of such corporations.

Special Counsel's opinion as to the exclusion from gross income of interest on the Notes is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Internal Revenue Code of 1986, as amended (the "Code"), that must be satisfied subsequent to the issuance of the Notes to assure that interest on the Notes will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The District has covenanted to comply with all such requirements.

The amount by which a Note Owner's original basis for determining loss on sale or exchange in the applicable Note (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Note premium, which must be amortized under Section 171 of the Code; such amortizable Note premium reduces the Note Owner's basis in the applicable Note (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Note premium may result in a Note Owner realizing a taxable gain when a Note is sold by the Note Owner for an amount equal to or less (under certain circumstances) than the original cost of the Note to the Owner. Purchasers of the Notes should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Note premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Notes will be selected for audit by the IRS. It is also possible that the market value of the Notes might be affected as a result of such an audit of the Notes (or by an audit of similar obligations).

Special Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Special Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Notes permit certain actions to be taken or to be omitted if a favorable opinion of Special Counsel is provided with respect thereto. Special Counsel expresses no opinion as to the exclusion from gross income of interest on the Notes for federal income tax purposes if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth. It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

Although Special Counsel has rendered an opinion that interest on the Notes is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Notes and the accrual or receipt of interest with respect to the Notes may otherwise affect the tax liability of certain persons. Special Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Notes, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Notes.

A copy of the proposed form of opinion of Special Counsel is attached hereto as APPENDIX D.

CERTAIN LEGAL MATTERS

Legal matters incident to the authorization, sale, execution and delivery by the County of the Notes are subject to the approval of Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel to the County. A complete copy of the proposed form of opinion of Bond Counsel is contained in Appendix D hereto. Certain legal matters will be passed upon for the County by its disclosure counsel, Stradling Yocca Carlson & Rauth, and for the County by the County Counsel.

FINANCIAL ADVISOR

The County has entered into an agreement with KNN Public Finance (the “Financial Advisor”), a division of Zions First National Bank, whereunder the Financial Advisor provides financial recommendations and guidance to the Board with respect to preparation for sale of the Notes, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Notes. The Financial Advisor has read and participated in the drafting of certain portions of this Official Statement. The Financial Advisor has not audited, authenticated or otherwise verified the information set forth in the Official Statement.

LITIGATION

As of the date of this Official Statement, to the best knowledge of the County, no litigation is pending or threatened (either in state or federal courts): (A) seeking to restrain or enjoin the execution, sale or delivery of any of the Notes, (B) in any way contesting or affecting the authority for the execution, sale or delivery of the Notes or the adoption of the resolution, (C) in any way contesting the existence or powers of the County, or (D) which would have a material adverse affect on the ability of the County to make payments with respect to the Notes.

RATING

The Notes have been assigned a rating of “SP-1+” by Standard and Poor’s Rating Services (“S&P”). An explanation of the significance of such rating may be obtained from S&P. The rating reflects the views of S&P and the County makes no representation as to the appropriateness of the rating and any explanation of the significance of such rating may be obtained only from S&P, 55 Water Street New York, New York 10041. Further, there is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely if circumstances so warrant in the sole judgment of S&P. Any such downward revision or withdrawal of a rating may have an adverse effect on the trading value and the market price of the Notes. The County undertakes no responsibility either to bring to the attention of the owners of the Notes any downward revision or withdrawal of any rating obtained or to oppose any such revision or withdrawal.

SALE OF NOTES

The Notes are being purchased by Banc of America Securities LLC, being the bidder offering the lowest true interest cost for the Notes following the competitive sale thereof (the “Purchaser”) from the County at an aggregate purchase price of \$157,125,050 (representing the aggregate principal amount of the Notes of \$155,000,000, plus an original issue premium of \$2,160,700, less an underwriter’s discount of \$35,650), plus interest accrued, if any. The public offering price set forth on the cover may be changed from time to time by the Purchaser. The Purchaser may offer and sell the Notes to certain dealers and others at a price lower than the initial public offering price.

Pursuant to the requirements of the official notice inviting bids for the Notes, the obligation of the Purchaser to purchase the Notes is subject to certain terms and conditions set forth in the official notice inviting bids, the approval of certain legal matters by counsel and certain other conditions.

CONTINUING DISCLOSURE

The County has agreed, in a Continuing Disclosure Certificate executed by the County in connection with the issuance of the Notes, to report the occurrence of specified “Material Events” to either the Municipal Securities Rulemaking Board or to each nationally recognized municipal securities information repository and to the State information depository, if any. Material Events include any of the following events: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on the debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions or events affecting the tax-exempt status of the security; (7) modifications to rights of security holders; (8) certain security prepayments; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the securities; and (11) rating changes.

The County’s obligations under the Certificate terminate upon (i) payment in full of all of the Notes or (ii) in the event that the County receives an opinion of Stradling Yocca Carlson & Rauth or other nationally recognized bond counsel, to the effect that those portions of SEC Rule 15c2-12(b)(5) (the “Rule”) which require the Certificate do not or no longer apply to the Notes.

These covenants have been made in order to assist the Underwriters in complying with the Rule. The County has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

MISCELLANEOUS

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as an opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs in the County since the date hereof.

The execution and delivery of this Official Statement have been duly authorized by the County.

COUNTY OF KERN, a political subdivision of the State
of California

By: /s/Debbie Stevenson
Director of Budget and Finance

APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION
REGARDING THE COUNTY OF KERN**

APPENDIX A

CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE COUNTY OF KERN

There follows in this Official Statement a brief description of Kern County, California (the “County”), together with current information concerning the County’s economy and governmental organization.

General Information

The County was organized on April 2, 1866 from portions of Los Angeles and Tulare Counties as then constituted. The County is the southernmost county of the State’s San Joaquin Valley. It covers 8,073 square miles, making it the State’s third largest county in geographical size. The County’s population was approximately 801,648 as of January 1, 2007. The City of Bakersfield, with a population of approximately 323,213 as of January 1, 2007, is the County seat.

The County is organized as a general law county under State law. As required by State and federal mandate, the County is responsible at the local level for activities involving public welfare, health and justice (courts and jails) and for the maintenance of public records. The County also provides services such as law enforcement, fire protection and public works to cities within the County on a cost-recovery contract basis. The County also operates recreational and cultural facilities serving both the incorporated and unincorporated areas of the County.

Governmental Organization

The County of Kern is governed by a five-member Board of Supervisors. Supervisors are elected by district to serve four-year alternating terms at elections held every two years. Other elected offices are as follows: (i) the Assessor-Recorder, (ii) the Auditor-Controller-County Clerk, (iii) the District Attorney, (iv) the Sheriff-Coroner-Public Administrator, and (v) the Treasurer-Tax Collector. All other departments are headed by appointed officials.

Population

The following table shows the population of the State of California, the County and various incorporated cities within the County for 2003 to 2007. The County's population increased by approximately 91,584, or approximately 12.9%, over the period 2003 to 2007.

POPULATION KERN COUNTY AND INCORPORATED CITIES 2003-2007⁽¹⁾

| | <i>2003</i> | <i>2004</i> | <i>2005</i> | <i>2006</i> | <i>2007</i> |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| Arvin | 14,185 | 14,655 | 14,966 | 15,027 | 16,138 |
| Bakersfield | 269,577 | 282,671 | 295,893 | 311,824 | 323,213 |
| California City | 11,193 | 11,406 | 11,504 | 12,048 | 13,123 |
| Delano | 42,410 | 43,588 | 45,056 | 49,359 | 53,037 |
| Maricopa | 1,139 | 1,151 | 1,147 | 1,137 | 1,135 |
| McFarland | 10,737 | 11,258 | 12,179 | 12,538 | 12,686 |
| Ridgecrest | 25,860 | 26,118 | 26,493 | 26,515 | 27,944 |
| Shafter | 13,475 | 13,834 | 14,113 | 14,501 | 14,982 |
| Taft | 9,042 | 9,027 | 9,052 | 9,147 | 9,161 |
| Tehachapi | 11,461 | 11,783 | 11,907 | 12,610 | 13,063 |
| Wasco | 22,441 | 23,037 | 23,708 | 24,288 | 24,156 |
| Unincorporated | 278,544 | 283,873 | 287,052 | 290,875 | 293,010 |
| Total County | 710,064 | 732,401 | 753,070 | 779,869 | 801,648 |
| State of California | 35,691,442 | 36,271,091 | 36,810,358 | 37,172,015 | 37,662,518 |

⁽¹⁾ As of January 1 for the year shown.

Source: State of California Department of Finance.

Employment

As of March 2008 the County's labor force was 352,600, which was a 2.4% decline from the County's labor force as of December 2007. The unemployment rate as of March 2008 increased to 10.0% from 9.4% as of December 2007. The following table compares labor force, employment and unemployment for the County, the State of California and the United States for the years 2003 through March 2008.

KERN COUNTY ANNUAL AVERAGE LABOR FORCE AND INDUSTRY EMPLOYMENT⁽¹⁾

| <i>Year</i> | <i>Area</i> | <i>Labor Force</i> | <i>Civilian Employment⁽¹⁾</i> | <i>Unemployment</i> | <i>Unemployment Rate</i> |
|---------------------|---------------|--------------------|--|---------------------|------------------------------|
| 2003 | Kern County | 314,400 | 281,900 | 32,500 | 10.3% |
| | California | 17,403,900 | 16,212,600 | 1,191,300 | 6.8 |
| | United States | 146,501,000 | 138,556,000 | 7,945,000 | 5.4 |
| 2004 | Kern County | 317,300 | 285,900 | 31,400 | 9.9% |
| | California | 17,499,600 | 16,407,900 | 1,091,700 | 6.2 |
| | United States | 147,877,000 | 140,278,000 | 7,599,000 | 5.1 |
| 2005 | Kern County | 328,800 | 301,600 | 27,200 | 8.3% |
| | California | 17,695,600 | 16,746,900 | 948,700 | 5.4 |
| | United States | 149,874,000 | 142,918,000 | 6,956,000 | 4.6 |
| 2006 | Kern County | 338,400 | 312,800 | 25,600 | 7.6% |
| | California | 17,688,900 | 16,801,400 | 887,500 | 5.0 |
| | United States | 150,027,000 | 142,772,000 | 7,255,000 | 4.8 |
| 2007 | Kern County | 343,900 | 313,700 | 30,200 | 8.8% |
| | California | 18,041,100 | 17,097,100 | 944,000 | 5.2 |
| | United States | 151,879,000 | 144,479,000 | 7,400,000 | 4.9 |
| 2008 ⁽²⁾ | Kern County | 352,600 | 317,400 | 35,200 | 10.0% |
| | California | 18,230,000 | 17,118,700 | 1,111,300 | 6.1 |
| | United States | 153,784,000 | 145,969,000 | 7,815,000 | 5.1 |

(1) Civilian employment data are by place of residence and includes self-employed individuals, unpaid family workers, household domestic workers and workers on strike.

(2) Data for Kern County and California: Preliminary for February 2008.

Data for United States: As of March 2008.

Source for Kern County and California: State of California Employment Development Department.

Source for United States: U.S. Department of Labor, Bureau of Labor Statistics.

Major Employers

The major employers in the County and their type of business are set forth in the following table:

COUNTY OF KERN TOP 10 MAJOR EMPLOYERS 2008

| <i>Employer</i> | <i>Location</i> | <i>Type of Business</i> | <i>Number of Employees</i> |
|---------------------------------|-----------------|-------------------------|----------------------------|
| Edwards Air Force Base | Edwards | Military | 11,500 |
| County of Kern | Bakersfield | Government | 7,475 |
| China Lake Naval Weapons Center | China Lake | Military | 5,000 |
| Giumarra Farms | Bakersfield | General Farming | 4,200 |
| Grimmway Farms | Arvin | General Farming | 3,500 |
| Wm. Bolt House Farms, Inc. | Bakersfield | General Farming | 2,000 |
| Bakersfield Memorial Hospital | Bakersfield | Healthcare | 1,400 |
| City of Bakersfield | Bakersfield | Government | 1,300 |
| Bear Creek Productions | Wasco | General Farming | 1,250 |
| Mercy Hospital | Bakersfield | Healthcare | 1,200 |

Source: Greater Bakersfield Chamber of Commerce.

Industry and Employment

The largest industries in the County, in terms of the percentage of employment in each respective industry, are as follows:

COUNTY OF KERN ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY 2008⁽¹⁾

| <i>Industry</i> | <i>Industry Employment⁽²⁾</i> | <i>Percentage of County Employment</i> |
|---|--|--|
| Government | 61,600 | 22.42% |
| Agriculture | 35,000 | 12.74 |
| Retail Trade | 28,600 | 10.41 |
| Educational and Health Services | 24,600 | 8.96 |
| Professional and Business Services | 26,400 | 9.61 |
| Leisure and Hospitality | 21,000 | 7.64 |
| Construction | 19,900 | 7.24 |
| Manufacturing | 13,900 | 5.06 |
| Transportation, Warehousing and Utilities | 9,600 | 3.49 |
| Natural Resources and Mining | 10,000 | 3.64 |
| Other Services | 7,100 | 2.58 |
| Wholesale Trade | 8,100 | 2.94 |
| Finance and Insurance | 5,600 | 2.03 |
| Real Estate and Rental and Leasing | 3,300 | 1.20 |
| Information | 2,800 | 1.01 |
| | 274,900 | 100.00% |

⁽¹⁾ Preliminary through March 2008.

⁽²⁾ Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Source: State of California Employment Development Department.

The following table shows employment by industry group in the County of Kern from 2004 to March 2008.

**COUNTY OF KERN
ANNUAL AVERAGE EMPLOYMENT BY INDUSTRY GROUP⁽¹⁾**

| <i>Industry Group</i> | <i>2004</i> | <i>2005</i> | <i>2006</i> | <i>2007</i> | <i>2008⁽²⁾</i> |
|---|----------------|----------------|----------------|----------------|---------------------------|
| Total Agricultural | 39,500 | 42,800 | 44,000 | 39,000 | 35,000 |
| Total Non-Agricultural Goods: | 36,300 | 39,100 | 42,400 | 42,300 | 41,200 |
| Natural Resources and Mining | 8,100 | 8,400 | 9,600 | 9,800 | 10,000 |
| Construction | 15,400 | 18,100 | 19,800 | 18,600 | 17,300 |
| Manufacturing | 12,700 | 12,700 | 13,000 | 13,300 | 13,900 |
| Total Non-Agricultural Services: | 175,500 | 181,800 | 194,900 | 197,200 | 198,700 |
| Transportation, Warehousing & Utilities | 8,800 | 9,200 | 9,500 | 9,500 | 9,600 |
| Wholesale Trade | 6,500 | 6,700 | 7,600 | 8,100 | 8,100 |
| Retail Trade | 25,800 | 27,300 | 30,600 | 29,000 | 28,600 |
| Information | 2,500 | 2,500 | 2,600 | 2,800 | 2,800 |
| Finance and Insurance | 5,500 | 5,600 | 5,800 | 5,700 | 5,600 |
| Real Estate and Rental and Leasing | 3,100 | 3,000 | 3,100 | 3,400 | 3,300 |
| Professional & Business Services | 21,700 | 22,700 | 25,900 | 26,300 | 26,400 |
| Educational & Health Services | 21,600 | 22,100 | 23,400 | 24,400 | 24,600 |
| Leisure & Hospitality | 19,000 | 19,900 | 20,800 | 21,300 | 21,000 |
| Other Services | 7,000 | 7,100 | 6,700 | 6,800 | 7,100 |
| Government ⁽³⁾ | <u>54,000</u> | <u>55,700</u> | <u>57,700</u> | <u>60,000</u> | <u>61,600</u> |
| Total All Industries ⁽⁴⁾ : | <u>251,300</u> | <u>263,700</u> | <u>281,300</u> | <u>283,900</u> | <u>274,900</u> |

⁽¹⁾ Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

⁽²⁾ Preliminary data as of March 2008.

⁽³⁾ Includes federal, state and local government employment.

⁽⁴⁾ Columns may not add to annual industry totals because of independent rounding.

Source: State of California Employment Development Department.

Commercial Activity

Commercial activity is an important contributor to Kern County's economy. The following table shows the County's taxable transactions from year 2003 to March 2007.

COUNTY OF KERN TAXABLE TRANSACTIONS BY TYPE OF BUSINESS FOR CALENDAR YEARS 2003 THROUGH MARCH 2007 (IN THOUSANDS)

| <i>Type of Store</i> | <i>2003</i> | <i>2004</i> | <i>2005</i> | <i>2006</i> | <i>2007⁽¹⁾</i> |
|------------------------------|--------------------|--------------------|---------------------|---------------------|---------------------------|
| Apparel | \$ 151,985 | \$ 193,597 | \$ 218,516 | \$ 240,216 | \$ 58,751 |
| General Merchandise | 899,479 | 952,154 | 1,061,864 | 1,131,619 | 269,753 |
| Food | 516,728 | 549,695 | 601,637 | 625,168 | 133,209 |
| Eating & Drinking | 589,186 | 651,907 | 724,358 | 777,612 | 201,409 |
| Household Furnishings | 188,799 | 214,954 | 243,778 | 257,165 | 61,186 |
| Building Materials | 405,751 | 571,343 | 683,112 | 662,212 | 166,118 |
| Automotive | 1,859,533 | 2,067,291 | 2,443,562 | 2,605,245 | 381,627 |
| Other Retail | <u>387,080</u> | <u>445,493</u> | <u>548,986</u> | <u>614,272</u> | <u>255,527</u> |
| Retail Stores Total | \$5,477,154 | \$6,192,813 | \$7,146,289 | \$7,595,418 | 1,800,758 |
| Business & Personal Services | 303,152 | 330,714 | 384,557 | 454,627 | 108,320 |
| All Other Outlets | 2,240,837 | 2,606,388 | 3,121,011 | 3,925,648 | 912,057 |
| Total All Outlets | <u>\$8,021,143</u> | <u>\$9,129,915</u> | <u>\$10,651,857</u> | <u>\$11,975,693</u> | <u>\$2,821,135</u> |

⁽¹⁾ As of March 2007.

Source: Taxable Sales In California, California State Board of Equalization.

Construction Activity

The total valuation of building permits issued in the County for both residential and commercial construction is estimated at \$945,543 for 2007 and \$206,659 for the first three months of 2008. The following table provides a building permit valuation summary for the County for 2004 through March 2008.

COUNTY OF KERN NEW BUILDING PERMIT VALUATION 2004 THROUGH MARCH 2008 (IN THOUSANDS)

| <i>Type of Permit</i> | <i>2004</i> | <i>2005</i> | <i>2006</i> | <i>2007</i> | <i>2008⁽¹⁾</i> |
|-----------------------|--------------------|--------------------|--------------------|-------------------|---------------------------|
| Residential: | | | | | |
| New Single-Dwelling | \$ 951,317 | \$1,202,200 | \$ 914,707 | \$ 513,425 | \$ 99,401 |
| New Multi-Dwelling | 48,846 | 66,876 | 85,344 | 66,949 | 34,445 |
| Additions/Alterations | <u>43,234</u> | <u>60,981</u> | <u>64,688</u> | <u>62,609</u> | <u>13,482</u> |
| Total Residential | \$ 1,043,397 | \$1,330,056 | 1,064,739 | 642,983 | 147,328 |
| Non Residential: | | | | | |
| New Commercial | \$59,074 | \$ 55,575 | \$ 119,353 | \$ 105,882 | \$ 14,129 |
| New Industrial | 20,207 | 68,092 | 23,699 | 11,178 | 3,323 |
| Other | 80,350 | 95,563 | 76,010 | 78,060 | 14,773 |
| Additions/Alterations | <u>92,344</u> | <u>76,257</u> | <u>90,929</u> | <u>107,440</u> | <u>27,106</u> |
| Total Non Residential | \$ 251,975 | \$ 295,488 | \$ 309,991 | \$ 302,560 | \$ 59,331 |
| Total Valuation | <u>\$1,295,372</u> | <u>\$1,625,544</u> | <u>\$1,374,730</u> | <u>\$ 945,543</u> | <u>\$ 206,659</u> |

⁽¹⁾ Data for 2008 is through March 2008.

Source: Construction Industry Research Board.

Note: Totals may not add up due to independent rounding.

Agriculture

Agricultural production totaled approximately \$4.1 billion in 2007. The following table provides a summary of agricultural production for the years 2003 through 2007.

**COUNTY OF KERN
AGRICULTURAL PRODUCTION
2003 THROUGH 2007
(IN THOUSANDS)**

| <i>Crop</i> | <i>2003</i> | <i>2004</i> | <i>2005</i> | <i>2006</i> | <i>2007</i> |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Fruit & Nut Crops | \$1,119,789 | \$1,513,770 | \$1,908,630 | \$1,636,785 | \$1,871,861 |
| Field Crops & Rangeland | 385,726 | 510,079 | 407,383 | 393,565 | 542,885 |
| Vegetable Crops | 507,620 | 470,692 | 445,513 | 555,732 | 647,412 |
| Nursery Crops | 100,702 | 101,850 | 105,728 | 109,329 | 105,317 |
| Industrial & Wood Crops | 5,793 | 9,144 | 5,760 | 5,985 | 7,646 |
| Seed Crops | 9,024 | 12,598 | 5,198 | 5,701 | 6,039 |
| Livestock & Poultry | 81,240 | 175,732 | 212,346 | 215,277 | 230,431 |
| Livestock & Poultry Products | 256,764 | 405,487 | 441,253 | 426,099 | 732,707 |
| Apiary Products | <u>17,018</u> | <u>14,459</u> | <u>18,901</u> | <u>34,119</u> | <u>39,547</u> |
| Total | <u>\$2,483,676</u> | <u>\$3,142,481</u> | <u>\$3,550,712</u> | <u>\$3,474,272</u> | <u>\$4,092,166</u> |

Source: Kern County Agricultural Crop Reports 2003 through 2007.

Note: Columns may not total due to rounding.

Transportation

The County is crossed by major state and interstate highways including State Routes 99 and 58 and Interstate 5. The County's communities are linked by 3,343 miles of County-maintained roads and 867 miles of State roads.

Meadows Field, located in Bakersfield, is served daily by United Express, America West Express and Continental Express and provides connections to several major airline hubs throughout the nation including Houston, Los Angeles, Phoenix, and San Francisco.

Culture and Recreation

The County operates a network of regional recreational facilities, including 52 regional and community parks and three regional golf courses. The County also operates a museum.

APPENDIX B

**KERN COUNTY COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR
ENDING JUNE 30, 2007**



**COUNTY OF KERN
STATE OF CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended
June 30, 2007**

**Ann K. Barnett
Auditor-Controller-County Clerk**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007**



COUNTY OF KERN

Supervisor Jon McQuiston First District
Supervisor Don Maben..... Second District
Supervisor Mike MaggardThird District
Supervisor Ray Watson..... Fourth District
Supervisor Michael J. RubioFifth District
Ronald M. Errea – County Administrative Officer

Prepared by the Office of Ann K. Barnett, Auditor-Controller-County Clerk



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For the Fiscal Year Ended June 30, 2007
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The seal of Kern County, California, is a circular emblem. It features a central landscape with a sun rising over mountains, a river, and a bridge. The text "KERN COUNTY OF CALIFORNIA" is inscribed around the perimeter of the seal. The seal is rendered in a halftone or dithered style.

INTRODUCTORY SECTION



ANN K. BARNETT
Auditor-Controller-County Clerk



December 21, 2007

Honorable Board of Supervisors
County of Kern

Honorable Board Members:

The Comprehensive Annual Financial Report (CAFR) of the County of Kern (County) for the fiscal year ended June 30, 2007 is hereby submitted in compliance with Section 25253 of the Government Code of the State of California and Board of Supervisors' Resolution No. 69-58, dated January 28, 1969. The accompanying financial statements were prepared in accordance with generally accepted accounting principles in the United States of America (GAAP), and audited by a firm of certified public accountants in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Brown Armstrong, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2007 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2007 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair

presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports will be available in the County's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The County of Kern was organized April 2, 1866 from portions of Los Angeles and Tulare Counties, making it the southernmost county of California's San Joaquin Valley, and occupies 8,170 square miles. Kern County is organized as a general law county under California law, and is divided into five supervisorial districts. Approximately 40 percent of the residents live in the unincorporated area. There are eleven incorporated cities located within the County. Bakersfield, the County seat, has approximately 60 percent of the County's total population of 819,157 living within the greater metropolitan area.

Policymaking and legislative authority is vested in the County Board of Supervisors (Board), which consists of an elected supervisor from each of five districts. The Board is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and appointing the County Administrative Officer and most non-elected department heads. Supervisors are elected to four-year staggered terms, with two supervisors being elected in even-year elections and three supervisors being elected in odd-year elections. The County has elected department heads responsible for the offices of the Assessor-Recorder, Auditor-Controller-County Clerk, District Attorney, Sheriff-Coroner, and Treasurer-Tax Collector. In addition, the department heads for the following departments are appointed by and report directly to the Director of the Resource Management Agency: Community and Economic Development, Engineering and Survey Services, Environmental Health Services, Planning, and Roads.

As depicted on the organizational chart on page 8, the County provides a full range of services in the following areas: general government; public protection; public ways and facilities; health and sanitation; public assistance; education; and culture and recreation.

The annual budget serves as the foundation for the County's financial planning and control. The County prepares and adopts a budget on or before August 30 each fiscal year in accordance with Government Code Sections 29000-29144. The County adopts budgets for all major funds and certain non-major governmental funds. The Auditor-Controller-County Clerk is responsible for controlling expenditures within budgeted appropriations. Expenditures are controlled at the object level for all budget units within the County. Encumbrance accounting is utilized to ensure effective budgetary control and accountability. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures. Transfers of appropriations between budget units must be approved by the Board of Supervisors. Necessary supplemental appropriations, normally financed by unanticipated revenues during the year, and transfers of appropriations between expenditure object classifications, must also be approved by the Board.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and all budgeted major funds, comparisons are presented on pages 89 - 109 as part of the required supplementary information. For non-major governmental funds with appropriated annual budgets, these comparisons are presented in the combining and individual fund statements and schedules subsection of this report, which begin on page 131.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Local economy

Oil extraction, agricultural production, and government are driving forces in the County's economy. Five of the top ten taxpayers of the County are oil producers or are closely related to the oil industry. Kern County remains the largest oil-producing County in the State, containing an estimated 72% of all the State's oil reserves.

The Assessor's total net assessed valuation roll at June 30, 2007, with oil and gas representing approximately 32.2% of the total, reflected a 21.6% increase in value, which increased available property taxes to the County in fiscal year 2006-07.

Agriculture continues to remain relatively stable, with the County being the fourth leading producer of agricultural products in the State. The unemployment rate remained constant at 7.6% for 2005-06 to 2006-07. The population of the County increased by 6.3% from 770,424 to 819,157. The County's major employers continue to be the public school system, Edwards Air Force Base, China Lake Naval Weapons Center and the County of Kern.

Debt administration

The County has instituted a cash management program for its General Fund through the issuance of tax and revenue anticipation notes. The notes provide cash flows to meet General Fund expenditures during the period prior to collection of property taxes. On July 6, 2006 the County issued \$160,000,000 in Tax and Revenue Anticipation Notes that matured on June 30, 2007. On July 2, 2007, the County issued \$150,000,000 in Tax and Revenue Anticipation Notes that will mature on June 30, 2008.

As of June 30, 2007, the County had outstanding certificates of participation in a principal amount of \$60,570,000. The proceeds of such certificates of participation are being used for the purchase of equipment, as well as the acquisition, construction and renovation of certain public facilities within the County.

A summary of the County's certificates of participation as of June 30, 2007 includes (in thousands):

| Description of Issue | Date Issued | Maturity | Principal Outstanding |
|--|-------------|----------|-----------------------|
| Solid Waste Systems Improvements | 1994 | 2010 | 4,760 |
| Rosamond Library Project | 1994 | 2015 | 1,075 |
| 1999 Capital Improvement Projects – Communications portion | 1999 | 2020 | 5,105 |
| Beale Memorial Library | 1996 | 2008 | 1,695 |
| Golf Course Capital Improvement | 1996 | 2017 | 2,985 |
| Fire Department | 1997 | 2017 | 6,230 |
| 1999 Capital Improvement Projects – KMC portion | 1999 | 2020 | 12,340 |
| Airports Capital Improvements | 2003 | 2024 | 12,215 |
| Solid Waste Systems Improvements | 2002 | 2017 | 14,165 |
| Total: | | | \$ 60,570 |

In 1995 the County of Kern issued Taxable Pension Obligation Bonds in the amount of \$227,818,439. In 2003, the County issued additional Taxable Pension Obligation Bonds in an amount of \$288,177,067. The courts and the Kern County Retirement Association were included in the original issuance of these bonds; however, they are no longer part of the County.

Cash management policies and procedures

The County of Kern pools deposits for County departments as well as for local agencies such as cities, school districts and other special purpose districts within the County. The Treasurer's pooled cash and investments do not include funds of the Kern County Employees' Retirement Association, which is an independent entity.

The Kern County Employees' Retirement Association is governed by the Board of Retirement. Investment counselors are hired by the Board of Retirement to invest retirement fund assets.

The County Treasurer-Tax Collector is the direct receiver of property tax payments and most large government payments for the County and local districts. All collections for fees and services received at the County department level are required to be deposited with the County Treasurer-Tax Collector. In order to improve security over departmental collections and expedite investment of receipts, the County Treasurer-Tax Collector has implemented a cash concentration program with a local bank, allowing County departments to deposit directly to a County bank account. At June 30, 2007 the Treasurer's Pooled Cash included cash and investments totaling \$1.958 billion.

Pooled Cash funds are managed by Treasurer-Tax Collector staff to maintain adequate liquidity to meet daily operating demands and to provide the highest interest earnings possible within County investment policies and Government Code Section 53635. Investments authorized under this policy include U.S. Treasury and Agency obligations, local and State bond issues, banker's acceptances, commercial paper of prime quality, certificates of deposit, medium term corporate notes, mutual funds and mortgage backed securities. In October 1995, the Board of Supervisors approved formation of a Treasury Oversight Committee. The purpose of the committee is to review and monitor the Pooled Cash investment policy and to contract for an annual investment program compliance audit, filed with the Treasurer-Tax Collector. Earnings on Pooled Cash during fiscal year ended June 30, 2007 averaged 4.86%, which compares with 4.93% for 91-day Treasury Bills for the same period. Interest earnings are allocated quarterly to each fund based on each fund's average daily balance.

Risk management

The Risk Management Division of the Office of County Counsel determines and administers all risk coverage requirements for the County of Kern. The County of Kern is generally self-insured for general liability, unemployment insurance, workers' compensation and employee medical and dental claims.

Excess liability insurance provides coverage for claims over \$2,000,000 and up to \$27,000,000. The policy protects the County of Kern and its employees against most legal liabilities arising from automobile liability, product damage, contractual liability, non-hospital malpractice and public officials' errors and omissions. For medical malpractice, excess liability insurance is maintained for claims over \$5,000,000. Workers' compensation claims are self-insured up to \$1,500,000 per occurrence. Excess coverage is maintained for workers' compensation claims up to statutory limits. The County does not self-insure against liability at its seven airports. Airport Liability insurance and Excess Airport Liability insurance is maintained.

Financial activity of the programs is accounted for in separate Internal Service Funds for General Liability, Group Health, Retiree Group Health, Unemployment Compensation and Workers' Compensation. Specialty insurance is accounted for in the General Fund.

Defined benefit pension plan

The County's Board of Supervisors established the Kern County Employees' Retirement Association (KCERA) under the provisions of the County Employees' Retirement Law of 1937 on January 1, 1945. All permanent employees of the County and other agencies are covered by KCERA, which operates a cost-sharing, multi-employer defined benefit plan. It is the responsibility of KCERA to function as an

investment and administrative agent for the County with respect to the pension plan. KCERA became independent from the County's supervision and control as a result of the 1992 passage of Proposition 162, which legally established the independent control of the Board of Retirement. Separate audited financial statements can be obtained from KCERA at 1115 Truxtun Avenue, Bakersfield, California 93301.

Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the County must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis.

The County also provides post retirement health and dental care benefits for certain retirees and their dependents. At June 30, 2007, there were 937 retired employees receiving the Retiree Health Premium Supplement Program and 2,733 retired employees receiving the Retiree Health Stipend. Additional information on the pension arrangement and post employment benefits can be found in Notes XII. C and XII. G, respectively, in the notes to the financial statements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Kern for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This was the tenth consecutive year that the County of Kern has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

I wish to express my appreciation to the staff of the Auditor-Controller-County Clerk's Office whose hard work, professionalism and dedication are responsible for the preparation of this report, and to the firm of Brown Armstrong, Certified Public Accountants for their professional assistance. Finally, I would like to thank the Board of Supervisors and the County Administrative Office for their continued efforts in planning and conducting the County's financial operations in a responsible and progressive manner.

Respectfully Submitted,



Ann K. Barnett
Auditor-Controller-County Clerk



**COUNTY OF KERN
DIRECTORY OF COUNTY OFFICIALS**

ELECTED

COUNTY SUPERVISOR, FIRST DISTRICT..... JON MCQUISTON
COUNTY SUPERVISOR, SECOND DISTRICT..... DON MABEN
COUNTY SUPERVISOR, THIRD DISTRICT..... MIKE MAGGARD
COUNTY SUPERVISOR, FOURTH DISTRICT..... RAYMOND A. WATSON
COUNTY SUPERVISOR, FIFTH DISTRICT..... MICHAEL J. RUBIO
ASSESSOR-RECORDER..... JAMES FITCH
AUDITOR-CONTROLLER-COUNTY CLERK ANN K. BARNETT
DISTRICT ATTORNEY EDWARD R. JAGELS
SHERIFF-CORONER-PUBLIC ADMINISTRATOR DONNY YOUNGBLOOD
TREASURER-TAX COLLECTOR JACKIE DENNEY

COUNTY OF KERN
DIRECTORY OF COUNTY OFFICIALS
 (CONTINUED)

APPOINTED

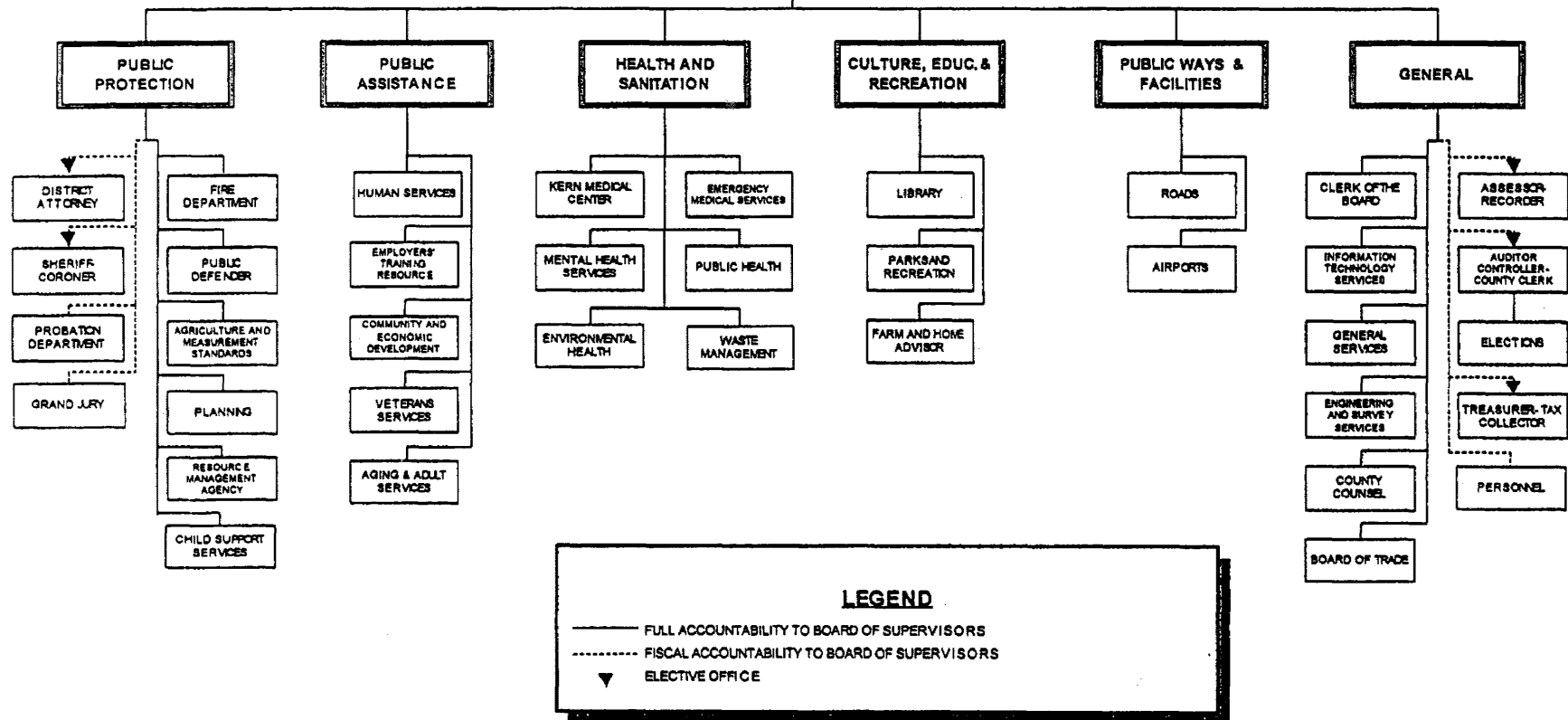
| | |
|--|--------------------------------|
| AGING AND ADULT SERVICES | KRISTINA GRASTY ¹ |
| AGRICULTURAL COMMISSIONER/SEALER..... | DAVID J. MOORE |
| AIRPORTS..... | JACK GOTCHER |
| BOARD OF TRADE | RICK DAVIS |
| CLERK OF THE BOARD | KATHLEEN KRAUSE ² |
| CHILD SUPPORT SERVICES | JOHN NILON |
| COMMUNITY AND ECONOMIC DEVELOPMENT | BARRY JUNG |
| COUNTY ADMINISTRATIVE OFFICER..... | RONALD M. ERREA |
| GENERAL SERVICES | |
| GROUP HEALTH | |
| RETIREE GROUP HEALTH | |
| UNEMPLOYMENT | |
| INFORMATION TECHNOLOGY SERVICES | |
| COUNTY COUNSEL..... | BERNARD C. BARMANN |
| EMERGENCY MEDICAL SERVICES..... | ROSS ELLIOTT |
| EMPLOYERS' TRAINING RESOURCE..... | VERNA LEWIS |
| ENGINEERING & SURVEY SERVICES | CHARLES LACKEY |
| ENVIRONMENTAL HEALTH SERVICES..... | MATTHEW CONSTANTINE |
| FARM AND HOME ADVISOR..... | DARLENE LIESCH |
| FIRE DEPARTMENT | DENNIS THOMPSON |
| HUMAN SERVICES | PATRICIA CHEADLE ³ |
| KERN MEDICAL CENTER..... | PAUL J. HENSLER ⁴ |
| LIBRARY..... | DIANE R. DUQUETTE |
| MENTAL HEALTH | DIANE G. KODITEK |
| PARKS AND RECREATION..... | ROBERT LERUDE |
| PERSONNEL | MARK QUINN ⁵ |
| PLANNING..... | TED JAMES |
| PROBATION | JOHN ROBERTS |
| PUBLIC DEFENDER | MARK A. ARNOLD |
| PUBLIC HEALTH | DR. CLAUDIA JONAH ⁶ |
| RESOURCE MANAGEMENT AGENCY..... | DAVID L. PRICE, III |
| ROADS..... | CRAIG POPE |
| VETERANS' SERVICES | CHARLES BIKAKIS |
| WASTE MANAGEMENT | DAPHNE B. HARLEY |

¹ Appointed on April 24, 2007. ² Appointed on May 22, 2007. ³ Appointed on July 31, 2007.
⁴ Appointed on April 17, 2007. ⁵ Appointed on July 23, 2007 ⁶ Appointed Interim Director on May 29, 2007.

ELECTORATE OF KERN COUNTY

BOARD OF SUPERVISORS

COUNTY ADMINISTRATIVE OFFICE



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Kern
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

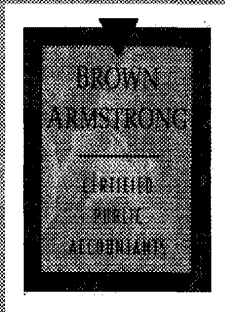
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director





**BROWN ARMSTRONG PAULDEN
MCCOWN STARBUCK THORNBURGH & KEETER**
Certified Public Accountants

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e-mail: info@bacpas.com

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Burton H. Armstrong, CPA, MST
Harvey J. McCown, CPA
Steven R. Starbuck, CPA
Aileen K. Keeter, CPA
Chris M. Thornburgh, CPA
Eric H. Xin, MBA, CPA

INDEPENDENT AUDITOR'S REPORT

Lynn R. Krausse, CPA, MST
Rosalba Flores, CPA
Connie M. Perez, CPA
Sharon Jones, CPA, MST
Diana H. Branthoover, CPA
Thomas M. Young, CPA
Alicia Montgomery, CPA, MBA
Matthew Gilligan, CPA
Hanna J. Sheppard, CPA
Ryan J. Nielsen, CPA
Jian Ou-Yang, CPA
Ryan S. Johnson, CPA
Michael C. Olivares, CPA
Amanda Fedewa, CPA
Jialan Su, CPA
Ariadne S. Prunes, CPA

To the Honorable Board of Supervisors
of the County of Kern, California

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, the aggregated remaining fund information, and the fiduciary funds of the County of Kern, California as of and for the year ended June 30, 2007, which collectively comprise the County of Kern's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Kern's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

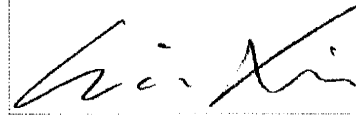
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregated remaining fund information, and the fiduciary funds of the County of Kern, California, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The *management's discussion and analysis* and *budgetary comparison* information as listed in the required supplementary information section of the accompanying table of contents are not a required part of the County of Kern's basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Kern, California's basic financial statements. The combining and individual fund financial statements and schedules, including the schedules of capital assets used in the operating of governmental funds, the introductory section, and the statistical section identified in the table of contents, where applicable, are presented for the purposes of additional analysis and are not a required part to the basic financial statements. The information in introductory section and the statistical section has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion on them. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2007, on our consideration of the County of Kern's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results the results of our audit.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK THORNBURGH & KEETER
ACCOUNTANCY CORPORATION



Bakersfield, California
December 21, 2007



**MANAGEMENT'S
DISCUSSION AND ANALYSIS**



**County of Kern
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
Unaudited**

Management's discussion and analysis section of the County of Kern's (County) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2007. Users of these financial statements should read this section in conjunction with the transmittal letter at the front of the CAFR and the County's basic financial statements following this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- At June 30, 2007, the County's total net assets were \$508,168. Of this total net asset amount \$634,826 is attributed to capital assets and \$27,412 is restricted, which may be used for the County's ongoing obligations with external restrictions. (For detail on Restricted Net Assets see Note XI. C). The remaining balance of the total net assets is a deficit balance of \$154,070, representing the unrestricted net assets.
- During the current fiscal year, the County's net assets increased by \$119,116. The County's net assets for governmental activities and business-type activities increased by \$124,308 and (\$5,192), respectively.
- At June 30, 2007, the County's governmental funds reported total ending fund balances of \$352,390, an increase of 18.3% compared to prior year's total ending fund balance. Approximately \$216,141, or 61.3% is unreserved fund balance, which is available for spending. See further discussion in the Financial Analysis of the Government's Funds section on page 18.
- At June 30, 2007, the unreserved fund balance for the General Fund was \$89,163 or 19.6% of total General Fund expenditures.
- At June 30, 2007, the County's total long-term debt decreased by \$13,402, primarily due to the normal maturity of existing long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the County's basic financial statements. These statements are organized so that readers can understand the County of Kern as a financial whole or as an entire operating entity. The County's basic financial statements are comprised of three components: 1) Government-wide financial statements; 2) Fund financial statements and 3) Notes to the financial statements. In addition to the financial statements, the CAFR also contains other supplementary information.

1. Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the County's assets and liabilities, with the difference between the reported assets and liabilities as net assets. Over time, increases and decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information illustrating how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event takes place regardless of when cash is received or paid. Thus, some revenues and expenses are reported in the CAFR for some items that will only result in cash inflows and outflows in future fiscal years.

Both the Statement of Net Assets and the Statement of Activities distinguishes between activities that are primarily financed with taxes and intergovernmental revenues (governmental activities) and those that are intended to recover all or a significant portion of their costs through user fees and charges for services (business-type activities). The County's governmental activities include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and culture and recreation. The County's business-type activities include the operation of seven airports, two sanitation districts, medical services (Kern Medical Center), public transportation, three golf courses, solid waste disposal, and activities associated with waste pick-up for the more densely populated unincorporated areas of Bakersfield and Taft. Although the Golf Courses, Sanitation Districts, Kern Asset Leasing Corporation and County Service Areas are legally separate entities, in substance they are part of the County's operations and have been included as part of the County's governmental and business activities.

The government-wide financial statements are presented on pages 23 and 24 of the CAFR.

2. Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds, not the County as a whole. A fund is a fiscal and accounting entity designated to report information about groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or attaining certain objectives in accordance with specific regulations, restrictions, or limitations. All of the County's funds can be divided into three broad categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for activities that are similar in nature to the governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on future inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating Kern County's future financing requirements and available resources.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This will allow readers to get a better understanding of the long-term impact of the government's future financing decisions. Both the governmental fund's balance sheet and the governmental fund's statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County reports eight major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located in the *Combining and Individual Fund Statements and Schedules*.

The County adopted an annual appropriated budget for all of its major governmental funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with this budget and are included in the *Required Supplementary Section* of the CAFR. Individual budgetary data for each of the budgeted non-major governmental funds is provided elsewhere in the CAFR.

The basic governmental fund financial statements are presented on pages 25 through 30 of the CAFR.

Proprietary funds are reported in two ways: enterprise funds and internal service funds. Enterprise funds are reported as business-type activities in the government-wide financial statements. The County has the following enterprise funds: Airports, County Sanitation Districts, Golf Courses, Kern Medical Center, Public Transportation, Waste Management and Universal Collection. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses the following internal service funds: General Liability, General Services - Garage, Group Health, Retiree Group Health, Unemployment Compensation, and Workers' Compensation. Because such functions predominantly benefit governmental rather than business-type activities, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds' financial statements provide separate information for Airports, Kern Medical Center and Waste Management, all of which are considered to be major funds of the County. For presentation, all other enterprise funds are combined into a single, aggregated column as well as the internal service funds. Individual fund data for the non-major enterprise funds and the internal service funds is provided in the combining statements in the CAFR.

The proprietary funds' basic financial statements are presented on pages 31 through 34 of the CAFR.

Fiduciary funds are used to account for resources held for the benefit of parties outside the County government. Because fiduciary funds are presented separately, they do not appear in the government-wide financial statements. The resources of fiduciary funds are not available to support the County's own programs. Fiduciary funds are accounted for similar to proprietary funds.

The fiduciary fund basic financial statements are presented on pages 35 and 36 of the CAFR.

3. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in both government-wide and fund financial statements. The notes to the financial statements are presented on pages 37 through 88 of the CAFR.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. At June 30, 2007, the County's total net assets were \$508,168. See Table 1 on page 15 for details.

The County's largest portion of total net assets is the investment in capital assets, \$634,826. The investment in capital assets includes land, buildings and improvements, roads, flood control channels, machinery and equipment, and construction in progress, less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens, and, as a result, these assets are not available for future spending. Because the investment in capital assets is reported net of related debt, and since the capital assets themselves cannot be used to liquidate the debt liabilities, it should be noted that the resources needed to repay this debt must be provided from other sources.

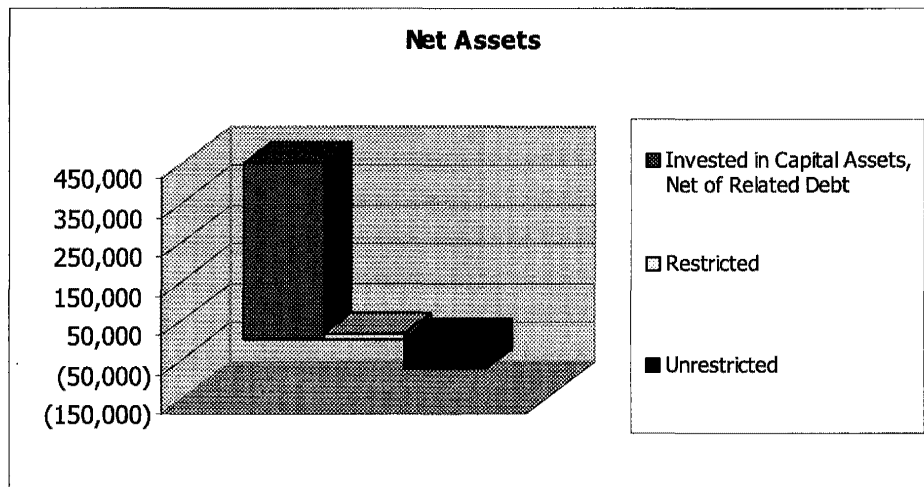
Of the County's total net assets, \$27,412 is restricted, which represents external restrictions on how these resources may be used. The major portion of the restricted net assets is reserved for debt repayment. The remaining balance of the net assets represents the unrestricted net assets, which has a deficit balance of \$154,070. This deficit balance is primarily due to the inclusion of the debt associated with the Kern County Tobacco Funding Corporation (see Note XII. J), and the 1995 Pension Obligation Bonds used to pay the unfunded actuarial liability owed to the Kern County Retirement Association.

At June 30, 2007, the County as a whole and its governmental and business-type activities reported positive balances in "Net Assets Invested in Capital Assets, Net of Related Debt" and "Restricted Net Assets." For both governmental and business-type activities, deficits were reported in unrestricted net assets. Per GASB directive, the governmental activities' unrestricted net assets deficit is primarily due to the recognition of liabilities associated with the Kern County Tobacco Funding Corporation. The business-type activities reported a deficit in unrestricted net assets of \$79,592. The majority of this deficit is attributable to the negative unrestricted net assets for Kern Medical Center (KMC). KMC had higher expenses for salaries and benefits. In addition, Federal and State reimbursements for indigent care have continuously not matched the cost of providing such care.

Table 1 - County of Kern's Net Assets (In Thousands)

| | Governmental Activities | | Business - Type Activities | | Total | | Total Change |
|--|-------------------------|--------------------|----------------------------|-------------------|--------------------|--------------------|-------------------|
| | 2007 | 2006* | 2007 | 2006* | 2007 | 2006* | |
| Current and Other Asset | \$ 697,055 | \$ 686,204 | \$ 154,009 | \$ 123,756 | \$ 851,064 | \$ 809,960 | \$ 41,104 |
| Capital Assets | 550,325 | 478,697 | 181,312 | 170,086 | 731,637 | 648,783 | 82,854 |
| Total Assets | \$1,247,380 | \$1,164,901 | \$ 335,321 | \$ 293,842 | \$1,582,701 | \$1,458,743 | \$ 123,958 |
| Current and Other Liabilities | 85,939 | 77,287 | 46,859 | 40,185 | 132,798 | 117,472 | 15,326 |
| Long - Term Liabilities | 725,976 | 776,457 | 215,759 | 175,762 | 941,735 | 952,219 | (10,484) |
| Total Liabilities | 811,915 | 853,744 | 262,618 | 215,947 | 1,074,533 | 1,069,691 | 4,842 |
| Net Assets | | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 494,591 | 416,771 | 140,235 | 124,631 | 634,826 | 541,402 | 93,424 |
| Restricted | 15,352 | 15,349 | 12,060 | 8,428 | 27,412 | 23,777 | 3,635 |
| Unrestricted | (74,478) | (120,963) | (79,592) | (55,164) | (154,070) | (176,127) | 22,057 |
| Total Net Assets | 435,465 | 311,157 | 72,703 | 77,895 | 508,168 | 389,052 | 119,116 |
| Total Liabilities & Net Assets | \$1,247,380 | \$1,164,901 | \$ 335,321 | \$ 293,842 | \$1,582,701 | \$1,458,743 | \$ 123,958 |

* As restated. See Note II. A.



As shown in Table 2, the County's total net assets increased by \$119,116, of which all \$119,116 is for current year activity.

Table 2 - County of Kern's Changes in Net Assets (In Thousands)

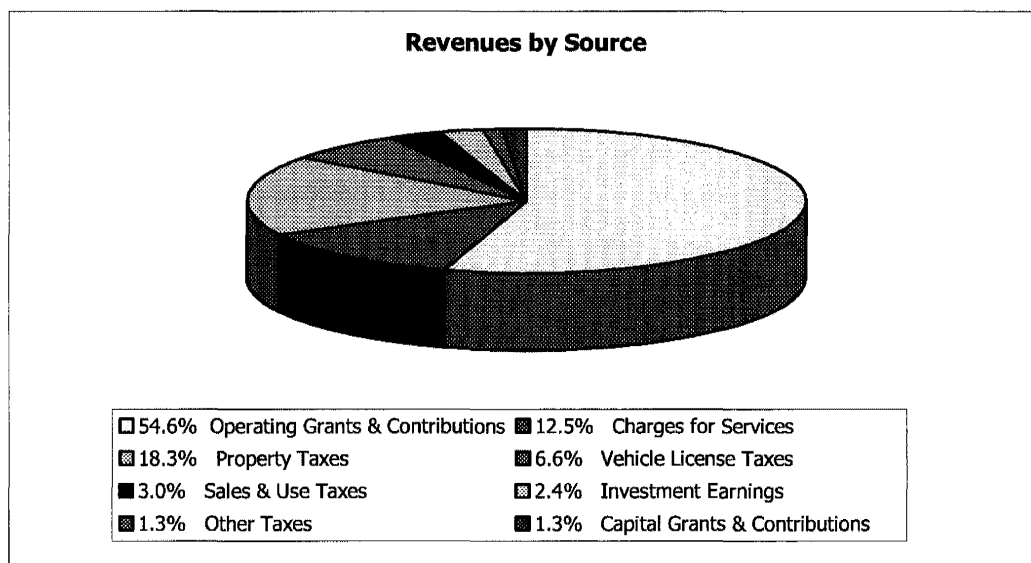
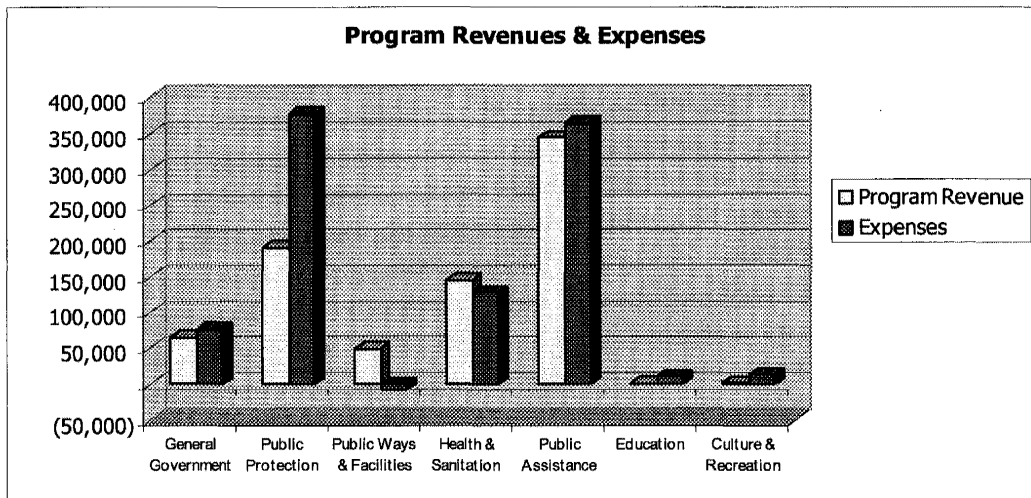
| | Governmental Activities | | Business - Type Activities | | Total | | Change |
|---|----------------------------|-------------------|-------------------------------|------------------|-------------------|-------------------|-------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | |
| Revenues | | | | | | | |
| Program Revenues | | | | | | | |
| Charges for Services | \$ 167,335 | \$ 207,387 | \$ 251,270 | \$ 263,815 | \$ 418,605 | \$ 471,202 | \$ (52,597) |
| Operating Grants & Contributions | 617,358 | 606,855 | 7,324 | 1,853 | 624,682 | 608,708 | 15,974 |
| Capital Grants & Contributions | 15,149 | 6,564 | | 9,674 | 15,149 | 16,238 | (1,089) |
| General Revenues | | | | | | | |
| Property Taxes | 213,535 | 181,729 | | | 213,535 | 181,729 | 31,806 |
| Aircraft Taxes | 170 | 156 | | | 170 | 156 | 14 |
| Vehicle License Taxes | 77,620 | 61,061 | | | 77,620 | 61,061 | 16,559 |
| Sales & Use Taxes | 35,602 | 33,182 | | | 35,602 | 33,182 | 2,420 |
| Transient Occupancy Tax | 1,688 | 1,414 | | | 1,688 | 1,414 | 274 |
| Transfer Tax | 5,334 | 7,402 | | | 5,334 | 7,402 | (2,068) |
| Other Taxes | 864 | 795 | | | 864 | 795 | 69 |
| Investment Earnings | 28,310 | 14,682 | 8,432 | 1,404 | 36,742 | 16,086 | 20,656 |
| Miscellaneous | 69,578 | 20,488 | 2,470 | 3,593 | 72,048 | 24,081 | 47,967 |
| Gain on Sale of Capital Assets | | | | (4) | | (4) | 4 |
| Total Revenues | 1,232,543 | 1,141,715 | 269,496 | 280,335 | 1,502,039 | 1,422,050 | 79,989 |
| Expenses | | | | | | | |
| General Government | 76,033 | 82,788 | | | 76,033 | 82,788 | (6,755) |
| Public Protection | 377,961 | 374,303 | | | 377,961 | 374,303 | 3,658 |
| Public Ways & Facilities | 55,913 | 38,348 | | | 55,913 | 38,348 | 17,565 |
| Health & Sanitation | 127,676 | 126,815 | | | 127,676 | 126,815 | 861 |
| Public Assistance | 363,655 | 381,836 | | | 363,655 | 381,836 | (18,181) |
| Education | 10,143 | 9,002 | | | 10,143 | 9,002 | 1,141 |
| Culture & Recreation | 13,459 | 10,556 | | | 13,459 | 10,556 | 2,903 |
| Interest on Short & Long-Term Debt | 42,788 | 41,864 | | | 42,788 | 41,864 | 924 |
| Airports | | | 5,962 | 6,223 | 5,962 | 6,223 | (261) |
| County Sanitation Districts | | | 3,199 | 3,429 | 3,199 | 3,429 | (230) |
| Golf Course | | | 5,011 | 4,725 | 5,011 | 4,725 | 286 |
| Kern Medical Center | | | 246,210 | 240,742 | 246,210 | 240,742 | 5,468 |
| Public Transportation | | | 6,014 | 5,652 | 6,014 | 5,652 | 362 |
| Universal Collection | | | 8,594 | 7,930 | 8,594 | 7,930 | 664 |
| Waste Management | | | 40,305 | 36,237 | 40,305 | 36,237 | 4,068 |
| Total Expenses | 1,067,628 | 1,065,512 | 315,295 | 304,938 | 1,382,923 | 1,370,450 | 12,473 |
| Excess (Deficit) of Revenues Over Expenses | | | | | | | |
| Before Special Items and Transfers | 164,915 | 76,203 | (45,799) | (24,603) | 119,116 | 51,600 | 67,516 |
| Transfers | (40,607) | (36,337) | 40,607 | 36,337 | | | |
| Increase (Decrease) in Net Assets | 124,308 | 39,866 | (5,192) | 11,734 | 119,116 | 51,600 | 67,516 |
| Net Assets at Beginning of Year, as restated | 311,157 | 271,291 | 77,895 | 66,161 | 389,052 | 337,452 | 51,600 |
| Net Assets at End of Year | \$ 435,465 | \$ 311,157 | \$ 72,703 | \$ 77,895 | \$ 508,168 | \$ 389,052 | \$ 119,116 |

Governmental Activities

The Governmental activities increased the County's net assets by \$124,308 for the year ended June 30, 2007:

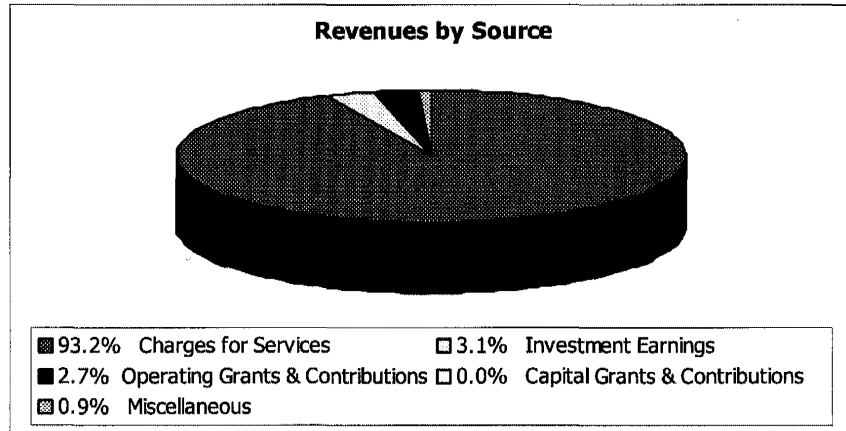
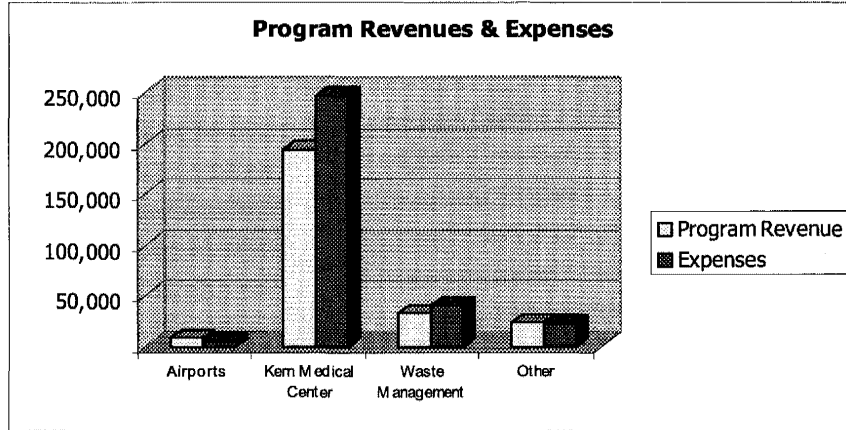
- Total revenue increased by \$27,828 or 2.4% from the prior year.
- As an arm of the State government, operating grants and contributions serve multiple programs, representing 54.6% of the County's program revenue for governmental activities, and are tied to the mandated services such as public assistance, public health and mental health. These revenue sources funding levels remained virtually unchanged from the prior year.

- Taxes and investment earnings that are generated locally provide the Board of Supervisors (Board) with most of its discretionary spending power. The increase in taxes revenue is primarily due to the following:
 1. Property taxes increased by \$31,806 or 17.5% due to significantly higher real estate values and oil prices.
 2. Investment earnings increased by \$13,628 or 92.8% due to higher earnings on pooled cash and investments.
 3. Due to a change in the State's method of distribution, beginning in fiscal year 2005 - 2006, vehicle license fees are to be reported separately as vehicle license taxes. This year's vehicle license taxes are \$16,559. In the prior years, the vehicle license fees were reported under operating grants and contributions as revenue.
- Total expenses decreased by \$60,884 or 5.7%. All major functions increased except for general government, public ways and facilities and public assistance. The County's major cost component is public assistance.



Business-type Activities

Business-type activities' total net assets decreased the County's net assets by \$5,192. Revenues received for charges for services and capital grants and contributions decreased by \$12,545 and \$9,674, respectively.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The County uses fund accounting to ensure and to demonstrate compliance with financial-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on future inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2007, the County's governmental funds reported total fund balances of \$352,390, an increase of 18.2% compared to prior year's total ending fund balance. Approximately \$216,141, or 61.3% of the total fund balances is unreserved fund balance, which is available to meet the County's current and future needs. The remaining balance of fund balance is reserved. Reserved fund balance indicates that it is not available for new spending because it has been committed to 1) reserve for property tax assessment appeals, \$4,165; 2) reserve for debt service, \$16,413; 3) reserve for encumbrances, \$27,731; 4) reserve for fiscal stability, \$34,520 and 5) a variety of other restricted purposes, \$53,420.

The County's management may also designate unreserved fund balance to a particular function, project or activity, while designated fund balance is available for appropriations at any time.

The General Fund is the chief operating fund of the County. At June 30, 2007, unreserved fund balance of the General Fund was \$89,163. As a measure of the General Fund's liquidity, it may be helpful to compare both unreserved fund balance and fund balance to total fund expenditures. Unreserved fund balance represents 19.6% of total General Fund expenditures, while total fund balance represents 38.4% of total General Fund expenditures.

The other governmental funds' fund balances increased by \$8,672 or 11.1%. The following major governmental funds **increased** in fund balance:

- Employers' Training Resource – Fund balance increased by \$89 or 12.1% from the prior year as a result of additional charges for current services and other revenues.
- Human Services – Fund balance increased by \$2,784 or 28.8% from the prior year due to additional public assistance expenditures.
- Roads – Fund balance increased by \$812 or 3.9% from the prior year as a result of additional revenues from use of money and property and other revenues.
- Structural Fire – Fund balance increased by \$1,962 or 20.0% from the prior year as a result of additional revenue from taxes.
- Tobacco Securitization Proceeds – Fund balance increased by \$1,170 or 2.2% from the prior year as a result of additional revenues from use of money and property.

The following major governmental funds **decreased** in fund balance:

- Child Support – Fund balance decreased by \$242 or 21.2% from the prior year due significantly lower revenue from other revenues.
- Mental Health – Fund balance decreased by \$6,656 or 40.4% from the prior year due to lower revenue from charges for current services.

Proprietary Funds

The proprietary funds provide similar information to the government-wide financial statements, but in more detail.

The enterprise funds total net assets decreased by \$4,814. The decrease in total net assets is principally due to Kern Medical Center's change in net assets of \$7,078. Airports' net income decreased by six times prior year's net income. Airports received significantly less funding from the Federal government for the construction of the airport terminal.

The internal service funds continue to carry a negative unrestricted net asset balance as a result of recognition of the self-insurance liabilities.

GENERAL FUND BUDGETARY VARIANCES

Differences between the County’s final budget and the County’s original budget resulted in a \$6,671 increase in supplemental appropriations that is briefly summarized as follows:

- The increase in supplemental appropriations is primarily due to three factors that account for \$6,639 or 99.5% of the \$6,671 increase. The first factor is the increase in the total general government appropriations by \$2,372, of which \$1,734 of the increase is attributable to capital projects capital assets. The second factor is the increase in total public protection by \$3,694, of which \$923 of the increase is attributable to the Sheriff’s department. The last factor is the increase in the total health and sanitation by \$572, of which \$130 and \$442 is attributable to Environmental Health and Emergency Medical Services, respectively.
- The remainder of the supplemental appropriation increase consists of small increases in appropriations for normal operations in the other budgetary units of the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County’s total investment in capital assets, net of accumulated depreciation is \$731,636 at June 30, 2007. Investment in capital assets includes land, land acquisition in progress, construction in progress, infrastructure, structures and improvements and equipment and intangibles. Last fiscal year the County implemented GASB Statement No. 34, which requires the County to report its infrastructure assets at historical value. The County’s net capital assets is illustrated in Table 3.

Table 3 – The County’s Capital Assets, Net of Accumulated Depreciation (In Thousands)

| | Governmental Activities | | Business - Type Activities | | Total | | Total |
|------------------------------|-------------------------|-------------------|----------------------------|-------------------|-------------------|-------------------|------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | Change |
| Land | \$ 23,920 | \$ 22,955 | \$ 22,869 | \$ 22,869 | \$ 46,789 | \$ 45,824 | \$ 965 |
| Land Acquisition in Progress | | | 334 | 63 | 334 | 63 | 271 |
| Construction in Progress | 24,513 | 36,752 | 39,297 | 51,952 | 63,810 | 88,704 | (25) |
| Infrastructure | 223,786 | 161,550 | 3,289 | 3,228 | 227,075 | 164,778 | 62 |
| Structures and Improvements | 211,536 | 196,400 | 102,410 | 78,518 | 313,946 | 274,918 | 39 |
| Equipment | 66,570 | 61,040 | 13,112 | 13,457 | 79,682 | 74,497 | 5 |
| Total | \$ 550,325 | \$ 478,697 | \$ 181,311 | \$ 170,087 | \$ 731,636 | \$ 648,784 | \$ 82,852 |

The major capital events during the current fiscal year includes the following:

- The completion of capital projects includes the Mojave Court Security, Lost Hills drain and streets improvements, Juvenile Treatment Facility, Rosamond Fire Station, Health Department Facility, Phase II of the Panorama Park, Lake Isabella park swings, and the ten playgrounds.
- Major construction in progress includes Seventh Standard Road project, Frazier Park Library, and the Greenfield Park Security lighting.
- The Roads Department had several infrastructure improvements and additions for the current fiscal year. The total for reconstructed roads was \$6,124, roads dedicated to the County by developers were \$3,656 and additions to existing roads were \$1,542.
- Airport’s construction of the new terminal is completed and construction started for the

new International terminal.

Additional information regarding the County's capital assets is reported in Note VII. A of the Notes to the Financial Statements.

Long-Term Debt

At June 30, 2007, the County's total long-term liabilities are \$717,075. Of the total long-term liabilities, Certificates of Participation is \$60,570, which is secured by the County's lease rental payments, and Pension Obligation Bonds is \$472,178. In fiscal year 2006 – 2007, the 2003 Pension Obligation Bond was allocated to the enterprise funds, in the amount of \$35,012. The remaining long-term liabilities balance includes bonds payables, facilities and capital asset leases and a public health facility loan.

With the exception of the 1994 Rosamond Library Project Certificate of Participation, the County has no general obligation debt. All other Certificates of Participation and bonds are "AAA" insured. Certificates of Participation issued by the County continue to be in the "A" category from Standard and Poor's Corporation or Moody's.

Additional information regarding the County's long-term debt can be found in the Notes to the Financial Statements in Note IX. A of the CAFR.

Table 4 – The County's Outstanding Debt (In Thousands)

| | Governmental Activities | | Business - Type Activities | | Total | | Change |
|-------------------------------|----------------------------|-------------------|-------------------------------|-------------------|-------------------|-------------------|--------------------|
| | 2007 | 2006 | 2007 | 2006 | 2007 | 2006 | |
| Lease Purchase Agreements | \$ 5,419 | \$ 7,103 | \$ | \$ 3 | \$ 5,419 | \$ 7,106 | \$ (1,687) |
| Certificates of Participation | 14,105 | 16,565 | 46,465 | 50,580 | 60,570 | 67,145 | (6,575) |
| Loans Payable | 6,001 | 8,379 | | | 6,001 | 8,379 | (2,378) |
| Bonds Payable | 225 | 225 | | | 225 | 225 | |
| Tobacco - Asset Backed Bonds | 101,265 | 102,415 | | | 101,265 | 102,415 | (1,150) |
| Pension Obligation Bonds | 407,365 | 489,906 | 64,813 | 31,057 | 472,178 | 520,963 | (48,785) |
| Landfill Closure Cost | | | 30,755 | 32,591 | 30,755 | 32,591 | (1,836) |
| Post Closure Cost | | | 40,662 | 34,271 | 40,662 | 34,271 | 6,391 |
| Total | \$ 534,380 | \$ 624,593 | \$ 182,695 | \$ 148,502 | \$ 717,075 | \$ 773,095 | \$ (56,020) |

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The State's budget remains the major determining factor in determining the County's budget for fiscal year 2007 – 2008 and beyond. The County is required to contribute \$86.8 million in property tax revenues to the State budget in 2007 – 2008.

The recommended regular County budget for fiscal year 2007 – 2008 totals \$1.4 billion, which is \$80.5 million or 6.18% higher than total appropriations adopted in fiscal year 2006 – 2007. This increase results chiefly from stronger oil prices, continued growth in commercial and residential property values, and a healthy carryover balance from fiscal year 2006 – 2007. These gains, however, are partially offset by the continued shift of property taxes to the State budget and a 30% increase in the County's employee health insurance costs. Ongoing negotiations with County employee unions for new memorandums of understanding (MOUs) could also yield salary cost increases. These MOUs may require the County to disburse funds to affected General Fund departments during the fiscal year as more precise costs of employee compensation become known for each department, or some departments could be required to absorb new costs.

The \$1.4 billion budget does not include special budgets totaling \$568.9 million for enterprise funds such as Kern Medical Center, Airports and Waste Management; internal service funds such as Workers' Compensation and Group Health Insurance; and grant-funded programs administered by the Employers'

Training Resource and the Community and Economic Development Program departments. Special budgets have decreased by \$69.9 million or 13.9% from fiscal year 2006 – 2007.

Discretionary revenues are projected to grow by \$55.8 million or 16% above last year's actual collections. Discretionary revenues comprise 29% of the regular County budget, and the County must use much of this money to meet the local match requirements for mandated Federal and State programs. A strong carryover balance, along with a fifth consecutive year of increased assessed valuation and property tax revenues, will help offset a health insurance cost increase to the County and will increase funds available for contingencies, reserves, and designations.

REQUESTS FOR INFORMATION

The Comprehensive Annual Financial Report is designed to provide citizens, taxpayers, creditors and investors with a general overview of the County's finances and to show the County's accountability of the funds it receives. If you have any questions about the CAFR or need additional financial information, contact Mrs. Ann K. Barnett, Kern County Auditor-Controller-County Clerk at 1115 Truxtun Avenue, Bakersfield, California 93301, (661) 868-3599 or visit the website at www.co.kern.ca.us.





**BASIC FINANCIAL
STATEMENTS**

Government-Wide Financial Statements

**COUNTY OF KERN
STATEMENT OF NET ASSETS
JUNE 30, 2007 (IN THOUSANDS)**

| | Primary Government | | | Component |
|---|----------------------------|-----------------------------|---------------------|-------------------------|
| | Governmental Activities | Business-type Activities | Totals | Unit First 5 Kern |
| ASSETS | | | | |
| Cash and Investments | \$ 295,978 | \$ 69,964 | \$ 365,942 | \$ 23,272 |
| Restricted Cash and Investments | 15,238 | 12,060 | 27,298 | |
| Revolving Fund Cash | 1,357 | 16 | 1,373 | |
| Receivables, Net | 134,927 | 74,179 | 209,106 | 1,843 |
| Due from Other Agencies | 338 | | 338 | |
| Inventories and Prepaid Expenses | 2,058 | 3,086 | 5,144 | |
| Deposits with Other | 319 | | 319 | |
| Internal Balances | 37,293 | (37,293) | | |
| Investment in Joint Venture | | | 2,217 | |
| Net Pension Asset | 209,547 | 29,781 | 239,328 | |
| Capital Assets: | | | | |
| Nondepreciable | 48,433 | 62,500 | 110,933 | |
| Depreciable, Net | 501,892 | 118,811 | 620,703 | 8 |
| Total Assets | <u>\$ 1,247,380</u> | <u>\$ 335,321</u> | <u>\$ 1,582,701</u> | <u>\$ 25,123</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 22,755 | \$ 26,188 | \$ 48,943 | \$ 2,598 |
| Salaries and Employee Benefits Payable | 33,633 | 8,903 | 42,536 | 218 |
| Due to Other Agencies | 5,171 | 8,566 | 13,737 | 337 |
| Accrued Interest Payable | 7,749 | 1,800 | 9,549 | |
| Unearned Revenue | 16,631 | 1,402 | 18,033 | |
| Long-Term Liabilities: | | | | |
| Portion Due or Payable Within One Year: | | | | |
| Long-Term Debt | 15,867 | 4,590 | 20,457 | |
| Compensated Absences | 28,877 | 6,680 | 35,557 | |
| Landfill Closure/Postclosure Costs | | 4,285 | 4,285 | |
| Liability for Self Insurance | 21,951 | | 21,951 | |
| Portion Due or Payable After One Year: | | | | |
| Professional Liabilities | | 8,816 | 8,816 | |
| Certificates of Participation | 11,520 | 43,510 | 55,030 | |
| Bonds and Notes Payable | 498,756 | 63,178 | 561,934 | |
| Loans Payable | 4,496 | | 4,496 | |
| Accrued Interest | 62,243 | 11,076 | 73,319 | |
| Capital Leases | 3,741 | | 3,741 | |
| Compensated Absences | 19,251 | 6,492 | 25,743 | 122 |
| Accrued Landfill Closure/Postclosure Costs | | 67,132 | 67,132 | |
| Liability for Self Insurance | 59,274 | | 59,274 | |
| Total Liabilities | <u>811,915</u> | <u>262,618</u> | <u>1,074,533</u> | <u>3,275</u> |
| NET ASSETS | | | | |
| Invested in Capital Assets, Net of Related Debt | 494,591 | 140,235 | 634,826 | 7 |
| Restricted (Note XI. C): | | | | |
| Debt Service | 15,238 | 12,060 | 27,298 | |
| Other Purposes | 114 | | 114 | 17,929 |
| Unrestricted (Deficits) | (74,478) | (79,592) | (154,070) | 3,912 |
| Total Net Assets | <u>\$ 435,465</u> | <u>\$ 72,703</u> | <u>\$ 508,168</u> | <u>\$ 21,848</u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**COUNTY OF KERN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Assets | | | Component Unit First 5 Kern |
|--|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-------------------|-----------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | | |
| | | | | | Governmental Activities | Business-Type Activities | Total | |
| Governmental activities: | | | | | | | | |
| General government | \$ 76,033 | \$ 42,294 | \$ 23,698 | \$ | \$ (10,041) | \$ (10,041) | | |
| Public protection | 377,961 | 74,051 | 116,569 | | (187,341) | (187,341) | | |
| Public ways and facilities | 55,913 | 13,305 | 27,688 | 8,278 | (6,642) | (6,642) | | |
| Health and sanitation | 127,676 | 29,760 | 109,271 | 6,871 | 18,226 | 18,226 | | |
| Public assistance | 363,655 | 5,764 | 339,602 | | (18,289) | (18,289) | | |
| Education | 10,143 | 335 | 450 | | (9,358) | (9,358) | | |
| Culture and recreation | 13,459 | 1,826 | 80 | | (11,553) | (11,553) | | |
| Interest on short and long-term debt | 42,788 | | | | (42,788) | (42,788) | | |
| Total governmental activities | <u>1,067,628</u> | <u>167,335</u> | <u>617,358</u> | <u>15,149</u> | <u>(267,786)</u> | <u>(267,786)</u> | | |
| Business-type activities: | | | | | | | | |
| Airports | 5,962 | 3,705 | 4,437 | | 2,180 | 2,180 | | |
| County Sanitation Districts | 3,199 | 3,381 | | | 182 | 182 | | |
| Golf Course | 5,011 | 5,274 | | | 263 | 263 | | |
| Kern Medical Center | 246,210 | 192,987 | 901 | | (52,322) | (52,322) | | |
| Public Transportation | 6,014 | 4,350 | 1,641 | | (23) | (23) | | |
| Universal Collection | 8,594 | 8,970 | | | 376 | 376 | | |
| Waste Management | 40,305 | 32,603 | 345 | | (7,357) | (7,357) | | |
| Total business-type activities | <u>315,295</u> | <u>251,270</u> | <u>7,324</u> | | <u>(56,701)</u> | <u>(56,701)</u> | | |
| Total Primary Government | <u>\$ 1,382,923</u> | <u>\$ 418,605</u> | <u>\$ 624,682</u> | <u>\$ 15,149</u> | <u>(267,786)</u> | <u>(324,487)</u> | | |
| Component Unit: | | | | | | | | |
| Children and Families Commission | \$ 14,264 | | \$ 12,478 | | | | (1,786) | |
| General revenues: | | | | | | | | |
| Taxes: | | | | | | | | |
| Property taxes | | | | | 213,535 | 213,535 | | |
| Aircraft taxes | | | | | 170 | 170 | | |
| Sales and use taxes | | | | | 35,602 | 35,602 | | |
| Transient occupancy tax | | | | | 1,688 | 1,688 | | |
| Transfer taxes | | | | | 5,334 | 5,334 | | |
| Other taxes | | | | | 864 | 864 | | |
| Property taxes in lieu of motor vehicle license fees | | | | | 77,620 | 77,620 | | |
| Grants and contributions not restricted to specific programs | | | | | | | | |
| Unrestricted investment earnings | | | | | 28,310 | 8,432 | 36,742 | 1,117 |
| Miscellaneous | | | | | 69,578 | 2,470 | 72,048 | |
| Transfers | | | | | (40,607) | 40,607 | | |
| Total General revenues and Transfers | | | | | <u>392,094</u> | <u>51,509</u> | <u>443,603</u> | <u>1,117</u> |
| Change in Net Assets | | | | | <u>124,308</u> | <u>(5,192)</u> | <u>119,116</u> | <u>(669)</u> |
| Net Assets--beginning (As restated, note II. A) | | | | | <u>311,157</u> | <u>77,895</u> | <u>389,052</u> | <u>22,517</u> |
| Net Assets--ending | | | | | <u>\$ 435,465</u> | <u>\$ 72,703</u> | <u>\$ 508,168</u> | <u>\$ 21,848</u> |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT



**BASIC FINANCIAL
STATEMENTS**

Fund Financial Statements



**COUNTY OF KERN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007 (IN THOUSANDS)**

Page 1 of 1

| | GENERAL FUND | KERN CO. DEPT. OF CHILD SUPPORT | EMPLOYERS' TRAINING RESOURCE | HUMAN SERVICES | MENTAL HEALTH |
|---|-------------------------|--|---|---------------------------|--------------------------|
| ASSETS | | | | | |
| Pooled Cash and Investments | \$ 114,382 | \$ 686 | \$ 752 | \$ 9,198 | \$ 6,316 |
| Revolving Fund Cash | 1,155 | 96 | | 101 | 3 |
| Cash and Investments Deposited with Trustee | | | | | |
| Interest Receivable | 3,828 | 28 | 10 | 90 | 128 |
| Accounts Receivable | | | | 13,170 | 387 |
| Taxes Receivable | 37,000 | | | | |
| Accrued Revenue | 26,326 | 1,049 | 2,276 | 8,035 | 10,919 |
| Due from Other Funds | 6,728 | | | | |
| Advances to Other Funds | 27,654 | | | | |
| Due from Other Agencies | 338 | | | | |
| Deposits with Others | 205 | | | | |
| Inventory - Materials and Supplies | 69 | | | | |
| Total Assets | \$ 217,685 | \$ 1,859 | \$ 3,038 | \$ 30,594 | \$ 17,753 |
| LIABILITIES AND FUND BALANCES | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ 5,594 | \$ 21 | \$ 2,213 | \$ 445 | \$ 4,621 |
| Salaries and Employee Benefits Payable | 18,690 | 939 | | 5,319 | 2,412 |
| Advances from Other Funds | | | | 6,832 | 1,030 |
| Due to Other Funds | 2,757 | 1 | | 1 | 1 |
| Due to Other Agencies | | | | 3,492 | 1,679 |
| Loans Payable | | | | | |
| Deferred Revenue | 15,505 | | | 21,377 | |
| Total Liabilities | 42,546 | 961 | 2,213 | 37,466 | 9,743 |
| Fund Balances: | | | | | |
| Reserved (Note XI. A) | 85,976 | 96 | | 309 | 7,476 |
| Unreserved, reported in: | | | | | |
| General Fund | 89,163 | | | | |
| Special Revenue Funds | | 802 | 825 | (7,181) | 534 |
| Capital Project Funds | | | | | |
| Total Fund Balances (Deficits) | 175,139 | 898 | 825 | (6,872) | 8,010 |
| Total Liabilities and Fund Balances | \$ 217,685 | \$ 1,859 | \$ 3,038 | \$ 30,594 | \$ 17,753 |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

| <u>ROADS</u> | <u>STRUCTURAL FIRE</u> | <u>TOBACCO SECURITIZATION PROCEEDS</u> | <u>OTHER GOVERNMENTAL FUNDS</u> | <u>TOTAL</u> | |
|------------------|----------------------------|--|---|-------------------|---|
| \$ 20,077 | \$ 9,947 | \$ 406 | \$ 59,613 | \$ 221,377 | ASSETS |
| | 2 | | 2 | 1,359 | Pooled Cash and Investments |
| | | 50,469 | 15,238 | 65,707 | Revolving Fund Cash |
| 276 | 194 | 45 | 687 | 5,286 | Cash and Investments Deposited with Trustee |
| | | | | 13,557 | Interest Receivable |
| | 5,908 | | 668 | 43,576 | Accounts Receivable |
| 2,174 | 5,117 | | 12,002 | 67,898 | Taxes Receivable |
| | 946 | | 1,234 | 8,908 | Accrued Revenue |
| | | 4,500 | 6,986 | 39,140 | Due from Other Funds |
| | | | | 338 | Advances to Other Funds |
| | | | | 205 | Due from Other Agencies |
| 1,178 | 742 | | | 1,989 | Deposits with Others |
| | | | | | Inventory - Materials and Supplies |
| <u>\$ 23,705</u> | <u>\$ 22,856</u> | <u>\$ 55,420</u> | <u>\$ 96,430</u> | <u>\$ 469,340</u> | Total Assets |
| | | | | | LIABILITIES AND FUND BALANCES |
| \$ 1,278 | \$ 1,075 | \$ | \$ 1,450 | \$ 16,697 | Liabilities: |
| 754 | 4,924 | | 562 | 33,600 | Accounts Payable |
| | | | 821 | 8,683 | Salaries and Employee Benefits Payable |
| | 53 | | 6,033 | 8,846 | Advances from Other Funds |
| | | | | 5,171 | Due to Other Funds |
| | | | 139 | 139 | Due to Other Agencies |
| | 5,032 | | 1,900 | 43,814 | Loans Payable |
| | | | | | Deferred Revenue |
| 2,032 | 11,084 | | 10,905 | 116,950 | Total Liabilities |
| | | | | | Fund Balances: |
| 1,879 | 4,724 | 6 | 35,783 | 136,249 | Reserved (Note XI. A) |
| | | | | 89,163 | Unreserved, reported in: |
| 19,794 | 7,048 | 55,414 | 42,594 | 64,416 | General Fund |
| | | | 7,148 | 62,562 | Special Revenue Funds |
| | | | | | Capital Project Funds |
| <u>21,673</u> | <u>11,772</u> | <u>55,420</u> | <u>85,525</u> | <u>352,390</u> | Total Fund Balances (Deficits) |
| <u>\$ 23,705</u> | <u>\$ 22,856</u> | <u>\$ 55,420</u> | <u>\$ 96,430</u> | <u>\$ 469,340</u> | Total Liabilities and Fund Balances |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**COUNTY OF KERN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2007 (IN THOUSANDS)**

| | | |
|---|----|------------------|
| Fund Balances - Total Governmental Funds: | \$ | 352,390 |
| Deferred charges in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | 27,183 |
| Capital assets used in governmental activities are not financial resources; therefore, the capital assets are not reported in the governmental funds. | | 545,245 |
| Accrued interest recognized as soon as earned, regardless of its availability. | | 106 |
| Negative Net Pension Obligation - Offset of Pension Obligation Bonds for Unfunded Actuarial Liability. | | 209,363 |
| Internal service funds are used by management to charge the costs of management of fleet maintenance, employee benefits, and personal injury, retiree health insurance benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets. | | (47,209) |
| Long term interest payable does not require the use of current financial resources; therefore, is not accrued as a liability in the governmental funds. | | (69,833) |
| Long-term liabilities applicable to the governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities both current and long-term are reported in the statement of net assets: | | |
| Pension Obligation Bonds | \$ | (406,726) |
| Bonds Payable | | (101,490) |
| Certificates of Participation | | (14,105) |
| Capital Leases | | (5,419) |
| Loan Payable | | (6,001) |
| Compensated Absences | | (48,039) |
| | | <u>(581,780)</u> |
| Net Assets of Governmental Activities | \$ | <u>435,465</u> |



**COUNTY OF KERN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 1 of 1

| | GENERAL FUND | KERN CO. DEPT. OF CHILD SUPPORT | EMPLOYERS' TRAINING RESOURCE | HUMAN SERVICES | MENTAL HEALTH |
|---|-------------------|--|------------------------------------|-------------------|------------------|
| REVENUES: | | | | | |
| Taxes | \$ 270,050 | \$ | \$ | \$ | \$ |
| Licenses, Permits and Franchises | 10,125 | | | | |
| Fines, Forfeitures and Penalties | 12,901 | | | | |
| Revenues from Use of Money and Property | 21,073 | 129 | 36 | 477 | 1,393 |
| Aid from Other Governmental Agencies | 122,182 | 22,581 | 19,386 | 302,904 | 60,705 |
| Charges for Current Services | 90,224 | | 64 | 120 | 22,562 |
| Other Revenues | 4,844 | 7 | 93 | 2,667 | 2,631 |
| Total Revenues | 531,399 | 22,717 | 19,579 | 306,168 | 87,291 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General Government | 93,415 | | | | |
| Public Protection | 276,868 | 22,959 | | | |
| Health and Sanitation | 38,090 | | | | 95,012 |
| Public Assistance | 14,113 | | 19,490 | 321,656 | |
| Education | 10,151 | | | | |
| Recreation and Cultural Services | 13,720 | | | | |
| Public Ways and Facilities | | | | | |
| Capital Outlay | 2,326 | | | | |
| Debt Service: | | | | | |
| Principal | | | | | |
| Interest | 7,120 | | | | |
| Total Expenditures | 455,803 | 22,959 | 19,490 | 321,656 | 95,012 |
| Excess (Deficiency) of Revenues over Expenditures | 75,596 | (242) | 89 | (15,488) | (7,721) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers In | 66,367 | | | 18,272 | 1,072 |
| Transfers Out | (95,545) | | | | (7) |
| Inception of Capital Leases | 2,326 | | | | |
| Total Other Financing Sources (Uses) | (26,852) | | | 18,272 | 1,065 |
| Net Changes in Fund Balances (Deficits) | 48,744 | (242) | 89 | 2,784 | (6,656) |
| Fund Balances (Deficits), July 1, 2006 (as previously reported) | 126,395 | 1,140 | 736 | (9,656) | 16,467 |
| Prior Period Adjustments | | | | | (1,801) |
| Fund Balances (Deficits), June 30, 2007 | \$ 175,139 | \$ 898 | \$ 825 | \$ (6,872) | \$ 8,010 |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

| ROADS | STRUCTURAL FIRE | TOBACCO SECURITIZATION PROCEEDS | OTHER GOVERNMENTAL FUNDS | TOTAL | |
|------------------|--------------------|---------------------------------------|--------------------------------|-------------------|---|
| \$ 4,006 | \$ 63,488 | \$ | \$ 2,680 | \$ 340,224 | REVENUES: |
| | 296 | | 4,631 | 15,052 | Taxes |
| | 44 | | 7,442 | 20,387 | Licenses, Permits and Franchises |
| 1,427 | 317 | 2,061 | 4,557 | 31,470 | Fines, Forfeitures and Penalties |
| 29,444 | 4,001 | | 85,178 | 646,381 | Revenues from Use of Money and Property |
| 6,250 | 24,534 | | 4,520 | 148,274 | Aid from Other Governmental Agencies |
| 2,640 | 103 | | 41,401 | 54,386 | Charges for Current Services |
| | | | | | Other Revenues |
| <u>43,767</u> | <u>92,783</u> | <u>2,061</u> | <u>150,409</u> | <u>1,256,174</u> | Total Revenues |
| | | | | | EXPENDITURES: |
| | | | | | Current: |
| | | | 196 | 93,611 | General Government |
| | 111,883 | | 6,762 | 418,472 | Public Protection |
| | | | 2,983 | 136,085 | Health and Sanitation |
| | | | 30,828 | 386,087 | Public Assistance |
| | | | | 10,151 | Education |
| 48,469 | | | 1,875 | 13,720 | Recreation and Cultural Services |
| | | 141 | 2,131 | 50,344 | Public Ways and Facilities |
| | | | | 4,598 | Capital Outlay |
| | | | | | Debt Service: |
| | | | 11,790 | 11,790 | Principal |
| | | | 28,580 | 35,700 | Interest |
| <u>48,469</u> | <u>111,883</u> | <u>141</u> | <u>85,145</u> | <u>1,160,558</u> | Total Expenditures |
| <u>(4,702)</u> | <u>(19,100)</u> | <u>1,920</u> | <u>65,264</u> | <u>95,616</u> | Excess (Deficiency) of Revenues Over Expenditures |
| | | | | | OTHER FINANCING SOURCES (USES): |
| 5,514 | 21,668 | | 14,637 | 127,530 | Transfers In |
| | (606) | (750) | (71,229) | (168,137) | Transfers Out |
| | | | | 2,326 | Inception of Capital Leases |
| <u>5,514</u> | <u>21,062</u> | <u>(750)</u> | <u>(56,592)</u> | <u>(38,281)</u> | Total Other Financing Sources (Uses) |
| 812 | 1,962 | 1,170 | 8,672 | 57,335 | Net Changes in Fund Balances (Deficits) |
| 20,861 | 9,810 | 54,250 | 77,971 | 297,974 | Fund Balances (Deficits), July 1, 2006 (as previously reported) |
| | | | (1,118) | (2,919) | Prior Period Adjustments |
| <u>\$ 21,673</u> | <u>\$ 11,772</u> | <u>\$ 55,420</u> | <u>\$ 85,525</u> | <u>\$ 352,390</u> | Fund Balances (Deficits), June 30, 2007 |

**COUNTY OF KERN
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF
ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | | |
|--|-----------------|----------------|
| Net Change in Fund Balance - Total Governmental Funds: | \$ | 57,335 |
| Amounts reported for governmental activities in the statement of activities: | | |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. | | |
| Expenditures for general capital assets, infrastructure, and other related capital asset adjustments | \$ 92,835 | |
| Less: current year depreciation | <u>(29,844)</u> | 62,991 |
| Capital contribution of capital assets are not reported on governmental funds but recorded at fair value on the statement of net assets. | | 4,151 |
| Governmental fund revenues deferred due to unavailability were booked in the statement of activities. | | (2,748) |
| Governmental fund revenues not recognized due to unavailability were booked in the statement of activities. | | 106 |
| Repayment of debt principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets: | | |
| Principal repayments: | | |
| Pension Obligation Bonds | \$ 7,000 | |
| Certificates of Participation | 2,460 | |
| Capital Leases | 3,684 | |
| Tobacco -Asset Backed Bonds | 1,150 | |
| Loans Payable | <u>2,378</u> | 16,673 |
| Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds. | | |
| Change in accrued interest payable | \$ (7,066) | |
| Change in compensated absences | <u>1,094</u> | (5,972) |
| Adjustment to the Negative Net Pension Obligation is not reported in the governmental funds, but the adjustment reduces the Net Pension Obligation in the statement of net assets. | | (10,602) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net expense of certain activities of the internal service funds is reported within governmental activities. | | <u>2,374</u> |
| | \$ | <u>124,308</u> |

**COUNTY OF KERN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007 (IN THOUSANDS)**

| ASSETS | BUSINESS - TYPE ACTIVITIES - ENTERPRISE FUNDS | | | | | GOVERNMENTAL ACTIVITIES |
|--|---|---------------------------|---------------------|----------------------------------|------------------|------------------------------|
| | AIRPORTS | KERN MEDICAL CENTER | WASTE MANAGEMENT | NON-MAJOR ENTERPRISE FUNDS | TOTAL | INTERNAL SERVICE FUNDS |
| Current Assets: | | | | | | |
| Pooled Cash and Investments | \$ 3,848 | \$ 488 | \$ 52,457 | \$ 13,171 | \$ 69,964 | \$ 24,136 |
| Revolving Fund Cash | | 6 | 10 | | 16 | |
| Interest Receivable | 30 | 91 | 668 | 168 | 957 | 335 |
| Accounts Receivable, Net | 110 | 63,476 | 1,359 | 14 | 64,959 | 2,083 |
| Accrued Revenue | 767 | | 645 | 979 | 2,391 | 135 |
| Due from Other Funds | | 1,847 | | | 1,847 | 33 |
| Advances Receivable | | | | | | 5,460 |
| Prepaid Items | | 1,111 | 135 | | 1,246 | 12 |
| Net Pension Asset | 429 | 26,421 | 2,806 | 125 | 29,781 | 184 |
| Inventory - Materials and Supplies | | 1,840 | | | 1,840 | 70 |
| Total Current Assets | 5,184 | 95,280 | 58,080 | 14,457 | 173,001 | 32,448 |
| Non-current Assets: | | | | | | |
| Cash and Investments Deposited with Trustee | 1,033 | 7,159 | 3,149 | 719 | 12,060 | |
| Taxes Receivable | | | 3,894 | 1,978 | 5,872 | |
| Advances to Other Funds | | | 2,500 | | 2,500 | |
| Deposits with Others | | | | | | 114 |
| Investment in Joint Venture | | 517 | | 1,700 | 2,217 | |
| Capital Assets: | | | | | | |
| Non-depreciable: | | | | | | |
| Land | 6,755 | 168 | 15,278 | 668 | 22,869 | |
| Land Acquisition in Progress | | | 334 | | 334 | |
| Construction in Progress | 36,105 | 953 | 2,238 | 1 | 39,297 | |
| Depreciable: | | | | | | |
| Structures and Improvements | 46,279 | 60,029 | 57,735 | 15,129 | 179,172 | |
| Equipment | 2,699 | 41,169 | 2,533 | 8,042 | 54,443 | 5,080 |
| Intangible Assets | | | 238 | 48 | 286 | |
| Subsurface Lines | | | | 7,841 | 7,841 | |
| Accumulated Depreciation and Amortization | (23,487) | (62,895) | (21,630) | (14,919) | (122,931) | |
| Total Non-current Assets | 69,384 | 47,100 | 66,269 | 21,207 | 203,960 | 5,194 |
| Total Assets | 74,568 | 142,380 | 124,349 | 35,664 | 376,961 | 37,642 |
| LIABILITIES | | | | | | |
| Current Liabilities: | | | | | | |
| Accounts Payable | 7 | 19,179 | 5,844 | 1,158 | 26,188 | 6,058 |
| Salaries and Employee Benefits Payable | 115 | 8,180 | 540 | 69 | 8,904 | 33 |
| Advances Payable | | | | | | 5,460 |
| Due to Other Funds | | | 3 | 1 | 4 | |
| Current Portion of Long Term Debt | 548 | 2,209 | 1,592 | 241 | 4,590 | 22 |
| Interest Payable - Current | 229 | 1,082 | 445 | 44 | 1,800 | 11 |
| Current Portion of Compensated Absences | 50 | 6,625 | | 5 | 6,680 | 48 |
| Current Portion of Accrued Closure/Post Closure Liability | | | 4,285 | | 4,285 | |
| Current Portion of Liability for Self-Insurance | | | | | | 21,951 |
| Deferred Income | | 82 | | 1,320 | 1,402 | |
| Total Current Liabilities | 949 | 37,357 | 12,709 | 2,838 | 53,853 | 33,583 |
| Non-current Liabilities: | | | | | | |
| Advances from Other Funds | 11,486 | 18,971 | | 2,500 | 32,957 | |
| Estimate for Professional Liability Claims | | 8,816 | | | 8,816 | |
| Compensated Absences Payable | 125 | 5,378 | 974 | 15 | 6,492 | 41 |
| Due to Other Agencies | | 8,566 | | | 8,566 | |
| Long Term Debt - Self-Insurance | | | | | | 59,274 |
| Long Term Debt - Capital Leases | | | | | | |
| Long Term Debt - Certificates of Participation | 11,695 | 11,640 | 17,425 | 2,750 | 43,510 | |
| Long Term Debt - Pension Obligation Bonds | 994 | 57,220 | 4,721 | 243 | 63,178 | 618 |
| Long Term -Interest Payable - Pension Obligation Bonds | 189 | 10,237 | 610 | 40 | 11,076 | 150 |
| Accrued Closure Liability | | | 26,840 | | 26,840 | |
| Accrued Postclosure Liability | | | 40,292 | | 40,292 | |
| Total Non-current Liabilities | 24,489 | 120,828 | 90,862 | 5,548 | 241,727 | 60,083 |
| Total Liabilities | 25,438 | 158,185 | 103,571 | 8,386 | 295,580 | 93,666 |
| NET ASSETS | | | | | | |
| Invested in Capital Assets, Net of Related Debt | 59,392 | 27,718 | 39,301 | 13,825 | 140,236 | 5,080 |
| Restricted for Debt Service (Note XI. C) | 1,033 | 7,159 | 3,149 | 719 | 12,060 | 114 |
| Unrestricted | (11,295) | (50,682) | (21,672) | 12,734 | (70,915) | (61,218) |
| Total Net Assets | \$ 49,130 | \$ (15,805) | \$ 20,778 | \$ 27,278 | \$ 81,381 | \$ (56,024) |
| Cumulative adjustment to reflect the consolidation of internal service funds activities related to enterprise funds. | | | | | (8,678) | |
| Net Assets of Business -Type Activities: | | | | | \$ 72,703 | |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**COUNTY OF KERN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICITS)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | BUSINESS -TYPE ACTIVITIES - ENTERPRISE FUNDS | | | | | GOVERNMENTAL ACTIVITIES |
|--|---|------------------------------------|-----------------------------|---|-------------------|---------------------------------------|
| | AIRPORTS | KERN MEDICAL CENTER | WASTE MANAGEMENT | NON-MAJOR ENTERPRISE FUNDS | TOTAL | INTERNAL SERVICE FUNDS |
| OPERATING REVENUES: | | | | | | |
| Patient Services | \$ | \$ 184,100 | \$ | \$ | \$ 184,100 | \$ |
| Charges for Current Services | 202 | 5,584 | 16,409 | 6,568 | 28,763 | 132,158 |
| Revenues from Use of Property | 2,956 | | 26 | 123 | 3,105 | |
| Other Operating Revenues | | 3,290 | | 3 | 3,293 | |
| Total Operating Revenues | 3,158 | 192,974 | 16,435 | 6,694 | 219,261 | 132,158 |
| OPERATING EXPENSES: | | | | | | |
| Salaries and Employee Benefits | 1,907 | 145,147 | 9,241 | 1,347 | 157,642 | 5,601 |
| Services and Supplies | 2,298 | 87,240 | 24,485 | 19,812 | 133,835 | 15,786 |
| Claims Incurred | | | | | | 110,748 |
| Other Charges | 289 | 1,843 | 1,572 | 57 | 3,761 | 971 |
| Depreciation | 1,290 | 4,746 | 3,705 | 1,291 | 11,032 | 666 |
| Total Operating Expenses | 5,784 | 238,976 | 39,003 | 22,507 | 306,270 | 133,772 |
| Operating Income (Loss) | (2,626) | (46,002) | (22,568) | (15,813) | (87,009) | (1,614) |
| NON-OPERATING REVENUES (EXPENSES): | | | | | | |
| Taxes and Assessments | 545 | | 15,995 | 15,132 | 31,672 | |
| Fines, Forfeitures and Penalties | 2 | 11 | 173 | 137 | 323 | |
| Licenses, Permits and Franchises | | | | 12 | 12 | |
| Interest on Bank Deposits and Investments | 254 | 3,213 | 4,103 | 848 | 8,418 | 2,418 |
| Gain (Loss) on Investments | | 14 | | | 14 | |
| Aid from Other Governmental Agencies | 1,027 | 901 | 345 | 1,641 | 3,914 | 302 |
| Interest Expense | (153) | (6,890) | (1,262) | (305) | (8,610) | (22) |
| Other Non-Operating Revenues | 343 | 1,076 | 994 | 55 | 2,468 | 579 |
| Gain (Loss) on Sale of Capital Assets | (12) | (8) | (14) | 1 | (33) | (127) |
| Total Non-Operating Revenues | 2,006 | (1,683) | 20,334 | 17,521 | 38,178 | 3,150 |
| Income (Loss) before Contributions and Transfers | (620) | (47,685) | (2,234) | 1,708 | (48,831) | 1,536 |
| Capital Contributions | 3,410 | | | | 3,410 | |
| Transfers In | | 40,607 | | | 40,607 | 460 |
| Changes in Net Assets | 2,790 | (7,078) | (2,234) | 1,708 | (4,814) | 1,996 |
| Net Assets (Deficits), July 1, 2006 (as previously reported) | 46,376 | (6,272) | 23,393 | 25,587 | | (57,995) |
| Prior Period Adjustments | (36) | (2,455) | (381) | (17) | | (25) |
| Net Assets (Deficits), June 30, 2007 | \$ 49,130 | \$ (15,805) | \$ 20,778 | \$ 27,278 | | \$ (56,024) |
| Adjustment to reflect the consolidation of internal service funds activities' related to enterprise funds. | | | | | (378) | |
| Change in Net Assets - Business - Type Activities | | | | | \$ (5,192) | |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**COUNTY OF KERN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 1 of 2

| | BUSINESS - TYPE ACTIVITIES - ENTERPRISE FUNDS | | | | | GOVERNMENTAL |
|--|---|---------------------------|---------------------|----------------------------------|------------------|------------------------------|
| | AIRPORTS | KERN MEDICAL CENTER | WASTE MANAGEMENT | NON-MAJOR ENTERPRISE FUNDS | TOTAL | INTERNAL SERVICE FUNDS |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Cash Received for Patient/Current Services | \$ 227 | \$ 172,057 | \$ 16,624 | \$ 6,531 | \$ 195,439 | \$ |
| Cash Received for Use of Property | 2,956 | | 26 | 85 | 3,067 | |
| Cash Received for Interfund Services Provided | 343 | | | | 343 | 131,568 |
| Cash Received for Other Operations | 2 | 4,437 | 994 | 39 | 5,472 | 581 |
| Cash Received as Fines, Forfeitures, and Penalties | | 11 | 173 | 137 | 321 | |
| Cash Received as Licenses and Permits | | | | 12 | 12 | |
| Cash Paid for Salaries and Benefits | (1,876) | (141,143) | (8,957) | (1,338) | (153,314) | (5,583) |
| Cash Paid for Services and Supplies | (2,363) | (79,936) | (15,880) | (19,525) | (117,704) | (17,057) |
| Cash Paid for Reported Claims | | | | | | (115,819) |
| Cash Paid for Interfund Services and Supplies | | (1,843) | (1,551) | (233) | (3,627) | |
| Cash Paid for Other Charges | (289) | | (786) | (57) | (1,132) | (972) |
| Deposits with Others | | | | | | 21 |
| Net Cash Used by Operating Activities | (1,000) | (46,417) | (9,357) | (14,349) | (71,123) | (7,261) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | | | |
| Cash Received from Other Funds | | 40,033 | | 16 | 40,049 | |
| Taxes and Special Assessments | 545 | | 16,032 | 14,909 | 31,486 | |
| Cash Received From Advances | 4,142 | 118,686 | | | 122,828 | 5,460 |
| Cash Paid for Advances | (267) | (107,029) | | | (107,296) | (5,460) |
| Aid from Other Governmental Agencies | 1,867 | 901 | 345 | 1,823 | 4,936 | 302 |
| Payment of Long Term Debt - Pension Obligation Bond | (29) | (1,162) | (68) | (4) | (1,263) | (17) |
| Interest Paid | | (1,595) | (85) | (132) | (1,812) | (33) |
| Net Cash Provided by Non-Capital Financing Activities | 6,258 | 49,834 | 16,224 | 16,612 | 88,928 | 252 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Proceeds from Sale of Capital Assets | 10 | | 6 | 1 | 17 | (1,549) |
| Capital Contributions | 3,410 | | | | 3,410 | |
| Acquisition or Construction of Capital Assets | (10,241) | (2,219) | (10,302) | (1,091) | (23,853) | 102 |
| Principal Paid on Capital Debt | | (1,963) | (1,420) | (225) | (3,608) | |
| Interest Paid on Capital Debt | (623) | (3,479) | (1,065) | (169) | (5,336) | |
| Net Cash Used by Capital and Related Financing Activities | (7,444) | (7,661) | (12,781) | (1,484) | (29,370) | (1,447) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Cash Collection on Loan Receivable | | | | | | |
| Interest on Bank Deposits and Investments | 263 | 3,215 | 4,041 | 883 | 8,402 | 2,461 |
| Net Cash Provided by Investing Activities | 263 | 3,215 | 4,041 | 883 | 8,402 | 2,461 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,923) | (1,029) | (1,873) | 1,662 | (3,163) | (5,995) |
| Cash and Cash Equivalents, July 1, 2006 | 6,804 | 8,682 | 57,489 | 12,228 | 85,203 | 30,131 |
| Cash and Cash Equivalents, June 30, 2007 | \$ 4,881 | \$ 7,653 | \$ 55,616 | \$ 13,890 | \$ 82,040 | \$ 24,136 |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**COUNTY OF KERN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 2 of 2

| | BUSINESS - TYPE ACTIVITIES - ENTERPRISE FUNDS | | | | | GOVERNMENTAL |
|--|---|---------------------------|---------------------|----------------------------------|-------------|------------------------------|
| | AIRPORTS | KERN MEDICAL CENTER | WASTE MANAGEMENT | NON-MAJOR ENTERPRISE FUNDS | TOTAL | INTERNAL SERVICE FUNDS |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | | |
| Operating Loss | \$ (2,626) | \$ (46,002) | \$ (22,568) | \$ (15,813) | \$ (87,009) | \$ (1,614) |
| Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities: | | | | | | |
| Other Non-Operating Revenues | 345 | 1,158 | 1,167 | 116 | 2,786 | 581 |
| Depreciation | 1,290 | 4,746 | 3,705 | 1,291 | 11,032 | 666 |
| Changes in Assets and Liabilities: | | | | | | |
| (Increase) Decrease in Accounts Receivable | 24 | (18,784) | 274 | (6) | (18,492) | (559) |
| (Increase) Decrease in Inventory | | (111) | | | (111) | (11) |
| (Increase) Decrease in Accrued Revenue | | | (58) | (5) | (63) | (42) |
| (Increase) Decrease in Due from Others | | | | | | 11 |
| (Increase) Decrease in Deposits with Others | | | | | | 21 |
| (Increase) Decrease in Net Pension Asset | 28 | 1,658 | 157 | 5 | 1,848 | 10 |
| (Increase) Decrease in Prepaid Items | | (219) | | | (219) | (12) |
| (Increase) Decrease in Investment in Joint Venture | | | | (116) | (116) | |
| Increase (Decrease) in Accounts Payable | | 3,340 | | | 3,340 | |
| Increase (Decrease) in Accrued Expenses | (10) | 1,434 | 665 | 375 | 2,464 | (850) |
| Increase (Decrease) in Due to Others | (55) | 1,157 | (3) | (200) | 899 | |
| Increase (Decrease) in Salaries & Benefits Payable | 20 | 1,385 | 64 | 4 | 1,473 | |
| Increase (Decrease) in Compensated Absences Payable | (16) | 961 | 63 | | 1,008 | 8 |
| Increase (Decrease) in Provision for Liability Claims | | 2,860 | | | 2,860 | (5,470) |
| Increase (Decrease) in Closure/Post Closure Liability | | | 7,177 | | 7,177 | |
| Total Adjustments | 1,626 | (415) | 13,211 | 1,464 | 15,886 | (5,647) |
| Net Cash Used by Operating Activities | \$ (1,000) | \$ (46,417) | \$ (9,357) | \$ (14,349) | \$ (71,123) | \$ (7,261) |
| NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | | | |
| Net Transfers of Capital Assets to Other Funds | \$ | \$ | \$ | \$ | \$ | \$ (242) |
| Total Non-cash Investing, Capital, and Financing Activities | \$ | \$ | \$ | \$ | \$ | \$ (242) |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**COUNTY OF KERN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007 (IN THOUSANDS)**

| <u>ASSETS</u> | <u>INVESTMENT TRUST FUNDS</u> | <u>AGENCY FUNDS</u> |
|---|-----------------------------------|-------------------------|
| Cash and Cash Equivalents | \$ 1,481,369 | \$ 138,026 |
| Total Cash and Cash Equivalents | <u>1,481,369</u> | <u>138,026</u> |
| Receivables: | | |
| Accounts | 601 | 86 |
| Loans | | 140 |
| Taxes | | 83,107 |
| Interest and Dividends | <u>19,103</u> | <u>1,612</u> |
| Total Receivables | <u>19,704</u> | <u>84,945</u> |
| Due from Other Funds | | 19 |
| Due from Other Agencies | <u>50</u> | <u>8,665</u> |
| Total Due from Others | <u>50</u> | <u>8,684</u> |
| Capital Assets, Net of Accumulated Depreciation | <u>5</u> | |
| Total Assets | <u>\$ 1,501,128</u> | <u>\$ 231,655</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | |
| Warrants Payable | \$ 97,726 | \$ 20,616 |
| Accounts Payable | 2,071 | 244 |
| Advances Payable | 637 | |
| Matured Bonds & Interest Payable | 139 | 6,313 |
| Due to Other Agencies | 1,957 | 204,162 |
| Unapportioned Installment Redemptions | | <u>320</u> |
| Total Liabilities | <u>102,530</u> | <u>\$ 231,655</u> |
| Net Assets Held in Trust for Pool Participants | <u>\$ 1,398,598</u> | |
| Total Liabilities and Fund Balances | <u>\$ 1,501,128</u> | |

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**COUNTY OF KERN
STATEMENT OF CHANGES IN NET ASSETS
INVESTMENT TRUST FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

ADDITIONS:

| | | |
|-------------------------------------|----|------------------|
| Contributions on Pooled Investments | \$ | 6,024,684 |
| Use of Money and Property | | <u>83,527</u> |
| Total Additions | | <u>6,108,211</u> |

DEDUCTIONS:

| | | |
|---------------------------------------|--|------------------|
| Distributions from Pooled Investments | | <u>5,800,677</u> |
| Net increase in Net Assets | | 307,534 |

| | | |
|---|----|-------------------------|
| Net Assets held in trust, July 1, 2006 | | <u>1,091,064</u> |
| Net Assets held in trust, June 30, 2007 | \$ | <u><u>1,398,598</u></u> |

The seal of Kern County, California, is a circular emblem. It features a central scene with a sun rising over a landscape that includes a lighthouse on the left and a ship on the right. The words "KERN COUNTY OF CALIFORNIA" are inscribed around the perimeter of the seal. The seal is rendered in a halftone or dithered style.

**NOTES TO THE FINANCIAL
STATEMENTS**

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The County of Kern (the County) was established April 2, 1866, as a legal subdivision of the State of California charged with general governmental powers. The County is governed by an elected five member Board of Supervisors.

As required by generally accepted accounting principles, these financial statements present the County as the primary government and its component units, entities for which the County is considered financially accountable. Although legally separate entities, blended component units are in substance part of the County's operations; therefore, data from these units is combined with data of the County.

B. BLENDED COMPONENT UNITS

Using the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14 and No.39, management has determined that the following component units should be blended:

County Service Areas (CSAs)

The County's Board of Supervisors serves as the governing body of the CSAs. Among the duties of the Board is to approve the CSAs' budgets, approve parcel fees and appoint the management. The CSAs' component unit is reported in the governmental activities as a non-major governmental fund.

Golf Courses and Sanitation Districts

The County's Board of Supervisors serves as the governing body of the Sanitation Districts and the Golf Courses. The Board of Supervisors approves the budget and appoints the management of these entities, which are reported as non-major enterprise funds.

County of Kern Asset Leasing Corporation

Although the County of Kern Asset Leasing Corporation has its own governing body, this component unit provides services exclusively to the County, and is reported as a non-major governmental fund in these statements. This nonprofit entity holds the capital assets constructed through the Certificates of Participation Program. Equipment and construction costs related to proprietary funds are recorded within each appropriate enterprise fund, and any cash related to the Certificates of Participation is designated as deposits with trustee. See Note IX. B.

Kern County Tobacco Funding Corporation (the Corporation)

The Kern County Tobacco Funding Corporation is a separate legal nonprofit public benefit corporation created under the California Nonprofit Public Benefit Corporation Law. This Corporation was established to purchase tobacco settlement payments allocated to the County from the State of California, pursuant to the Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 states, including California, the District of Columbia and four U.S. Territories. For additional information regarding the sale by the County to the Corporation of all rights, title and interest of the County to such monies see Note XII. J. The Corporation is governed by the Board of Directors consisting of three members appointed by the County's Board of Supervisors.

C. DISCRETELY PRESENTED COMPONENT UNIT

Using the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14 and No. 39, management has determined that the following component unit should be discretely presented:

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. DISCRETELY PRESENTED COMPONENT UNIT (CONTINUED)

First 5 Kern

First 5 Kern was established under the State of California's California Children and Families Act. The County's Board of Supervisors enacted Ordinance G-6565, which created the Kern County Children and Families Trust Fund (Commission), and established the membership and commission. The Board of Supervisors appoints the majority of the commission and has the authority to replace all members. The commission is responsible for allocating funds to local service providers for programs that promote, support and improve the early development of children from prenatal through age five, and promote children's readiness to enter school. Due to the Board of Supervisors change in control over the Commission, it will now be reported as a Discretely Presented Component Unit.

Complete financial statements for First 5 Kern may be obtained from the office of First 5 Kern located at 2724 L Street, Bakersfield, California 93301.

D. BASIS OF PRESENTATION AND IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS (GASB)

GASB Statement No. 45

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, was issued in June 2004 and is effective for financial statements beginning after December 15, 2006, for phase 1 governments (those with total annual revenues of \$100 million or more); after December 15, 2007, for phase 2 governments (those with total annual revenues of \$10 million or more but less than \$100 million); and after December 15, 2008, for phase 3 governments (those with total annual revenues of less than \$10 million). GASB Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The approach followed in this Statement is generally consistent with the approach adopted in Statement No. 27. The County will not implement GASB Statement No. 45 early.

GASB Statement No. 48

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, was issued in September 2006 and is effective for financial statements beginning after December 15, 2006. This Statement establishes criteria governments will use to ascertain whether the proceeds received should be reported as revenue or as a liability, and establishes that a transaction will be reported as a collateralized borrowing unless the criteria indicating that a sale has taken place are met. The County will not implement GASB Statement No. 48 early.

GASB Statement No. 49

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, was issued in November 2006 and is effective for financial statements beginning after December 15, 2007. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution *prevention* or *control* obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care and nuclear power plant decommissioning. The County will not implement GASB Statement No. 49 early.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION AND IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS (GASB) (CONTINUED)

Government Wide Financial Statements (CONTINUED)

Information relating to the primary government is displayed in the statement of net assets and statement of activities. These statements include information regarding the financial statements, excluding the fiduciary activities. These statements distinguish between governmental funds and business-type funds of the County. Governmental funds are primarily supported by taxes, and business-type funds strongly depend upon fees charged to external parties, each type is presented separately.

In the government-wide statements, eliminations have been made in order to minimize the double counting of internal activities. In the Statement of Net Assets, all internal balances have been eliminated, with the exception of those representing balances between the governmental activities and business-type activities, which are presented as internal balances and eliminated in the total government column. In the Statement of Activities, direct expenses such as services provided and used are not eliminated, but internal service fund activity has been eliminated.

A comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities are presented in the statement of activities. Direct expenses are clearly identifiable to a particular function and are specifically associated with a program or function. Indirect expenses are allocated based on the County-wide Cost Allocation Plan, which allocates the cost of central service departments to service user departments. Program revenues include: 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenue.

When both restricted and unrestricted net assets are available, it is County policy to use restricted net assets first, and then use the unrestricted net assets as they are needed.

Comparative Data

The implementation of GASB No. 34 requires new information and restructuring of much of the information that governments have presented in the past. Comparability with reports issued prior to fiscal year ended 2002 is affected. Airports, a Non-major Enterprise Fund, became a major enterprise fund following GASB Statement No. 34 criteria.

Estimates

In compliance with generally accepted accounting principles, the preparation of basic financial statements require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION AND IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS (GASB) (CONTINUED)

Government Wide Financial Statements (CONTINUED)

Fund Financial Statements

The fund financial statements separately present three fund categories. The three fund categories that are presented are: governmental, proprietary, and fiduciary. The emphasis of presenting these categories is to identify the major governmental and the enterprise funds. The major funds are reported separately and the remaining governmental and enterprise funds are reported aggregately and separately as non-major funds. Proprietary funds' operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. An exchange transaction is where two parties receive and give up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions. Proprietary funds' operating expenses, such as salaries and benefits or services and supplies, result from providing services and producing and delivering goods in related to the proprietary funds' primary operations. Expenses that are not directly related to the proprietary funds' primary operations are reported as non-operating expenses.

The County reports the following major governmental funds:

The **General Fund** is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. Principal sources of revenue are: taxes; licenses, permits and franchises; fines, forfeitures and penalties; use of money and property; aid from other governmental agencies and charges for current services. Primary expenditures are for general government; public protection; health and sanitation; public assistance; education; recreation and cultural services; and capital leases.

Department of Human Services provides for direct financial assistance payment to eligible recipients. Public assistance programs administered by the Human Services Department are mandated by the State through the Welfare and Institution Code, as implementing legislation for the Federal Social Security Act.

Tobacco Securitization accounts for the sale of rights to future tobacco settlement payments. For additional information regarding the sale by the County to the Kern County Tobacco Funding Corporation see Note XII. J. The proceeds from the sale are used to finance certain capital projects and to set up an endowment fund.

The County has opted to report the following funds as major funds:

Child Support Services accounts for the initial court actions necessary to establish financial responsibility for the support of minors, and for the enforcement and collection of child support payments from absent parents under the Social Security Act.

Employers' Training Resource (ETR) administers the Federal Workforce Investment Act and Welfare-to-Work funds received through the Department of Labor, State Employment Development Department, and the Kern County Department of Human Services. ETR accounts for job training and support services for workers of all economic classes.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BASIS OF PRESENTATION AND IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS (GASB) (CONTINUED)

Fund Financial Statements (CONTINUED)

Mental Health accounts for developing and maintaining County-wide, client-centered, culturally competent mental health services for people suffering from a mental illness consistent with the provision of the California Mental Health Services Law.

Roads accounts for planning, designing, constructing and maintaining public roads, bridges, streets, and traffic control devices in the unincorporated areas of the County, except for State-maintained highways and bridges.

Structural Fire accounts for fire prevention, protection and suppression services for structures and watershed areas; hazardous material control and incident response; emergency rescue and medical aid; and performs arson investigations.

The County reports the following major business-type funds:

Airports, which is headquartered at Meadows Field Airport in Bakersfield, contains the financing requirements for administration, maintenance, and operation of the County's seven airports located in Bakersfield, Buttonwillow, Kern Valley, Lost Hills, Poso, Taft, and Wasco.

Kern Medical Center (KMC) (the Hospital) accounts for hospital services, offering emergency, outpatient and inpatient medical care to all classes of patients, including, Medi-cal and Medicare eligible; medically indigent persons; and inmates of County institutions and juvenile facilities.

Waste Management accounts for the operation, engineering, planning, and regulatory compliance activities associated with the County's Solid Waste Disposal System.

The County reports the following additional fund types:

Internal Service Funds account for services furnished to other County departments and are financed primarily by charges for such services. Internal service funds account for fleet services and self-insurance programs such as group health, retiree group health, unemployment compensation, workers' compensation, and personal injury and property damage.

The **Investment Trust Fund** is made up of funds for school districts, self-governed special districts, State trial court and other investment trusts. The County schools' operating and debt service funds are grouped under this entity. The County is responsible for numerous self-governed special districts. Cash and investments are administered by the County Treasurer, and the Auditor-Controller-County Clerk makes disbursements upon the request of the responsible district officers.

Agency Funds are funds under the control of individual County officers who use them for the deposit of various types of receipts and to accumulate resources for specific purposes. Unapportioned funds are used for recording the collection and distribution of property taxes and interest on bank deposits. Disbursements are made from these funds by warrants issued by the County Auditor-Controller-County Clerk upon the requisition of the responsible officer.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. BASIS OF ACCOUNTING

The government-wide and proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The fiduciary funds are recorded on the accrual basis of accounting and are custodial in nature and do not involve measurement of results of operations. Revenues are recorded when they are earned and expenditures are recorded when they are incurred, regardless of when the cash was collected. Non-exchange transactions occur when an entity gives or receives value without giving or receiving the same value in return. An example of a non-exchange transaction would be property and sales taxes, grants, entitlements and donations.

On an accrual basis, property tax revenue is recognized in the fiscal year the taxes are levied. Revenues from donations, entitlements, and grants are recognized in the fiscal year in which all eligible requirements have been fulfilled. Governmental funds are recorded on the modified accrual basis of accounting. Using this method, revenue is recorded when it is measurable and available. Property and sales taxes are considered available if collected within 60 days after the end of the accounting period. Interest, certain state and federal grants and charges for services are accrued when their receipt occurs within 90 days after the end of the accounting period. All revenues must be both measurable and available. Under accrual accounting, expenditures are recorded when a liability is incurred. However, debt service expenditures, expenditures related to claims and judgments, and compensated absences are only recorded when payment is due. In governmental funds, general capital asset acquisitions are reported as expenditures. Proceeds from general long-term debt and capital leases are reported as other financing sources.

The County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements to its business-type activities and enterprise funds, as well as any applicable pronouncements of the Financial Accounting Standards Board, the accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements.

GASB Statement No. 34 has eliminated the presentation of account groups, but requires these records to be maintained and incorporated with the Governmental Activities column in the government-wide statement of net assets.

Internal service funds are used by management to charge the cost of certain activities, such as fleet management and the self-insurance programs. Both the assets and liabilities of the Internal service funds are included in the Statement of Governmental Activities and in the Statements of Net Assets.

The Internal Service Funds' profit or loss is allocated to the function or program that benefits from the Internal Service Funds' activity. The County does this by reviewing the usage and apportioning the cost and profit to the funds responsible.

F. ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

All amounts reported to be cash and cash equivalents represent cash or short term, highly liquid investments with an original maturity of three months or less.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ASSETS, LIABILITIES, AND NET ASSETS (CONTINUED)

Investments

In accordance with GASB Statement No. 31, investments in the County Treasurer's pooled investments are reported at fair value. Participating entities that are not part of the County's reporting entity prepare independent financial statements which may or may not include these changes in fair value. Interest earnings are distributed to all participating funds based on their average daily balance within the pool. The unrealized increase or decrease in the fair value of the investments was recognized.

Receivables and Payables

Transactions between funds that are representative of lending or borrowing arrangements with outstanding balances at fiscal year end are referred to as either "loans receivable or loans payable," and "advances to or advances from other funds." An example of a lending arrangement is the current portion of inter-fund loans. An example of a borrowing arrangement is the non-current portion of inter-fund loans. All other outstanding balances between funds are reported as "due to" or "due from" other funds. See Notes VI. A, VI. B, VI. C, and VI. D for a detailed reconciliation. These internal balances have been eliminated in the government-wide statements.

Property Tax

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the Government Code and Revenue and Taxation Code. Property is assessed at 100% of full cash or market value (with some exceptions) pursuant to Article XIII of the California State Constitution and statutory provisions by the County Assessor and State Board of Equalization. The total 2006 - 2007 net assessed valuation of the County of Kern was \$71,173,274.

The property tax levy to support general operations of the various jurisdictions is limited to one percent (1%) of full cash value and is distributed in accordance with statutory formulas. Amounts needed to finance the annual requirements of voter-approved debt are excluded from this limitation and are calculated separately and levied each fiscal year. The rates are formally adopted by the Board after approval of city councils or the governing boards of special districts where applicable. Property taxes are levied on both real and personal property. Secured property taxes are levied on or before the first business day of September of each year, and become a lien on real property on March 1 preceding the fiscal year for which taxes are levied. These tax payments can be made in two equal installments; the first is due on November 1 and delinquent with penalties after December 10; the second is due on February 1 and delinquent with penalties after April 10.

Secured property taxes, which are delinquent if unpaid as of June 30, are declared to be tax defaulted and are subject to redemption penalties, costs, and interest when paid. If the delinquent taxes are not paid at the end of five (5) years, the property may be sold at public auction. The proceeds are used to pay the delinquent amounts due, and any excess is remitted, if claimed, to the taxpayer. Unsecured personal property taxes are not a lien against real property. These taxes are due on March 1 and become delinquent if unpaid by August 31.

In 1983, the Governor signed Senate Bill 813 which requires County Assessors to appraise property and issue an assessment when new construction is completed or a change in ownership occurs. The supplemental assessment will reflect the change in value for the remainder of the property tax year. Tax bills for these new tax liens are issued throughout the fiscal year and contain various payments and delinquent dates, but are generally due within one year. If the new tax liens are lower, the taxpayer receives a tax refund rather than a tax bill.

**COUNTY OF KERN
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ASSETS, LIABILITIES, AND NET ASSETS (CONTINUED)

Inventory - Materials and Supplies

Inventories in the General Fund, General Services - Garage Internal Services Fund, the Roads Fund, the Structural Fire Fund and the Kern Medical Center Enterprise Fund consist of expendable supplies held for consumption. The General Fund and the Kern Medical Center Enterprise Fund use the "moving average" method for costing inventory. Roads and Structural Fire Funds value inventory at cost and the General Services - Garage Internal Service Fund uses the first-in, first-out (FIFO) method of costing inventory.

Although a component of net assets, reported inventories are equally offset by a fund balance reserve for governmental type funds indicating that they do not constitute "available spend-able resources." Other materials and supplies are recorded as expenditures upon acquisition.

Capital Assets

Capital assets, which include plant, property, and equipment and infrastructure assets (roads, street lighting, bridges, sidewalks, and similar items), are reported under the governmental or business-type activities in the government-wide financial statements. To be considered a County's capital asset, the capital asset must exceed \$5 in value and must have an estimated useful life of at least two years. All purchased capital assets are valued at cost, where historical records are available, and donated capital assets are valued at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. As projects are constructed, major capital outlays for capital assets and improvements are capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

| | |
|---|--------------|
| Structures and Improvements | 50 years |
| Airplanes and Temporary Buildings | 25 years |
| Boats | 20 years |
| Ground Equipment, Furniture, Office Equipment, and Fire Trucks or Engines | 15 years |
| Kitchen Equipment | 12 years |
| Construction, Communication, and Scientific Equipment and Vehicles | 10 years |
| Computer Equipment | 7 years |
| Infrastructure (roads, sidewalks, drains, bike paths, other improvements) | 5 - 50 years |

The General Services - Garage Internal Service Fund depreciates vehicles on an estimated useful life based on miles driven for the type of vehicle.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. ASSETS, LIABILITIES, AND NET ASSETS (CONTINUED)

Compensated Absences

The County's policy on compensated absences is to permit employees to accumulate earned but unused vacation and sick leave benefits. The liability is accrued for the balance of unpaid compensatory time off, sick leave, and vacation earned at year-end. The accumulated benefits will be liquidated as employees elect to use them. All payments of these accumulated benefits will be funded in the year in which they are to be paid. Several funds that contribute to the liquidation of compensated absences are General Fund, Kern County Department of Child Support Services, Fire, Building Inspection, Roads, Mental Health, Aging and Adult Services, Department of Human Services, and Employers' Training Resource.

Long-Term Obligations

In the government-wide financial statements, and in the proprietary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate governmental activities or proprietary funds statement of net assets. Bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

Fund Equity

Reservation of fund balances represents amounts that are not able to be appropriated or are legally segregated for a specific purpose.

G. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Gross patient services revenue for fiscal year 2006 – 2007 was \$528,239, the estimated adjustment was \$344,139 for a net patient service revenue of \$184,100. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Medi-Cal and Medicare Programs

A substantial portion of the Hospital's revenue is derived from services provided to patients eligible for benefits under the Medi-Cal and Medicare programs. Medi-Cal inpatient services are reimbursed at a contractually agreed upon per-diem rate. Services to inpatient Medicare program beneficiaries are primarily paid under prospectively determined rates-per-discharge based upon diagnostic related groups.

Certain other services to Medicare beneficiaries are reimbursed based on cost, subject to certain limitations. Revenues from the Medi-Cal and Medicare programs represent approximately 31% and 16%, respectively, of the net patient care revenue for the year ended June 30, 2007.

The Hospital has various outstanding appeals pertaining to Medi-Cal and Medicare audit settlements. Because the outcomes are not certain, the settlement amounts have not been recorded. The potential impact of these appeals will not have an adverse effect to the County.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. HOSPITAL AND OTHER PROGRAM REVENUES (CONTINUED)

Medi-Cal and Medicare Programs (CONTINUED)

The disproportionate share hospital (DSH) program was established in 1981 as part of the Medicaid program and requires State Medicaid agencies to make additional payments to hospitals serving disproportionate numbers of low-income patients with special needs. Effective July 1, 1997, the program was amended to limit DSH payments to 100 percent of the amount of incurred uncompensated care costs (UCC) with a special provision that allowed payments of up to 175 percent of UCC to those public hospitals qualifying as "high DSH" hospitals in the State of California.

In 2001, the Office of Inspector General (OIG) of the U.S. Department of Health and Human Services conducted an audit of DSH payments to Kern Medical Center in order to determine that those payments did not exceed the hospital specific limit for fiscal year 1998. A final report was issued on September 24, 2002. The OIG states that the hospital exceeded its specific limit by nearly \$44,000 for fiscal year 1998. The report states that Federal law requires the State to recover overpayments. However, in the report's conclusion, the report does not specifically request Kern Medical Center to refund the overpayment.

The issues surrounding the OIG audit are serious and affect every DSH participant hospital in the State. The State has contended that payments made to Kern Medical Center and other participating hospitals were in accordance with a State plan approved by the Centers for Medicare and Medicaid Services (CMS), and therefore, are not "overpayments."

The California State Department of Health Services and the Medical Center disagree with the preliminary findings of the OIG, and maintain that the DSH payments were properly paid. Furthermore, both the State and the Medical Center assert that the governing statute, OBRA 1993, does not require retrospective settlement, as these settlements are extremely disruptive and counter-productive to the purposes of the DSH program. This debate with the OIG and subsequently CMS will go on for an indefinite period of time. No provision has been made in these financial statements to repay the amounts claimed by the OIG in its report.

Other Program Revenues

Kern Medical Center also receives revenues from the following other programs:

During fiscal year 1991 - 1992, Senate Bills (SB) 855 and 146 were enacted to provide higher Medi-Cal reimbursement rates to "disproportionate share hospitals." These are hospitals that provide service to a large number of indigent patients. The law requires certain public entities to contribute funds to the State. These funds, along with additional Federal revenues, are utilized by the State to fund the supplemental payment amounts. Kern Medical Center received \$80,182 and \$78,262 in fiscal years 2007 and 2006, respectively, under the State of California's Medi-Cal disproportionate share program. The program required the County to provide matching funds of \$17,293 and \$18,960 in fiscal years 2007 and 2006, respectively, which were recorded as expenditures in the General Fund. The amount received by the Hospital through this program is dependent upon the number of Medi-Cal inpatient days provided by the Hospital. Because the revenues generated are based on services provided to patients, the revenues have been classified as net patient service revenues. Reimbursement to the General Fund for the contribution is recorded as other revenue in the General Fund, and is netted against revenue received from the State in the Kern Medical Center Enterprise Fund.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. HOSPITAL AND OTHER PROGRAM REVENUES (CONTINUED)

Proposition 99 imposes an additional state excise tax on cigarettes and other tobacco products. The increased taxes on tobacco products generate additional revenues for health care, research, health education, and public resources. State Assembly Bill 75 allocates these revenues to health care providers based upon their share of the financial burden for providing care to persons who are uninsured or otherwise unable to pay for care. The County's share of these revenues for the year ended June 30, 2007 was \$850.

Revenues related to the aforementioned programs are included in the accompanying financial statements as hospital operating revenues. The non-operating revenues consist of taxes and assessments; fines, forfeitures and penalties; licenses, permits and franchises; interest on bank deposits and investments; aid from other governmental agencies; interest expense; and gain on sale of capital assets. Unpaid revenue amounts are reported as other receivables. Claims for these programs are subject to audit by State and/or Federal agencies.

Health and Welfare Realignment Act

In fiscal year 1991 – 1992, the State implemented the Health and Welfare Realignment Act ("Realignment"), which transferred a significant portion of the financial and administrative responsibilities for local health and welfare programs from the State to Counties. The State utilizes a one-half (1/2) cent sales tax increase and an increase in vehicle license fees as the sources for funding allocations to the counties in lieu of previous State general fund financing. The amount to be received by Counties is dependent upon the actual increased sales tax and vehicle license fees. Kern County's realignment revenues were recorded as State revenues in the General, Mental Health, Department of Human Services, Kern Medical Center Funds, and Aging and Adult Services, a Non-major special revenue fund.

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

II. NET ASSETS RESTATEMENTS

A. RESTATEMENT OF EQUITY

The County's beginning fund balance and net assets have been restated to reflect prior period adjustments to Mental Health, General Fund, Airports, Kern Medical Center and Public Transportation – Non-major Enterprise Fund for the fiscal year ended June 30, 2007:

| | |
|---|-------------------|
| Fund Balances – Governmental Activities | |
| Fund balances – governmental funds at June 30, 2006, as previously reported | \$ 297,974 |
| Prior Period Adjustments: | |
| Adjust prior year adjustment to accounts receivable - Mental Health | (1,801) |
| Adjust grant revenue to deferred income - Health - Bio-Terrorism/NNFP Trust | (1,118) |
| Fund Balances – Governmental Funds at June 30, 2006, as restated | <u>\$ 295,055</u> |

| | |
|--|------------------|
| Net Assets – Business-type Activities | |
| Net Assets – business-type activities at June 30, 2006, as previously reported | \$ 89,085 |
| Prior Period Adjustments: | |
| Adjust long term debt 2003 POB debt allocation - Airports | (36) |
| Adjust long term debt 2003 POB debt allocation - Non-major Enterprise Fund | (17) |
| Adjust long term debt 2003 POB debt allocation - Waste Management - Net | (381) |
| Adjust long term debt 2003 POB debt allocation, per prior stand alone financial audit Kern Medical Center | (2,455) |
| Net Assets – Business-type Activities at June 30, 2006, as restated | <u>\$ 86,196</u> |

The impact of these restatements in the government-wide financial statements is as follows:

| | |
|---|-------------------|
| Net Assets – Governmental Activities | |
| Net Assets – Governmental Activities at June 30, 2006, as previously reported | \$ 310,128 |
| Prior Period Adjustments: | |
| Adjust prior year adjustment to accounts receivable - Mental Health | (1,801) |
| Adjust grant revenue to deferred income - Health - Bio-Terrorism/NNFP Trust | (1,118) |
| Adjust long term debt 2003 POB debt allocation- Governmental | 4,854 |
| Adjust capital assets accumulated depreciation | (906) |
| Net Assets – Business-type Activities at June 30, 2006, as restated | <u>\$ 311,157</u> |

| | |
|--|------------------|
| Net Assets – Business-type Activities | |
| Net Assets – Business-type Activities at June 30, 2006, as previously reported | \$ 80,784 |
| Prior Period Adjustments: | |
| Adjust long term debt 2003 POB debt allocation - Airports | (36) |
| Adjust long term debt 2003 POB debt allocation - Non-major Enterprise Fund | (17) |
| Adjust long term debt 2003 POB debt allocation - Waste Management - Net | (381) |
| Adjust long term debt 2003 POB debt allocation, per prior stand alone financial audit Kern Medical Center | (2,455) |
| Net Assets – Business-type Activities at June 30, 2006, as restated | <u>\$ 77,895</u> |

**COUNTY OF KERN
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES/DEFICIT NET ASSETS

The following funds have total fund deficits or total net assets deficits at June 30, 2007:

| | |
|-------------------------------|--------------------|
| Major Governmental Funds: | |
| Human Services | <u>\$ (6,872)</u> |
| Non-major Governmental Funds: | |
| Public Improvement Districts | <u>(7)</u> |
| Major Enterprise Funds: | |
| Kern Medical Center | <u>(15,805)</u> |
| Internal Service Funds: | |
| General Liability | (6,222) |
| Group Health | (14,779) |
| Unemployment Comp | (376) |
| Workers' Compensation | <u>(60,680)</u> |
| | <u>\$ (82,057)</u> |

The fund deficit for Human Services is the result of a prior year deficit. As a result of an increase in fund balance for Human Services, the fund deficit was \$6,872 and \$9,656 for June 30, 2007 and 2006, respectively. The deficits in Public Improvement Districts and Master Lease were reduced from prior year's \$9 and \$157 to current year's \$7 and \$0, respectively, as a result of an increase in fund balances. The fund deficit for Kern Medical Center is the result of prior deficit and prior period adjustments for the allocation of the 2003 POB debt. The prior year's deficit of \$6,272 was increased to \$15,807. The General Liability, Group Health, and Workers' Compensation negative retained earnings represent liabilities incurred as a result of self-insurance.

**COUNTY OF KERN
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IV. CASH AND INVESTMENTS

A. DEPOSITS

Cash and Deposits

As provided for by the Government Code, the cash balances for all funds are pooled and invested by the County's Treasurer for the purpose of increasing interest earnings through investment activities. The respective funds' shares of the total pooled cash and investments are included in the accompanying balance sheet for governmental funds and statement of net assets for proprietary funds under the caption "Pooled Cash and Investments." In accordance with Section 53652, of the California Government Code, a financial institution is required to secure deposits in excess of \$100 made by State and local governmental units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal 110% of the total amount deposited by the public agencies. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the County's name. Interest earned on pooled investments is deposited to the participating funds based upon each fund's average daily deposit balance during the allocation period with all remaining interest deposited to the general fund. First 5 Kern, a discretely presented component unit, maintains its cash account with the County of Kern.

B. CASH AND INVESTMENTS DEPOSITED WITH TRUSTEE

At June 30, 2007, the balance for Cash and Investments Deposited with Trustee consists of the following:

| | | |
|---|----|---------------|
| Money Market Accounts | \$ | 7,252 |
| Investment Agreements | | 59,550 |
| Federal Agency | | 11,053 |
| Total Cash and Investments Deposited with Trustee | \$ | <u>77,855</u> |

Of the \$77,855 total cash and investments deposited with trustee, \$15,426 relates to the construction debt refinancing and equipment acquisition funds from Certificates of Participation held by the trustee for Kern County Asset Leasing Corporation and are reported in the Kern Asset Leasing Debt Service Non-major Governmental Fund, the Golf Course Non-major Enterprise Fund, Kern Medical Center and Waste Management Enterprise Funds. \$50,469 is recorded in the Tobacco Securitization Fund and will be utilized for capital projects, while \$10,927 is recorded on the Kern County Tobacco Funding Corporation are held in trust for debt service reserves. \$1,033 relates to the construction of a new airport terminal and it is reported on the Airport Non-major Enterprise Fund. The funds are currently held by Wells Fargo Bank.

Of the \$77,885, \$308 is in the Pension Obligation Bond Trustee Debt Service Non-major Governmental Fund relates to monies held in a trust account with U.S. Bank. This account is used to service debt payments related to the County's Pension Obligation Bonds.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IV. CASH AND INVESTMENTS (CONTINUED)

C. INVESTMENTS

Interest rate risk

In accordance with Kern County's Investment Policy, the government manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio not to exceed a 500 day average maturity.

Credit risk

Statutes authorize the County to invest in obligations of the United States Treasury, Federal agencies, municipalities, bankers acceptance and commercial paper rated A-1 by Standard & Poor's Corporation (S&P) or P-1 by Moody's Commercial Paper Record. The County of Kern Investment Pool (the Pool) is subject to regulatory oversight by the Treasury Oversight Committee, as required by California Government Code Section 27143. The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2007 to support the value of the shares in the Pool. Management believes that the investments in the Pool are of high quality and that the risk of participation in the Pool is negligible.

Concentration of credit risk

The Pool will not invest more than six percent (6%) of its assets in the Eligible Securities of a single institution, other than U.S. government and agency securities.

Custodial credit risk – deposits

The County's deposits are collateralized and two methods of protection are used. The first method is that the bank is required by State law to collateralize the deposits to the extent of 110%. Collateral securities are held in custody by the State Treasurer's office. The second method of protection is that the bank must carry umbrella insurance to protect against theft or negligence on the part of the bank.

Custodial credit risk – investments

The County minimizes its exposure by purchasing securities with the highest credit rating from both Moody's and S & P and by limiting the exposure to any one issuer as required by State law.

Certain agencies outside of the County reporting entity participate in the Pool. The participation of these agencies is externally mandated. The participants reported under the Investment Trust Fund are schools, special districts, and special assessments. The County Pool does not issue separate financial statements. Participants may withdraw up to the amortized cost of their respective share. The share of the Treasurer's pool related to involuntary and voluntary participants is 94.6% and 5.4%, respectively. As of July 1, 1997, the County implemented GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. In accordance with this statement, the fair value of the County's combined pool is determined annually and is based on current market prices received from the securities custodian, except for governmental securities and bankers acceptances, which are carried at amortized cost plus accrued interest.

The County's investment in the Local Agency Investment Fund (LAIF) is \$32,962. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members designated by State statute. The Chairman is the State Treasurer or his designated representative. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County's position in the Pool.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IV. CASH AND INVESTMENTS (CONTINUED)

C. INVESTMENTS (CONTINUED)

A summary of the investments held in the Pool is as follows:

| Investment | Rating | | Weighted Average Maturity |
|-------------------------------------|---|--------------------------------|------------------------------|
| | Moody's | Standard & Poor's (S&P) | |
| Bankers Acceptance | P1 | A+ | 0.366626 |
| Commercial Paper | P-1 | A-1 & NR | 0.177626 |
| Federal Agency Issues (Coupon) | AAA, Aaa | AAA, NR | 2.156922 |
| Asset Backed Securities | Aaa | AAA | 4.751642 |
| Medium Term Notes | Aa2,A-1, Aaa, AA-1, A3,Aa3,A,A2 & NR | AA+, AAA, AA, A+,AA-A, & A- | 2.907870 |
| Negotiable CDs | P-1,NR, & Aa | AA, A-1+, & A-1 | 1.291428 |
| Federal Agency Issues (Discount) | P1 | A1 and A1+ | 0.752778 |
| Portfolio Weighted Average Maturity | | | 2.092194 |

| Investment | Fair Value | Principal | Maturity Range |
|----------------------------------|--------------|--------------|----------------------|
| Bankers Acceptance | \$ 19,350 | \$ 19,619 | 7/30/2007-8/20/2007 |
| Commercial Paper | 78,277 | 78,277 | 7/6/2007-10/9/2007 |
| Federal Agency Issues (Coupon) | 1,061,547 | 1,075,632 | 7/02/2007-2/23/2012 |
| State Treasury's Pool (LAIF) | 38,460 | 38,977 | |
| Asset Backed Securities | 43,828 | 45,353 | 11/16/2009-8/15/2011 |
| Medium Term Notes | 329,030 | 338,652 | 7/30/2007-12/15/2011 |
| Negotiable CDs | 337,550 | 345,047 | 7/02/2007-1/30/2012 |
| Federal Agency Issues (Discount) | 4,811 | 4,811 | 12/28/2007 |
| Bank Accounts & Accruals | 45,313 | 45,313 | |
| | \$ 1,958,166 | \$ 1,991,681 | |

**COUNTY OF KERN
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IV. CASH AND INVESTMENTS (CONTINUED)

C. INVESTMENTS (CONTINUED)

The following represents a condensed statement of net assets and changes in net assets for the Pool as of June 30, 2007:

| | |
|--|---------------------|
| Statement of Net Assets: | |
| Total Assets Held for Pool Participants | \$ 1,958,166 |
| Less: Warrants Payable | 118,342 |
| Pool Equity, Net | <u>\$ 1,839,824</u> |
| | |
| Equity of Internal Pool Participants | \$ 418,115 |
| Equity of External Pool Participants (Voluntary & Involuntary) | 1,421,709 |
| Total Equity | <u>\$ 1,839,824</u> |
| | |
| Statement of Changes in Net Assets: | |
| Net Assets at July 1, 2006 | \$ 1,272,587 |
| Net Changes in Investments by Pool Participant | 567,237 |
| Net Assets at June 30, 2007 | <u>\$ 1,839,824</u> |

Bank deposits are reported based upon balances at June 30, 2007 and investments are reported at the County's book balance.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments. The County's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts in the amount of \$70,603.

D. DEPOSITS WITH OTHERS

The County has total deposits with others of \$319. The general fund has deposited \$205 with the City of Bakersfield for the construction of an overpass on Bakersfield Union Avenue pursuant to the joint agency agreement between the County, the City of Bakersfield, and the Greater Bakersfield Separation of Grade District. The remaining balance of \$114 represents deposits by the Group Health Self-Insurance Program Internal Service Fund with its designated claim administrators. This amount has been determined by claim administrators to be representative of one month's billings.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

V. RECEIVABLES

A. RECEIVABLES

The County's net receivables for the year ended June 30, 2007 for the individual funds, non-major funds and internal services funds are as follows:

| <u>Governmental Activities:</u> | <u>Taxes</u> | <u>Accounts</u> | <u>Interest</u> | <u>Other</u> | <u>Total Receivables</u> |
|------------------------------------|------------------|------------------|-----------------|------------------|--------------------------|
| General Fund | \$ 37,000 | \$ | \$ 3,828 | \$ 26,326 | \$ 67,154 |
| Child Support | | | 28 | 1,049 | 1,077 |
| Employer's Training Resource | | | 10 | 2,276 | 2,286 |
| Human Services | | 13,170 | 90 | 8,035 | 21,295 |
| Mental Health | | 387 | 128 | 10,919 | 11,434 |
| Roads | | | 276 | 2,174 | 2,450 |
| Structural Fire | 5,908 | | 194 | 5,117 | 11,219 |
| Tobacco Securitization Proceeds | | | 45 | | 45 |
| Other Non-major Governmental Funds | 668 | | 687 | 12,002 | 13,357 |
| Internal Service Funds | | 2,083 | 335 | 135 | 2,553 |
| Total Governmental Activities | <u>\$ 43,576</u> | <u>\$ 15,640</u> | <u>\$ 5,621</u> | <u>\$ 68,033</u> | <u>\$ 132,870</u> |

The receivables category classified as Other is composed of receivables from various State sources. Of the \$13,170 of accounts receivable for Human Services, \$982 is estimated to be collected within one year, leaving \$12,188 in receivables to be collected in future years. Human Services has a slow collection process due to the nature of the services they provide. The total amount of taxes receivables not expected to be collected within one-year totals \$38,347. Of this amount, \$32,560 is recorded in the General Fund, \$5,199 in the Structural Fire Fund and \$588 in the County Service Areas Non-major Governmental Fund – Special Revenue Fund.

| <u>Business-type Activities:</u> | <u>Taxes</u> | <u>Accounts</u> | <u>Interest</u> | <u>Other</u> | <u>Gross Receivables</u> | <u>Allowance for Uncollectibles</u> | <u>Total Receivables</u> |
|----------------------------------|-----------------|-------------------|-----------------|-----------------|--------------------------|-------------------------------------|--------------------------|
| Airports | \$ | \$ 192 | \$ 30 | \$ 767 | \$ 989 | \$ 82 | \$ 907 |
| Kern Medical Center | | 205,414 | 91 | | 205,505 | 141,938 | 63,567 |
| Waste Management | 3,894 | 1,525 | 668 | 645 | 6,732 | 166 | 6,566 |
| Non-major Enterprise Funds | 1,978 | 14 | 168 | 979 | 3,139 | | 3,139 |
| Total Business-type Activities | <u>\$ 5,872</u> | <u>\$ 207,145</u> | <u>\$ 957</u> | <u>\$ 2,391</u> | <u>\$ 216,365</u> | <u>\$ 142,186</u> | <u>\$ 74,179</u> |

Kern Medical Center's accounts receivable balance is \$205,414. Of the accounts receivable balance, Kern Medical Center estimates not to collect \$141,938 within one year.

The total amount of taxes receivable not expected to be collected within one year is \$5,167. The \$5,167 taxes receivable is allocated to Waste Management, County Sanitation Districts, and Universal Collections in the amounts of \$2,333, \$1,496 and \$1,338, respectively.

**COUNTY OF KERN
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

V. RECEIVABLES (CONTINUED)

B. UNAVAILABLE/UNEARNED REVENUE

Governmental funds report deferred revenues in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

The various components of deferred revenue and unearned revenue reported at June 30, 2007 are as follows:

| Governmental Activities: | Unavailable |
|---|-------------|
| Delinquent Property Taxes Receivable | |
| General Fund | \$ 15,505 |
| Structural Fire | 5,032 |
| Non-major Governmental Fund | 1,900 |
| Accounts Receivable | |
| Human Services | 12,923 |
| Advance Funds | |
| Human Services | 8,454 |
| Total Deferred or Unearned Revenue for Governmental Funds | \$ 43,814 |

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

VI. INTERFUND TRANSACTION

A. DUE TO/FROM OTHER FUNDS

Due to or Due from Other Funds amounts will be repaid in the following fiscal year. Due to or Due from Other Funds at June 30, 2007 are as follows:

| | Due To | Due From | Purpose |
|------------------------------|------------------|------------------|---|
| General Fund | \$ 6,728 | \$ | |
| Non-major Governmental Funds | | 5,470 | Expense Reimbursement & Proposition 172 Revenue |
| Investment Trust | | 1,258 | Final Allocation of Court Fines & Tax Revenue |
| | <u>6,728</u> | <u>6,728</u> | |
| Structural Fire | 946 | | |
| Non-major Governmental Funds | | 563 | Proposition 172 Revenue |
| General Fund | | 383 | Expense Reimbursement |
| | <u>946</u> | <u>946</u> | |
| Kern Medical Center | 1,847 | | |
| General Fund | | 1,847 | Final Allocation of Tax Revenue |
| | <u>1,847</u> | <u>1,847</u> | |
| Internal Service Funds | 33 | | |
| General Fund | | 25 | Services Provided |
| Human Services | | 1 | Services Provided |
| Mental Health | | 1 | Services Provided |
| Child Support | | 1 | Services Provided |
| Waste Management | | 3 | Services Provided |
| Non-Major Enterprise | | 1 | Services Provided |
| Non-major Governmental Funds | | 1 | Services Provided |
| | <u>33</u> | <u>33</u> | |
| Non-major Governmental Funds | 1,234 | | |
| Investment Trust | | 679 | Final Allocation of Court Fines |
| Structural Fire | | 53 | Proposition 172 Revenue |
| General Fund | | 502 | Proposition 172 Revenue |
| | <u>1,234</u> | <u>1,234</u> | |
| Agency | 20 | | |
| Investment Trust | | 20 | Cash Flow |
| | <u>20</u> | <u>20</u> | |
| Total | <u>\$ 10,808</u> | <u>\$ 10,808</u> | |

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

VI. INTERFUND TRANSACTION (CONTINUED)

B. LOANS RECEIVABLE/PAYABLE

Loans receivable or payable at June 30, 2007 are as follows:

| Receivable Fund | Payable Fund | Amount | Purpose |
|-----------------|-----------------------------|---------------|---------------------------|
| Agency Fund | Non-major Governmental Fund | \$ 139 | Start-up cost of projects |
| | | <u>\$ 139</u> | |

C. ADVANCES TO/FROM OTHER FUNDS

Advances to or from Other Funds at June 30, 2007 are as follows:

| Advances From | Advances To | Amount | Purpose |
|---------------------------------|------------------------------|------------------|--------------------------|
| General Fund | Human Services | \$ 6,832 | To cover cash flow. |
| General Fund | Mental Health | 1,030 | To cover cash flow. |
| General Fund | Kern Medical Center | 18,971 | To cover cash flow. |
| General Fund | Non-major Governmental Funds | <u>821</u> | To cover cash flow. |
| | | 27,654 | |
| Retiree Group Health | Group Health | 5,460 | To cover cash flow. |
| Non-major Governmental Funds | Airports | 6,986 | To cover cash flow. |
| Tobacco Securitization Proceeds | Airports | 4,500 | To cover cash flow. |
| Waste Management | Non-major Enterprise Funds | <u>2,500</u> | To cover start up costs. |
| | | <u>\$ 47,100</u> | |

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

VI. INTERFUND TRANSACTION (CONTINUED)

D. TRANSFERS

A reconciliation of transfers is detailed below:

| Transfers From | Transfers To | Amount |
|----------------------------------|------------------------------|-------------------|
| General Fund | Human Services | \$ 18,170 |
| | Mental Health | 882 |
| | Roads | 5,500 |
| | Structural Fire | 16,381 |
| | Non-major Governmental Funds | 14,007 |
| | Kern Medical Center | 40,605 |
| | | <u>95,545</u> |
| Mental Health | General Fund | <u>7</u> |
| Structural Fire | Non-major Governmental Funds | <u>606</u> |
| Tobacco Securitization Proceeds | General Fund | <u>750</u> |
| Non-major Governmental Funds | General Fund | 65,610 |
| | Human Services | 102 |
| | Mental Health | 190 |
| | Roads | 14 |
| | Structural Fire | 5,287 |
| | Non-major Governmental Funds | 24 |
| | Kern Medical Center | <u>2</u> |
| | <u>71,229</u> | |
| Capital Assets (Government-wide) | Internal Service Fund | <u>460</u> |
| | | <u>\$ 168,597</u> |

The General Fund transferred \$45,797 to Human Services, Mental Health, Road, Structural Fire, and Aging and Adult Services-Non-major Governmental Fund as a subsidy to their operations. The Structural Fire Fund transferred \$606 to Kern Asset Leasing Corporation to cover debt service payments. The transfer to Kern Medical Center of \$34,239 represents a contribution to the hospital operations as well as a transfer of special purpose funds received from the State. The transfer to In-Home Supportive Services (IHSS) of \$9,143 also represents a contribution to the department's operations.

Non-major Governmental Fund transferred \$66,292 to the General Fund as part of the funding for POB Debt Service, Sheriff Sidearm Conversion, Health MAA/TCM, Fire Special Program, Prop 35 Substance Abuse, ACO-General, Litter Cleanup, Off-Highway Motor Vehicle License, DNA Identification, Local Public Safety, Auto Finger Print, Emergency Medical Services, Automated County Warrant, Domestic Violence, Criminal Justice Facility, Records Fee, and Micrographic.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

VI. INTERFUND TRANSACTION (CONTINUED)

D. TRANSFERS (CONTINUED)

Non-major Governmental Funds such as A-C Farm, Health-Local Option, Health-State L.U.S.T. Program, Property Tax Administration, Sheriff Training, Sheriff Cal ID, Sheriff Inmate Welfare, Rental Book, Library Book, and Alcohol Abuse Education transferred \$388 to the General Fund as a subsidy of the operation. The County Service Areas transferred \$14 to Roads as a expense reimbursement.

The Alcoholism Program, Alcohol Abuse Education/Prevention, and Drug Program transferred \$190 to the Mental Health Fund to fund its operations of the programs funded by the special purpose funds, County Children's Trust transferred \$102 to Human Services , ACO-Structural Fire and Local Public Safety transferred \$5,341 to Structural Fire. Debt Service transferred \$2 to reallocate debt service expense appropriately.

VII. CAPITAL ASSETS

A. CAPITAL ASSETS

Capital asset governmental activity for the year ended June 30, 2007 is as follows:

| | Beginning Balance Restated | Additions | Deletions | Ending Balance |
|---|----------------------------------|-----------|-----------|-------------------|
| Governmental Activities: | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land & Easement | \$ 22,955 | \$ 972 | \$ 7 | \$ 23,920 |
| Construction in Progress | 36,752 | 6,456 | 18,695 | 24,513 |
| Total Capital Assets, not being depreciated | 59,707 | 7,428 | 18,702 | 48,433 |
| Capital Assets, being depreciated: | | | | |
| Infrastructure | 339,167 | 76,809 | | 415,976 |
| Structures & Improvements | 325,645 | 20,770 | | 346,415 |
| Equipment | 134,403 | 18,758 | 8,022 | 145,139 |
| Total Capital Assets, being depreciated | 799,215 | 116,337 | 8,022 | 907,530 |
| Less: Accumulated Depreciation for: | | | | |
| Infrastructure | 177,617 | 14,573 | | 192,190 |
| Structures & Improvements* | 129,245 | 5,634 | | 134,879 |
| Equipment & Intangibles | 73,363 | 10,303 | 5,097 | 78,569 |
| Total Accumulated Depreciation and Amortization | 380,225 | 30,510 | 5,097 | 405,638 |
| Total Capital Assets, being depreciated, net | 418,990 | 85,827 | 2,925 | 501,892 |
| Capital Assets, net | \$ 478,697 | \$ 93,255 | \$ 21,627 | \$ 550,325 |

*As restated see note II. A

At June 30, 2007, the land & easements beginning balance was restated by a prior period adjustment of \$(118). Also the accumulated depreciation beginning balances for structures and improvements and equipment were restated by prior period adjustments of \$(69) and \$(719), respectively.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

VII. CAPITAL ASSETS (CONTINUED)

A. CAPITAL ASSETS (CONTINUED)

Capital asset business-type and component unit activity for the year ended June 30, 2007 is as follows:

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|----------------------|-----------|-----------|-------------------|
| Business-type Activities: | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 22,869 | \$ | \$ | \$ 22,869 |
| Land Acquisition in Progress | 63 | 271 | | 334 |
| Construction in Progress | 51,952 | 15,864 | 28,519 | 39,297 |
| Total Capital Assets, not being depreciated | 74,884 | 16,135 | 28,519 | 62,500 |
| Capital Assets, being depreciated: | | | | |
| Structures & Improvements | 148,205 | 31,184 | 217 | 179,172 |
| Equipment | 52,663 | 3,581 | 1,801 | 54,443 |
| Intangibles | 286 | | | 286 |
| Infrastructure | 7,642 | 199 | | 7,841 |
| Total Capital Assets, being depreciated | 208,796 | 34,964 | 2,018 | 241,742 |
| Less: Accumulated Depreciation for: | | | | |
| Structures & Improvements | 69,687 | 7,075 | | 76,762 |
| Equipment | 39,386 | 3,788 | 1,694 | 41,480 |
| Intangibles | 106 | 31 | | 137 |
| Infrastructure | 4,414 | 138 | | 4,552 |
| Total Accumulated Depreciation and Amortization | 113,593 | 11,032 | 1,694 | 122,931 |
| Total Capital Assets, being depreciated, net | 95,203 | 23,932 | 324 | 118,811 |
| Capital Assets, net | \$ 170,087 | \$ 40,067 | \$ 28,843 | \$ 181,311 |

*As restated see note II. A

| | Beginning Balance | Additions | Deletions | Ending Balance |
|------------------------------------|----------------------|-----------|-----------|-------------------|
| Component Unit Activities: | | | | |
| Capital Assets, being depreciated: | | | | |
| Equipment | \$ 22 | \$ | \$ | \$ 22 |
| Less: Accumulated Depreciation | 10 | 4 | | 14 |
| Capital Assets, net | \$ 12 | \$ 4 | \$ | \$ 8 |

**COUNTY OF KERN
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

VII. CAPITAL ASSETS (CONTINUED)

B. DEPRECIATION

Depreciation expense was charged to functions or programs of the primary government as follows:

| | |
|---|------------------|
| Governmental Activities: | |
| General | \$ 5,138 |
| Public Protection | 7,720 |
| Public Ways and Facilities | 14,728 |
| Health and Sanitation | 309 |
| Public Assistance | 630 |
| Education | 539 |
| Recreation and Culture | 780 |
| Depreciation on Capital Assets Held by the County's Internal Service Fund are charged to various functions based on usage of the assets | 666 |
| Total Depreciation Expense - Governmental Activities | <u>\$ 30,510</u> |
| Business-type Activities: | |
| Airports | \$ 1,290 |
| Kern Medical Center | 4,746 |
| Waste Management | 3,705 |
| County Sanitation Districts | 389 |
| Golf Course | 148 |
| Public Transportation | 754 |
| Total Depreciation Expense - Business-type Activities | <u>\$ 11,032</u> |

C. CONSTRUCTION IN PROGRESS

Construction in progress for governmental funds represents work that is being performed on the Public Health facility, Probation Juvenile facility, Parks and Recreation irrigation and landscaping, Fire Department station, General Services court security, roads and a number of smaller projects. There are other construction in progress projects for the business-type funds. Airports is constructing the new terminal at Meadows Field. In addition to the project previously mentioned there are also numerous smaller projects in progress.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

VIII. LEASES

A. LONG-TERM OPERATING LEASES

The County has entered into various long-term lease agreements for buildings and land which have been classified as operating leases. None of the leases convey rights of ownership or are of a duration approximating useful economic life. The total costs for operating leases for the fiscal year ended June 30, 2007 amounted to \$12,216. The following is a schedule of future minimum long-term operating lease payments for the Governmental Funds:

| Year Ending June 30, | Amount |
|----------------------|------------------|
| 2008 | \$ 10,480 |
| 2009 | 7,280 |
| 2010 | 6,161 |
| 2011 | 5,134 |
| 2012 | 4,985 |
| 2013 - 2024 | 30,048 |
| Total | <u>\$ 64,088</u> |

B. CAPITAL LEASES

The County has entered into several long-term lease purchase agreements for certain major pieces of equipment during fiscal year ended June 30, 2007. At the end of the lease, when all terms have been met, the related equipment will become property of the County.

The following is a schedule of future minimum lease payments for capital leases:

| Year Ending June 30, | Governmental Activities |
|---|----------------------------|
| 2008 | \$ 1,678 |
| 2009 | 1,906 |
| 2010 | 757 |
| 2011 | 345 |
| 2012 | 282 |
| 2013 - 2017 | 1,271 |
| Total Minimum Lease Payments | 6,239 |
| Less: Amount Representing Interest | (820) |
| Present Value of Minimum Lease Payments | <u>\$ 5,419</u> |

Interest expense for the capital leases for the current fiscal year was \$820. The interest expense is reported as direct expense in each function.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IX LEASES (CONTINUED)

B. CAPITAL LEASES (CONTINUED)

The following is a schedule of capital assets under capital leases by major classes at June 30, 2007:

| Year Ending June 30, 2007 | Governmental Activities |
|-----------------------------------|----------------------------|
| Equipment | \$ 16,670 |
| Structure | 792 |
| Total Capital Lease Assets, Gross | <u>\$ 17,462</u> |

IX. LONG-TERM DEBT

A. LONG-TERM LIABILITIES

The County is not obligated in any manner for outstanding special assessment debt. However, the County acts in an agency capacity for property owners in collecting overlapping tax and assessment debt, which totals \$942,360. These amounts do not appear in the accompanying General Purpose Financial Statements.

As indicated in Notes I. E, VIII. A, VIII. B, IX. B, IX. C, IX. D, IX. E, IX. F, the County has recognized a long-term liability for employees' vacation and sick leave accruals, compensated absences, lease purchase agreements, certificates of participation, facility lease, loans payable, bonds payable, and pension obligation bonds.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IX. LONG-TERM DEBT (CONTINUED)

A. LONG-TERM LIABILITIES (CONTINUED)

A schedule of changes in long-term debt is as follows:

| | Beginning Balance Restated * | Additions | Deletions | June 30, 2007 | Due Within One Year |
|---|------------------------------------|-----------|-----------|---------------|------------------------|
| Governmental Activities: | | | | | |
| Compensated Absences | \$ 47,026 | \$ 29,056 | \$ 27,954 | \$ 48,128 | \$ 28,877 |
| Lease Purchase Agreements | 7,103 | 2,326 | 4,010 | 5,419 | 1,678 |
| Bonds Payable | 225 | | | 225 | 190 |
| Certificates of Participation | 16,565 | | 2,460 | 14,105 | 2,585 |
| Tobacco – Asset Backed Bonds | 102,415 | | 1,150 | 101,265 | 660 |
| Facility Lease | - | | - | - | - |
| Loans Payable – HUD Loan | 4,740 | | 1,080 | 3,660 | 1,145 |
| Loans Payable – Election/Voting | 950 | | 950 | | |
| Loans Payable – Sheriff/Retrofitting | 2,689 | | 348 | 2,341 | 359 |
| Pension Obligation Bonds (1995) | 170,672 | | 6,476 | 164,196 | 7,974 |
| Pension Obligation Bonds (2003) | 243,712 | | 543 | 243,169 | 1,276 |
| Total Governmental Activities | 596,097 | 31,382 | 44,971 | 582,508 | 44,744 |
| Business-type Activities: | | | | | |
| Compensated Absences | 12,165 | 8,007 | 7,000 | 13,172 | 6,680 |
| Lease Purchase Agreements | 2 | | 2 | | |
| Certificates of Participation | 50,580 | | 4,115 | 46,465 | 2,955 |
| Pension Obligation Bonds (1995) | 31,058 | | 1,180 | 29,878 | 1,451 |
| Pension Obligation Bonds (2003) | 35,012 | | 77 | 34,935 | 184 |
| Land Closure Cost | 32,591 | 1,136 | 2,972 | 30,755 | 3,915 |
| Post-closure Cost | 34,272 | 6,390 | | 40,662 | 370 |
| Total Business-type Activities | 195,680 | 15,533 | 15,346 | 195,867 | 15,555 |
| Total Government-wide Long-Term Liabilities | \$ 791,777 | \$ 46,915 | \$ 60,317 | \$ 778,375 | \$ 60,299 |

*As Restated See Note II. A.

B. CERTIFICATES OF PARTICIPATION

Certificates of Participation are secured by annual lease rental payments payable by the County for use of facilities constructed or purchased from the certificate proceeds.

The County has outstanding Certificates of Participation totaling \$60,570 at fixed interest rates. The proceeds of these Certificates are being used for the acquisition of equipment and acquisition, construction and renovation of certain public facilities within the County. All of the certificates have been delivered to the trustees (U.S. Bank and Wells Fargo Bank) for investment and disbursement subject to the terms and conditions of the trust agreements. Of this debt, \$9,000 is included in the governmental activities, \$12,215 is included as current and long-term debt of the Airports Fund, \$12,340 is included as current and long-term debt of the Kern Medical Center Fund, \$17,100 is included as current and long-term debt of the Waste Management Fund and \$2,985 is included as current and long-term debt of the Golf Course-Non-major Business-type Fund. The 1999 Capital Improvement Project COP balance of \$17,445 is divided between the Kern Medical Center Fund and the governmental activities as shown in the summary schedules included in this section.

**COUNTY OF KERN
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IX. LONG-TERM DEBT (CONTINUED)

C. CERTIFICATES OF PARTICIPATION (CONTINUED)

The Solid Waste System Improvement 1994 and 2002 Certificates of Participation are paid from the Waste Management Fund. The Kern Medical Center Emergency Facility Certificates of Participation is currently being paid from the Kern Medical Center Fund. The 1999 Capital Improvement Project Certificates of Participation are paid from the Kern Medical Center Fund and the Kern Asset Leasing Corporation. The Airport 2003 Certificates of Participation are paid from the Airport Fund.

The Golf Course Capital Improvement Certificate of Participation is currently being paid from the Golf Course Non-major Enterprise Fund. The County of Kern Asset Leasing Corporation is making payments of principal and interest with respect to the remaining issues.

The obligation of the County to make base rental payments does not constitute a general obligation of the County for which the County is obligated to levy or pledge any form of taxation. The 1986 COP has a variable interest rate, whereas, the remaining issues have a fixed interest rate. Schedules of future minimum long-term payments of the certificates of participation are recorded in the governmental and business-type activities. The schedules are as follows:

Beale Library

The original issue amount of the Beale Library COP was \$16,060 and the expected maturity dates were from December 1, 1996 - 2007. The Beale Library has fixed interest rates that range from 3.2% to 4.9%. The Beale Library debt schedule is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-----------|----------|----------|
| 2008 | \$ 1,695 | \$ 41 | \$ 1,736 |
| Total | \$ 1,695 | \$ 41 | \$ 1,736 |

Rosamond Library

The original issue amount of the Rosamond Library COP was \$1,940 and the expected maturity dates were from October 1, 1994 - 2014. The Rosamond Library has fixed interest rates that range from 4.7% to 6.5%. The Rosamond Library debt schedule is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-----------|----------|----------|
| 2008 | \$ 110 | \$ 65 | \$ 175 |
| 2009 | 115 | 58 | 173 |
| 2010 | 120 | 51 | 171 |
| 2011 | 130 | 43 | 173 |
| 2012 | 135 | 35 | 170 |
| 2013 - 2015 | 465 | 46 | 511 |
| Total | \$ 1,075 | \$ 298 | \$ 1,373 |

1999 Capital Improvement Project – Communications Project

The original issue amount of the 1999 Capital Improvement Project – Communications Project was \$6,815 and the expected maturity dates were from November 1, 1999 - 2019. The Communications Project has fixed interest rates that range from 4% to 5.5%. On the next page, the 1999 Capital Improvements Project shows the debts schedule :

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IX. LONG-TERM DEBT (CONTINUED)

C. CERTIFICATES OF PARTICIPATION (CONTINUED)

1999 CAPITAL IMPROVEMENT PROJECT – COMMUNICATIONS PROJECT (CONTINUED)

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-----------|----------|----------|
| 2008 | \$ 290 | \$ 258 | \$ 548 |
| 2009 | 300 | 245 | 545 |
| 2010 | 315 | 230 | 545 |
| 2011 | 335 | 214 | 549 |
| 2012 | 345 | 198 | 543 |
| 2013 - 2015 | 1,155 | 480 | 1,635 |
| 2016 - 2020 | 2,365 | 339 | 2,704 |
| Total | \$ 5,105 | \$ 1,964 | \$ 7,069 |

1997 COP (Fire Department)

The original issue of the 1997 COP was \$12,045 and the expected maturity dates were from May 1, 1997 - 2017. The 1997 COP has fixed interest rates that range from 3.85% to 5.25%. A summary of the certificate of participation debt associated with Structural Fire and recorded in the governmental activities is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-----------|----------|----------|
| 2008 | \$ 490 | \$ 323 | \$ 813 |
| 2009 | 515 | 299 | 814 |
| 2010 | 545 | 274 | 819 |
| 2011 | 570 | 246 | 816 |
| 2012 | 600 | 216 | 816 |
| 2012 - 2015 | 1,995 | 452 | 2,447 |
| 2016 - 2017 | 1,515 | 120 | 1,635 |
| Total | \$ 6,230 | \$ 1,930 | \$ 8,160 |

A summary of the certificate of participation debt recorded in the Kern Medical Center Fund is as follows:

Kern Medical Center – Emergency Facility

The Kern Medical Center Emergency Facility has been paid off. The original issue amount of the Kern Medical Center – Emergency Facility was \$13,365 and the expected maturity dates were from December 1, 1991 - 2006. The Emergency Facility had fixed interest rates that ranged from 5.4% to 6.5%.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IX. LONG-TERM DEBT (CONTINUED)

C. CERTIFICATES OF PARTICIPATION (CONTINUED)

1999 Capital Improvement Project – KMC Portion

The original issue amount of the 1999 Capital Improvement Project – KMC Portion was \$13,655 and the expected maturity dates were from November 1, 1999 - 2019. The KMC Portion has fixed interest rates that range from 4% to 5.5%.

A summary of the certificate of participation debt associated with solid waste system improvements and recorded in the Waste Management Fund is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-----------|----------|-----------|
| 2008 | \$ 700 | \$ 624 | \$ 1,324 |
| 2009 | 735 | 591 | 1,326 |
| 2010 | 765 | 556 | 1,321 |
| 2011 | 800 | 519 | 1,319 |
| 2012 | 840 | 518 | 1,358 |
| 2013 - 2017 | 4,895 | 1,672 | 6,567 |
| 2018 - 2020 | 3,605 | 304 | 3,909 |
| Total | \$ 12,340 | \$ 4,784 | \$ 17,124 |

Solid Waste System Improvements (1994)

The original issue amount of the Solid Waste System Improvements (1994) was \$17,875 and the expected maturity dates were from August 1, 1994 - 2009. The Solid Waste Improvements (1994) has fixed interest rates that range from 4% to 5.75%.

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-----------|----------|----------|
| 2008 | \$ 1,500 | \$ 230 | \$ 1,730 |
| 2009 | 1,585 | 142 | 1,727 |
| 2010 | 1,675 | 48 | 1,723 |
| Total | \$ 4,760 | \$ 420 | \$ 5,180 |

Solid Waste System Improvements (2002)

The original issue amount of the Solid Waste System Improvements (2002) was \$14,165 and the expected maturity dates were from August 1 - June 30, 2002 - 2017. The Solid Waste Improvements (2002) has fixed interest rates that range from 4.34% to 4.7%.

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-----------|----------|-----------|
| 2008 | \$ | \$ 614 | \$ 614 |
| 2009 | | 614 | 614 |
| 2010 | 1,610 | 582 | 2,192 |
| 2011 | 1,570 | 518 | 2,088 |
| 2012 | 1,640 | 453 | 2,093 |
| 2013 - 2017 | 9,345 | 1,110 | 10,455 |
| Total | \$ 14,165 | \$ 3,891 | \$ 18,056 |

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IX. LONG-TERM DEBT (CONTINUED)

C. CERTIFICATES OF PARTICIPATION (CONTINUED)

Solid Waste System Improvements (2002) (CONTINUED)

Per the terms of the Master Agreement governing the certificate of participation, the Solid Waste has agreed to set and collect fees and charges for use of the System and to revise the rates as may be necessary or appropriate to:

- 1) Produce in each fiscal year net operating revenue which will in each fiscal year at least equal the aggregate system debt service expenses payable in such fiscal year and
- 2) Produce in each fiscal year net operating revenues which, when combined with the amount of available funds, the surplus funds which have not been encumbered or designated by the County for any specific purpose relating to the Waste Management System, will in each fiscal year be equal to or greater than 1.15 times the aggregate system debt service expenses payable in such fiscal year.

The following page is a schedule calculating the ratios described above. In order to meet the terms described in the Master Agreement, Ratio 1 must be equal to or greater than 1 and Ratio 2 must be equal to or greater than 1.15. This table shows the historical revenues and expenses for the Solid Waste System. This table reflects the cash basis revenues and expenses consistent with the rate covenant and the conditions precedent to execution of additional system obligations under the master agreement. This cash basis of reporting is different from the basis of reporting for the Solid Waste Enterprise Fund contained in the fund statements. In the fund statements, revenues and expenses for the Solid Waste Enterprise Fund are accounted for on the accrual basis, in which revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IX. LONG-TERM DEBT (CONTINUED)

C. CERTIFICATES OF PARTICIPATION (CONTINUED)

A schedule of debt service coverage is as follows:

| | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|------------------|-----------------|-----------------|-----------------|-----------------|
| Operating Revenues | | | | | |
| Land Use Fee | \$ 16,032 | \$ 15,603 | \$ 15,178 | \$ 14,876 | \$ 12,250 |
| Gate Fee | 11,590 | 12,060 | 10,916 | 9,869 | 10,995 |
| Bin Fee * | 4,174 | 4,234 | 4,615 | 3,694 | |
| Other (Includes interest income) | 4,477 | 3,983 | 2,856 | 2,455 | 2,374 |
| Total Operating Revenue | <u>36,273</u> | <u>35,880</u> | <u>33,565</u> | <u>30,894</u> | <u>25,619</u> |
| Operating Expense | | | | | |
| Salaries | 9,611 | 8,929 | 7,820 | 6,692 | 5,915 |
| Services & Supplies | 16,983 | 15,498 | 15,658 | 15,584 | 13,706 |
| Transfer to Closure | 1,174 | 715 | 5 | 800 | 1,134 |
| Other (excluding depreciation) | 398 | 117 | 304 | 338 | 363 |
| Total Operating Expense | <u>28,166</u> | <u>25,259</u> | <u>23,787</u> | <u>23,414</u> | <u>21,118</u> |
| Net Operating Revenue | <u>8,107</u> | <u>10,621</u> | <u>9,778</u> | <u>7,480</u> | <u>4,501</u> |
| 1994 Debt Service | 1,669 | 1,672 | 1,712 | 1,694 | 1,577 |
| 2002 Debt Service | 543 | 535 | 604 | 556 | 612 |
| Total Debt Service | <u>2,212</u> | <u>2,207</u> | <u>2,316</u> | <u>2,250</u> | <u>2,189</u> |
| Debt Service Coverage Ratio 1 Net Operating Revenue/Total Debt Service | 3.66 | 4.81 | 4.22 | 3.32 | 2.06 |
| Net Operating Revenue after Debt Service | <u>5,895</u> | <u>8,414</u> | <u>7,462</u> | <u>5,230</u> | <u>2,312</u> |
| Non-Operating Revenue (Expense) | | | | | |
| Closure Project Expense | (48) | (20) | (166) | (365) | (2,434) |
| Non-Closure Capital Projects | (9,312) | (13,541) | (2,398) | (2,232) | (4,271) |
| Capital Equipment | (193) | (210) | (199) | (322) | (217) |
| Other non-operating revenue | 26 | | | | |
| Net Non-Operating Revenue (Expense) | <u>(9,527)</u> | <u>(13,771)</u> | <u>(2,763)</u> | <u>(2,919)</u> | <u>(6,922)</u> |
| Total Net Income (Loss) | <u>(3,632)</u> | <u>(5,357)</u> | <u>4,699</u> | <u>2,311</u> | <u>(4,610)</u> |
| Available Funds (Beginning Balance) | | | | | |
| Beginning balance | 3,963 | 7,274 | 8,056 | 4,945 | 16,733 |
| Total Income (Loss) | (3,632) | (5,357) | 4,699 | 2,311 | (4,610) |
| Draw from Closure Reserve | 682 | | 941 | | |
| Draw from Bena & Shafter Reserve | 10,509 | | | | |
| Proceeds From COPs | | | | | |
| Other Adjustments | 8,129 | 2,046 | (6,422) | 800 | (7,178) |
| Available Funds (Ending Balance) | <u>\$ 19,651</u> | <u>\$ 3,963</u> | <u>\$ 7,274</u> | <u>\$ 8,056</u> | <u>\$ 4,945</u> |
| Debt Service Coverage Ratio 2 | 5.46 | 8.11 | 7.70 | 5.52 | 9.70 |

* Prior to fiscal year ended June 30, 2004, bin fees were included as part of the gate fees.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IX. LONG-TERM DEBT (CONTINUED)

C. CERTIFICATES OF PARTICIPATION (CONTINUED)

A summary of the certificate of participation debt recorded in the Golf Course-Non-major Enterprise Fund is as follows:

1996 COP (Golf Course – Capital Improvement)

The original issue amount for the 1996 COP was \$4,795 and the expected maturity dates were from October 1, 1996 - 2016. The Golf Course Capital Improvement has fixed interest rates that range from 5% to 5.65%.

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-----------------|---------------|-----------------|
| 2008 | \$ 235 | \$ 157 | \$ 392 |
| 2009 | 245 | 145 | 390 |
| 2010 | 260 | 131 | 391 |
| 2011 | 270 | 117 | 387 |
| 2012 | 285 | 102 | 387 |
| 2013 - 2017 | 1,690 | 247 | 1,937 |
| Total | <u>\$ 2,985</u> | <u>\$ 899</u> | <u>\$ 3,884</u> |

2003 COP (Airports – Capital Improvement)

The original issue amount for the 2003 COP was \$13,225 and the expected maturity date was August 1, 2023. The 2003 COP (Airports – Capital Improvement) has fixed interest rates that range from 1.75% to 4.80%.

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|------------------|-----------------|------------------|
| 2008 | \$ 520 | \$ 503 | \$ 1,023 |
| 2009 | 535 | 489 | 1,024 |
| 2010 | 550 | 472 | 1,022 |
| 2011 | 570 | 454 | 1,024 |
| 2012 | 590 | 433 | 1,023 |
| 2013 - 2017 | 3,340 | 1,782 | 5,122 |
| 2018 - 2022 | 4,155 | 970 | 5,125 |
| 2023 - 2024 | 1,955 | 95 | 2,050 |
| Total | <u>\$ 12,215</u> | <u>\$ 5,198</u> | <u>\$ 17,413</u> |

D. FACILITY LEASE

The Facility Lease loan for the 1994 Rural and Economic Development Infrastructure Program associated with the expansion of the Frito Lay Plant has been paid off. The original issue of the Facility Lease was \$859 and the expected maturity dates were from July 1, 1995 - 2010 and January 1, 1996 - 2009. The fixed interest rate was 6.5%.

E. LOANS PAYABLE

Public Health Facility – HUD Loan

In order to facilitate the construction of the Public Health Facility, the County borrowed \$10,000 in HUD Section 108 Guaranteed Loan funds in fiscal year 1999 - 2000. The expected maturity dates were from August 1, 2000 - 2009 and February 1, 2001 - 2009. The loans payable has fixed interest rates that range from 1.85% to 8.64%. These funds were initially advanced on notes issued by an interim lender. They were replaced by a single note issued by Chase Manhattan Bank, the fiscal agent.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IX. LONG-TERM DEBT (CONTINUED)

E. LOANS PAYABLE (CONTINUED)

Public Health Facility – HUD Loan (CONTINUED)

The loan is guaranteed by HUD under the Loan Guarantee Assistance Section of the Community Block Grant Program, Section 108 of the Housing and Community Development Act of 1974. A summary schedule of the future payments is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-----------------|---------------|-----------------|
| 2008 | \$ 1,145 | \$ 223 | \$ 1,368 |
| 2009 | 1,220 | 137 | 1,357 |
| 2010 | 1,295 | 47 | 1,342 |
| Total | <u>\$ 3,660</u> | <u>\$ 407</u> | <u>\$ 4,067</u> |

Election/Voting

In order to facilitate the acquisition of a new touch screen voting and tabulation system, the County obtained a loan for \$1,595 in fiscal year 2002-2003. The loan has a fixed interest rate of 2.99%, and the expected maturity dates are from September 1, 2003 to March 1, 2010. The Election/Voting debt has been paid off.

Sheriff/Retrofitting

In order to upgrade the energy conservation improvements at the County-owned Lerdo detention facility (Phase II), the County obtained a loan for \$3,675 in fiscal year 2002 - 2003. The lease for this energy retrofit project has a fixed interest rate of 3.26%, and the expected maturity dates are from September 1, 2003 to March 1, 2013. The Sheriff/Retrofitting debt schedule of the outstanding balance is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-----------------|---------------|-----------------|
| 2008 | \$ 360 | \$ 73 | \$ 433 |
| 2009 | 371 | 61 | 432 |
| 2010 | 383 | 49 | 432 |
| 2011 | 396 | 36 | 432 |
| 2012 | 409 | 24 | 433 |
| 2013 | 422 | 10 | 432 |
| Total | <u>\$ 2,341</u> | <u>\$ 253</u> | <u>\$ 2,594</u> |

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IX LONG-TERM DEBT (CONTINUED)

F. BONDS PAYABLE

Tobacco Settlement Asset-Backed Bonds

In April 2002, The California County Tobacco Securitization Agency issued the Tobacco Settlement Asset-Backed Bonds on behalf of Kern County Tobacco Funding Corporation, which is reported as a blended component unit of the County. The original issue amount of the bonds was \$105,245 and the expected maturity dates were from June 1, 2015 – 2043. The bonds' interest rates range from 6.0% to 6.83%.

The legal structure to issue these bonds included the sale by Kern County of the Tobacco Settlement Revenue (TSR) to a nonprofit corporation formed by the County called the Kern County Tobacco Funding Corporation.

The California County Tobacco Securitization Agency issued bonds and loaned the proceeds to the Kern County Tobacco Funding Corporation which, in turn paid the proceeds to the County. The bonds are limited obligations of the Agency payable solely from payments made by the Kern County Tobacco Funding Corporation from tobacco settlement payments purchased from the County. The bonds do not constitute a charge against the general credit of the Agency (except from loan payments by the Corporation) or the County and neither will the Agency or the County be obligated to pay interest on or principal of these bonds. These bonds do not constitute a legal debt, liability or obligation of the County.

The Tobacco Settlement Asset-Backed Bonds debt schedule is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|------------|------------|------------|
| 2008 | \$ 650 | \$ 6,392 | \$ 7,042 |
| 2009 | 630 | 6,347 | 6,977 |
| 2010 | 595 | 6,303 | 6,898 |
| 2011 | 560 | 6,263 | 6,823 |
| 2012 | 985 | 6,225 | 7,210 |
| 2013 - 2017 | 2,480 | 30,170 | 32,650 |
| 2018 - 2022 | 8,100 | 28,333 | 36,433 |
| 2023 - 2027 | 11,680 | 25,476 | 37,156 |
| 2028 - 2032 | 15,620 | 21,536 | 37,156 |
| 2033 - 2037 | 22,120 | 15,861 | 37,981 |
| 2038 - 2042 | 30,380 | 8,122 | 38,502 |
| 2043 | 7,465 | 457 | 7,922 |
| Total | \$ 101,265 | \$ 161,485 | \$ 262,750 |

The Belle Vista bonds payable is pursuant to the Improvement Bond Act of 1915 and Resolution of Intention Number 88-506. The Board of Supervisors adopted the bond on June 13, 1988. The original issue amount for Belle Vista was \$351 and the expected maturity dates were from September 2, 1990 - 2009. The bonds payable has fixed interest rates that range from 6.5%-8.1%. The debt related schedule is as follows:

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IX LONG-TERM DEBT (CONTINUED)

F. BONDS PAYABLE (CONTINUED)

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|---------------|--------------|---------------|
| 2008 | \$ 160 | \$ 6 | \$ 166 |
| 2009 | 30 | 4 | 34 |
| 2010 | 35 | 1 | 36 |
| Total | <u>\$ 225</u> | <u>\$ 11</u> | <u>\$ 236</u> |

G. PENSION OBLIGATION BOND

1995 Pension Obligation Bond

The County's Board of Supervisors adopted a resolution to authorize the issuance of a County of Kern pension obligation debenture, a trust agreement, and an interest rate swap agreement in order to finance the County's share of the un-funded accrued actuarial liability of the Kern County Employees' Retirement Association (KCERA). The actuarial accrued liability of participating special districts was excluded from this funding source. The taxable pension obligation bonds have been issued at \$227,818 to cover the County of Kern's un-funded actuarial liability of not less than \$224,437. KCERA received the bond proceeds and recorded \$224,437 of contribution income for the fiscal year ended June 30, 1996.

At June 30, 2007, the amount of certificates included as a component of the County's pension liability was \$194,074. Of this amount, \$164,196 has been recorded in the governmental activities, and \$29,879 has been recorded in the proprietary fund types. Debt service for the amount recorded in the governmental activities is reflected in the debt service fund entitled Pension Obligation Bond Trustee Non-major Governmental Fund.

The bonds have various maturity dates between 2001 and 2015 for Current Interest bonds and between 2016 and 2022 for Capital Appreciation bonds. The interest ranges from 6.160% to 7.260% for the Current Interest bonds and 7.560% to 7.610% for the Capital Appreciation bonds. For the year ended June 30, 2007 interest payments related to the certificates were \$10,705. Of this amount, \$9,057 was paid out of governmental funds and \$1,648 was paid out of business-type funds.

The following is a summary of the total funding requirements of the bonds:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-------------------|-------------------|-------------------|
| 2008 | \$ 9,425 | \$ 10,126 | \$ 19,551 |
| 2009 | 11,403 | 9,413 | 20,816 |
| 2010 | 13,622 | 8,545 | 22,167 |
| 2011 | 16,091 | 7,505 | 23,596 |
| 2012 | 18,870 | 6,255 | 25,125 |
| 2013 - 2017 | 91,601 | 58,794 | 150,395 |
| 2018 - 2022 | 33,062 | 159,268 | 192,330 |
| Total | <u>\$ 194,074</u> | <u>\$ 259,906</u> | <u>\$ 453,980</u> |

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

IX. LONG-TERM DEBT (CONTINUED)

G. PENSION OBLIGATION BOND (CONTINUED)

2003 Pension Obligation Bond

The County's Board of Supervisors adopted a resolution to authorize the issuance of the County of Kern pension obligation debenture in order to finance the County's share of the un-funded accrued actuarial liability of the KCERA. The actuarial liability of participating special districts was excluded from this funding source. The Taxable Pension Obligation Bonds have been issued at \$288,177. The Series 2003A Bonds were issued as Current Interest Bonds and Capital Appreciation Bonds; the Series 2003B Bonds were issued as Auction Rate Bonds. The bonds have various maturity dates ranging from 2006 to 2023 for Current Interest Bonds and from 2023 to 2028 for Capital Appreciation bonds. Series 2003A has fixed interest rates that range from 2.33% to 4.88% for the Current Interest Bonds and 5.50% to 5.57% for the Capital Appreciation Bonds. Auction Rate Bonds have variable rates that reset every 28 days via auction. The Auction Rate Bonds follow LIBOR plus about 25 basis points. The rate, for the period of June 8, 2006 to July 5, 2006, was 5.08%.

At June 30, 2007, the amount of bonds included as a component of the County's pension liability was \$278,104. This amount has been recorded in the Government-Wide Statement of Net Assets as a liability along with a negative net pension asset for the same amount. The net pension asset was reduced using the amortization methodology used in determining the annual required contribution for the year. The pension asset at June 30, 2007 is \$209,363. The amount liquidated is reported in the statement of activities as direct expense in each function. The following is a summary of the total funding requirements of the bonds:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------|-------------------|-------------------|-------------------|
| 2008 | \$ 1,460 | \$ 9,851 | \$ 11,311 |
| 2009 | 2,364 | 9,794 | 12,158 |
| 2010 | 3,336 | 9,701 | 13,037 |
| 2011 | 4,386 | 9,565 | 13,951 |
| 2012 | 5,528 | 9,377 | 14,905 |
| 2013 - 2017 | 48,326 | 41,887 | 90,213 |
| 2018 - 2022 | 94,839 | 25,674 | 120,513 |
| 2023 - 2027 | 81,000 | 74,985 | 155,985 |
| 2028 | 36,865 | 269 | 37,134 |
| Total | <u>\$ 278,104</u> | <u>\$ 191,103</u> | <u>\$ 469,207</u> |

X. SHORT-TERM DEBT

TAX AND REVENUE ANTICIPATION NOTES

The Tax and Revenue Anticipation Notes (TRAN) proceeds were intended to provide financing of seasonal cash flow requirements for the County's General Fund expenditures during fiscal year ended June 30, 2007.

| | Beginning Balance | Additions | Deletions | Ending Balance |
|------------------------------------|----------------------|------------|------------|----------------|
| Tax and Revenue Anticipation Notes | \$ | \$ 160,000 | \$ 160,000 | \$ |

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XI. NET ASSETS/FUND BALANCES

A. RESERVED FUND BALANCE

The reserved fund balance for the Governmental Activities for the fiscal year end June 30, 2007 is as follows:

| | General Fund | Child Support | Human Services | Mental Health | Roads | Structural Fire | Tobacco Securitization Proceeds | Other Governmental Funds |
|------------------------------------|------------------|---------------|----------------|-----------------|-----------------|-----------------|---------------------------------|--------------------------|
| Imprest Cash | \$ 1,155 | \$ 96 | \$ 101 | \$ 3 | | \$ 2 | | \$ 2 |
| Deposits with Others | 205 | | | | | | | |
| Inventory | 69 | | | | 1,177 | 742 | | |
| Infrastructure Replacement | | | | | | | | 13,130 |
| Encumbrances | 16,614 | | 208 | 7,473 | 702 | 2,684 | 6 | 43 |
| Fiscal Stability | 34,520 | | | | | | | |
| General | | | | | | | | 6,195 |
| Tax Litigation | 3,162 | | | | | 1,003 | | |
| Design Work Force Plan | 6,634 | | | | | 293 | | |
| Litigation Designation | 598 | | | | | | | |
| Tax Loss | 23,019 | | | | | | | |
| Debt Service | | | | | | | | 16,413 |
| Total Reserved Fund Balance | \$ 85,976 | \$ 96 | \$ 309 | \$ 7,476 | \$ 1,879 | \$ 4,724 | \$ 6 | \$ 35,783 |

B. DESIGNATED FUND BALANCE

The designated fund balances recorded in the Non-major Governmental Funds were reclassified as unrestricted net assets in the Government-wide Statement of Net Assets.

C. RESTRICTED NET ASSETS

Restricted net assets represents restrictions imposed on the use of the County's resources by parties outside of the government and by law through constitutional provisions or enabling legislation. The debt service restriction is imposed by the creditors for debt payments. The deposit with other represent required cash reserves as determined by the County's health insurance administrators. The restricted amount in the Internal Service Funds was included with the governmental activities in the government-wide financial statements.

XII. OTHER INFORMATION

A. RISK MANAGEMENT

The County is generally self-insured for general liability, unemployment insurance, workers' compensation, professional liability, retiree "under age 65" medical claims and employee medical and dental claims. Excess liability insurance is maintained for claims over \$2,000 and up to \$27,000 for Automobile and General Liability.

The Automobile and General Liability policy protects the County and its employees against most legal liabilities arising from automobile liability, products damage, contractual liability, and public officials' errors and omissions. Workers' compensation claims are self-insured up to \$1,500 per occurrence.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

A. RISK MANAGEMENT (CONTINUED)

Excess coverage is maintained for workers' compensation claims up to statutory limits. The County does not self-insure against liability at its seven airports. Airports Liability insurance is maintained. The amount of settlements in each of the past three years has not exceeded the amount of insurance coverage. The liabilities for self-insurance included in the General Liability and Workers' Compensation Internal Service Funds are based upon the results of actuarial studies and include amounts for claims incurred but not reported. The liability for self-insurance included in the Group Health Internal Service Fund is based upon historical trend analysis and includes amounts for claims incurred but not reported (IBNR). The liability for self-insurance included in the Unemployment Compensation Internal Service Fund represents unpaid claims incurred as of June 30, 2007.

The Risk Management Division of the Office of County Counsel determines and administers General Liability and Workers' Compensation requirements of the County. The Risk Management Division also acquires insurance for earthquake, fire, boiler and machinery, crime and honesty, aviation, and other perils. Health and Unemployment self-insurance is administered by the County Administrative Office.

Except for medical malpractice, financial activity of the self-insurance programs is accounted for in separate internal service funds. Internal service funds are maintained for General Liability, Group Health, Retiree Group Health, Unemployment Compensation and Workers' Compensation. Retiree claims are paid from the Group Health Internal Service Fund. Changes in the Self Insurance Fund claims liabilities during the fiscal year ended June 30, 2007 and 2006 are as follows:

| | July 1, 2006 | Claims & Changes in Estimates | Claims Payments | June 30, 2007 | Due Within One Year |
|---------------------------|--------------|-------------------------------------|--------------------|---------------|------------------------|
| General Liability | \$ 11,145 | \$ 207 | \$ 796 | \$ 10,556 | \$ 873 |
| Group Health | 4,700 | 94,233 | 93,433 | 5,500 | 5,500 |
| Unemployment Compensation | 1,030 | 2,561 | 2,356 | 1,235 | 1,235 |
| Workers' Compensation | 69,420 | 8,543 | 14,029 | 63,934 | 14,343 |
| Total | \$ 86,295 | \$ 105,544 | \$ 110,614 | \$ 81,225 | \$ 21,951 |

| | July 1, 2005 | Claims & Changes in Estimates | Claims Payments | June 30, 2006 |
|---------------------------|--------------|-------------------------------------|--------------------|---------------|
| General Liability | \$ 6,897 | \$ 5,196 | \$ 947 | \$ 11,146 |
| Group Health | 68,847 | 14,362 | 13,789 | 69,420 |
| Unemployment Compensation | 5,988 | 82,264 | 83,552 | 4,700 |
| Workers' Compensation | 1,103 | 2,471 | 2,544 | 1,030 |
| Total | \$ 82,835 | \$ 104,293 | \$ 100,832 | \$ 86,296 |

KMC maintains a liability in its fund based on actuarial estimates for the self-insured portion of its professional liability risks. The liability for losses and related expenses is estimated using expected loss-reporting patterns and was discounted to its present value using a rate of 9%. Adjustments to the liability are included in results of operations. KMC has accrued, in accordance with generally accepted accounting principles, an estimated liability for incurred but not reported losses of \$8,816 at June 30, 2007. KMC had a \$5,000 self-insured retention per occurrence for medical malpractice as of June 30, 2007. The primary policy included a \$10,000 per occurrence and in aggregate. Excess insurance is also maintained for \$20,000 per occurrence and in aggregate.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

A. RISK MANAGEMENT (CONTINUED)

A reconciliation for claims, including IBNR claims, for the current and prior fiscal years ended are as follows:

| Fiscal Year Ended June 30, | Claims Payable July 1, | Claims & Changes in Estimates | Claims Payments | Claims Payable June 30, |
|----------------------------|------------------------|-------------------------------|-----------------|-------------------------|
| 2007 | \$ 5,956 | \$ 2,871 | \$ 11 | 8,816 |
| 2006 | 10,216 | (3,313) | 947 | 5,956 |
| 2005 | 9,000 | 1,478 | 262 | 10,216 |

B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

Airports, which is headquartered at Meadows Field Airport (Bakersfield), contains the financing requirements for administration, maintenance, and operation of the County's seven airports located at Bakersfield, Buttonwillow, Kern Valley, Lost Hills, Poso, Taft, and Wasco. Airports is reported as a major enterprise fund at the fund financial statements.

Kern Medical Center is a hospital offering emergency care to all classes of patients, including Medicare and Medi-Cal eligibles, medically indigent persons, and inmates of county institution and juvenile facilities. Kern Medical Center is reported as a major enterprise fund on the fund financial statements.

Solid Waste Management provides for the operating, engineering, planning, and regulatory compliance activities associated with the County's Solid Waste Disposal System. Waste Management is reported as a major enterprise fund on the fund financial statements.

Golf Course is used to finance new capital improvements and replace existing capital improvements as necessary.

The segment information presented for the Business-type Funds that have revenue streams pledged in support of debt instruments outstanding includes a condensed statement of net assets; statement of revenues, expenses, and changes in net assets; and statement of cash flows:

| Condensed Statement of Net Assets | |
|---|--------------------|
| ASSETS | Golf Course |
| Current Assets | \$ 2,329 |
| Other Assets | - |
| Capital Assets | 4,659 |
| Total Assets | <u>6,988</u> |
| LIABILITIES | |
| Current Liabilities | 346 |
| Long-Term Liabilities | 2,750 |
| Total Liabilities | <u>3,096</u> |
| NET ASSETS | |
| Invested in Capital Assets, Net of Related Debt | 1,674 |
| Restricted | 719 |
| Unrestricted | 1,499 |
| Total Net Assets | <u>\$ 3,892</u> |

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (CONTINUED)

| Condensed Statement of Revenues, Expenses, and Changes in Net Assets | |
|---|--------------------|
| | <u>Golf Course</u> |
| Operating Revenues: | |
| Charges for Current Services | \$ 5,274 |
| Total Operating Revenues | <u>5,274</u> |
| Operating Expenses: | |
| Services & Supplies | 4,697 |
| Depreciation | 148 |
| Total Operating Expenses | <u>4,845</u> |
| Operating Income (Loss) | 429 |
| Non-Operating Revenues (Expenses): | |
| Interest on Bank Deposits & Investments | 130 |
| Interest Expense | (166) |
| Total Operating Revenues (Expenses) | <u>(36)</u> |
| Net Income (Loss) | <u>393</u> |
| Transfers In (Out) | - |
| Changes in Net Assets | 393 |
| Net Assets, July 1, 2006 | <u>3,499</u> |
| Net Assets, June 30, 2007 | <u>\$ 3,892</u> |

| Condensed Statement of Cash Flows | |
|---|--------------------|
| | <u>Golf Course</u> |
| Net Cash Provided by Operating Activities | \$ 446 |
| Net Cash Provided by Non-Capital Financing Activities | |
| Net Cash Used by Capital and Related Financing Activities | (394) |
| Net Cash Provided by Investing Activities | 125 |
| Net Increase (Decrease) in Cash and Cash Equivalents | <u>177</u> |
| Cash and Cash Equivalents, July 1, 2006 | 2,134 |
| Cash and Cash Equivalents, June 30, 2007 | <u>\$ 2,311</u> |

C. POST RETIREMENT HEALTH CARE BENEFITS

Plan Description

In addition to the pension benefits described in Note XII. G, the County provides post retirement health care benefits in accordance with union contracts and Board of Supervisors' orders. Two programs contribute funding for retirees' health insurance. The Retiree Health Premium Supplement Program (RHPS) is available to employees who: 1) elected to participate or were required to participate, 2) retire on or after July 1, 1990, 3) are between the ages of 50 and 64, and 4) have at least 20 years of continuous County service as a permanent employee. At June 30, 2007, there were approximately 937 retirees receiving the supplement. The supplement amount is permanently fixed once determined and is, depending on years of service, equal to 50 - 100% of the active employee monthly health premium for a single individual at the time of retirement.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

C. POST RETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Plan Description (continued)

The Retiree Health Stipend is available to employees who choose continuous County health coverage upon retirement. At June 30, 2007, there were approximately 2,733 retirees receiving the stipend. The stipend paid on behalf of each retiree is a maximum of \$39.75 for single coverage, \$53.69 for two-party coverage and \$61.50 for family coverage, limited to the cost of the plan selected.

Funding Policies

County and employee contributions fund the RHPSP and County contributions fund all of the Retiree Health Stipend. The funding for the RHPSP has been based on the actuarial determined rates that incorporate the funding reserve and un-funded amount. To date, the County has paid the Retiree Health Stipend on the pay-as-you-go basis and has not established a funding reserve. During the fiscal years 2006/2007 and into 2007/2008, the County has negotiated an increase in the employee contribution for the RHPSP, from .81% to 1.62%, of covered payroll, for a majority of the employee union contracts.

Funded Status and Funding Progress

As of June 30, 2006, the most recent actuarial valuation date, the RHPSP was 20.90% funded. The actuarial accrued liability for RHPSP benefits was \$83,625, and the actuarial value of the assets was \$17,474, resulting in an un-funded actuarial accrued liability (UAAL) of \$66,151. The covered payroll (annual payroll of active employees covered by the plan) was \$391,892, and the ratio of the UAAL to the covered payroll was 16.88%. The Retiree Health Stipend does not have an established funding reserve.

County Contributions for the RHPSP were \$1,706, in addition to employee contributions of \$2,862 for the year ended June 30, 2007. The Retiree Health Stipend is funded by County contributions of approximately \$163 per active employee per year, which totaled \$1,340 for the year ended June 30, 2007.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far in to the future. Examples include assumptions about future employment, annual investment return, mortality, inflation and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the June 30, 2006 actuarial valuations for RHPSP and the Retiree Health Stipend, the entry age actuarial cost method was used.

**COUNTY OF KERN
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

C. POST RETIREMENT HEALTH CARE BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (CONTINUED)

The actuarial assumptions include a 6.0% investment rate of return, a 4% annual salary increases and a 6.5% medical trend rate increase. The RHPSP's un-funded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period from June 30, 2006 on an open basis. The Retiree Health Stipend is being funded on the pay-as-you-go basis.

D. CONTINGENT LIABILITIES

Federal and State Grant Programs

The County participates in a number of federal and state grant programs, which are subject to audit. Audit requirements for most federal grants will be met by the completion of the County's "Single Audit" as required by Public Law 98-502. For the most part, state grants will be audited by the State in the future. The amount of any disallowed expenditures by grantor agencies, if any, as a result of audit cannot be determined at this time. The County believes that such disallowance, if any, would not have a material effect on the financial statements.

Mental Health Department Medicare and Medi-Cal Revenues

The County receives Medicare and Medi-Cal payments for certain Mental Health services that are provided directly by the County as well as by contracted providers. Revenues received under these programs are subject to periodic review by Medicare, Medi-Cal and their agents. Periodically, as a result of these outside reviews, revisions to claimed costs and services may be required. As a result of these revisions, the County can be required to return a portion of the revenue received from Medicare and/or Medi-Cal. The timing of such reviews and the amounts of potential repayments are not known, but such potential repayments are not considered material to these financial statements.

Contingent Property Tax Liability

At June 30, 2007, assessment appeals are pending before the County Assessment Appeals Board (AAB) in the amount of \$16,110 plus interest of \$544.

The following is a summary of the estimated contingent tax liability as of June 30, 2007:

| | Principal | Interest | Total |
|---------------------------|------------------|---------------|------------------|
| Contingent Tax Liability: | \$ 16,110 | \$ 544 | \$ 16,654 |
| Total Pending AAB Matters | <u>\$ 16,110</u> | <u>\$ 544</u> | <u>\$ 16,654</u> |

The County's share of the contingent tax liability is \$2,157. The County and other agencies accumulated and maintained very large tax impound reserves for disputed property taxes over the past four years. There was an increase in the number and magnitude of property tax equalization appeals, filed for 2005 - 2006 assessment year. The result is a positive net contingent tax liability of \$1,277. The County's share of this positive net contingent tax liability is negative \$2,008.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

D. CONTINGENT LIABILITIES (CONTINUED)

Contingent Property Tax Liability (CONTINUED)

The disputed assessments involved numerous individual cases. If all cases were settled at one point in time against the County, the County would fund the \$2,157 liability through a combination of future reverses and the implementation of cost reduction measures.

Other Litigation

There are various lawsuits and claims against the County, which in the opinion of the County Counsel will be resolved with no material adverse effect upon the County's financial position.

E. OUTSTANDING ENCUMBRANCES

The County required outstanding encumbrances for contracts to lapse at June 30, 2007. Outstanding encumbrances related to purchase orders were allowed to carryover. The amount of contract encumbrances re-appropriated as part of the subsequent year's budget was \$17,420.

F. DEFERRED COMPENSATION PLAN

The County has made available to its eligible employees a deferred compensation plan under the terms of Section 457 of the Internal Revenue Code. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Amounts accumulated under the plan have been invested in several investment options at the direction of the employee.

The Small Business Job Protection Act of 1996 changed the Internal Revenue Code Section 457 to protect participant assets from the creditors of a bankrupt or financially troubled public jurisdiction. The County has complied with the provisions of this act. As of June 30, 2006 there was \$289,293 in the Deferred Compensation plan, which is not included as part of the County's financial statements.

G. PENSION PLAN

Plan Description

The County's Board of Supervisors established the Kern County Employees' Retirement Association (KCERA) under the provisions of the County Employees' Retirement Law of 1937 on January 1, 1945. All permanent employees of the County of Kern and twelve related agencies are covered by KCERA, which operates as a cost-sharing multi-employer defined benefit plan. It is the responsibility of KCERA to function as an investment and administrative agent for the County with respect to the pension plan.

KCERA became independent from the County's supervision and control as a result of the 1992 passage of Proposition 162, which legally established the independent control of the Board of Retirement. Separate audited financial statements can be obtained from the Association at 1115 Truxtun Avenue, Bakersfield, California 93301.

Management of the KCERA plan is vested with the Board of Retirement, which consists of nine members and two alternates.

**COUNTY OF KERN
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

G. PENSION PLAN (CONTINUED)

Plan Description (CONTINUED)

The Board of Retirement establishes policy for the operation of the plan, considers applications for disability retirement, recommends contributions on the basis of actuarial valuations and controls investment of assets. Prior to January 1, 1996, the Kern County Treasurer-Tax Collector was responsible for financial reporting and accounting for all investments as required by Government Code Section 31596; thereafter, responsibility for financial reporting and accounting is vested with the Board of Retirement as required by Government Code Section 31596 et seq., as amended. On January 11, 1987, the Board of Retirement authorized the retirement fund to incur an administrative expense and hire an Administrator to serve at the Board's pleasure. The Administrator is responsible for the processing and computing of applications for retirement benefits, refunds, beneficiary allowances, death benefits, reciprocity, and any other duties the Board may assign. The Administrator also acts as Secretary for all Board and Committee meetings and performs other activities as directed by the Board of Retirement. The KCERA Plan provides for retirement, disability, death, beneficiary and cost-of-living benefits. As of June 30, 2007, employee membership data related to the pension plan was as follows:

| | General | Safety | Total |
|---|---------|--------|--------|
| Active Employees | 6,952 | 1,738 | 8,690 |
| Terminated Employees | 879 | 113 | 992 |
| Retirees and Beneficiaries Currently Receiving Benefits | 4,136 | 1,351 | 5,487 |
| | 11,967 | 3,202 | 15,169 |

All eligible employees must participate in the Kern County Employees' Retirement Association. A member may retire after reaching the age of 50 with 10 years of service; or general members may retire with 30 years of service and safety members may retire with 20 years of service, regardless of age. Members who retire at or after age 50 with 10 or more years of service are entitled to pension benefits for the remainder of their lives. The amount of such monthly benefit is determined as a percentage of their final monthly compensation and is based on age at retirement and the number of years of service. The final monthly compensation is the monthly average of the final 12 months compensation, or, if the member so elects, any other continuous 12-month period in the member's work history. Retiring members may choose from four optional beneficiary retirement allowances. Pension provisions include deferred allowances whereby a member may terminate his or her employment with the County after five or more years of County service. If the member does not withdraw his or her accumulated contributions, the member is entitled to all pension benefits after being vested five years, and upon reaching the age of 50 with 10 or more years of participation in the retirement system. An active member's beneficiary is entitled to receive death benefits which consist of accumulated contributions plus interest, and one month's salary for each full year of service up to a maximum of six months salary. A member with five years of service, regardless of age, who becomes permanently incapacitated for the performance of duty will be eligible for a non-service connected disability retirement. Any member who becomes permanently incapacitated for the performance of duty, as a result of injury or disease arising out of and in the course of employment, is eligible for a service connected disability regardless of length of service or age.

Basis of Accounting

KCERA follows the accounting principles and reporting guidelines as set forth in Statement 25 of the Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of KCERA. Member and employer contributions are recognized in the period in which the contributions are due, and benefits and refunds are recognized when payable in accordance with the terms of the plan.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

G. PENSION PLAN (CONTINUED)

Method Used to Value Investments

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are reported at the remaining principal balance and are collateralized by deeds of trust on real property. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

Concentrations

The KCERA's investment policy limits exposure to any single manager or product. The maximum allocation to a single active manager is up to 30% of the aggregate market value of the Fund. The maximum allocation to a single active management product is 15%. This limitation applies to any non-index investment vehicle. With the exception of U.S. Government bonds, portfolios may not invest more than 5% per investment grade issuer. The KCERA's investment portfolio contained no investments in any one single issuer greater than 5% of plan net assets as of June 30, 2007 (other than U.S. Government securities).

Funding Policy

The County, Special Districts, and certain covered employees make contributions to the plan at rates calculated by an actuary to cover both normal cost and the prior service costs such that any unfunded liability will be funded over an initial 30-year period. In accordance with the County Employees' Retirement Law of 1937, covered employees are required to pay a percentage of their salaries, depending upon their age at date of entry into the system. The County must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes. For fiscal year 2007, the employer contribution rates were actuarially determined by using the Entry Age Funding method.

The employer contribution rates are made up of two parts:

- The Normal Cost, or the cost of the portion of the benefit that is allocated to the current year.
- The payment to amortize the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is the excess of the Plan's accrued liability over its assets. Most of the UAAL currently is being amortized over 30 years, except for the additional liabilities due to granting Golden Handshake benefits, which are amortized over three years from the year in which they were granted.

The Memorandum of Understanding (MOU) adopted August, 2004 between the County of Kern and its general employees states that all general members hired prior to the first day of payroll period 04-16 shall pay 100% of the employees' normal contribution until they have attained five years of service. Those employees shall no longer be required to make their normal contribution to retirement and the County shall pay 100% of those employees' normal contributions. All general members hired on or after the first day of payroll period 04-16 shall pay 100% of the new employees' normal contribution to retirement. The MOU adopted May, 2004 between the County of Kern and its safety employees states that all safety members with five or more years of service shall not be required to pay any contributions to retirement and the county shall pay 100% of those employees' normal contribution. Ten out of the twelve Special Districts adopted the provisions in the County of Kern MOU.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

G. PENSION PLAN (CONTINUED)

Funding Policy (CONTINUED)

For the year ended June 30, 2007, the County's total payroll for all employees amounted to \$472,025. The County's total covered payroll for the same period amounted to \$391,892. Covered payroll refers to all compensation paid by the County to active employees covered by the pension plan on which contributions to the pension are based.

The County's contribution rates for the year ended June 30, 2007 were determined in accordance with an actuarial valuation performed December 31, 2006. An annual 2% cost-of-living adjustment (COLA) for all retirees and continuance beneficiaries was adopted as of April 1, 1973. The liability for this annual retirement benefit increase was funded entirely from the unreserved fund balance until February 5, 1983. After this date (as recommended by the Plan's Independent Actuary, adopted by KCERA Board of Retirement, and approved by the County of Kern Board of Supervisors) and prior to fiscal year 2003, funding the 2% COLA was included in the employers' contribution. Cost-of-living adjustment for all retirees and continuance beneficiaries was increased to 2.5% effective April 1, 2002. In fiscal year 2007, the plan had excess earnings and the current funding for the cost-of-living reserve is included in the employers' contributions. At June 30, 2007, contributions to KCERA were \$140,768 of which \$128,135 were employer contributions, and \$12,664 were regular employee contributions (31% and 3% of covered payroll, respectively). The total contribution consisted of \$98,837 normal cost (25% of covered payroll) plus \$41,932 amortization of the under-funded actuarial accrued liability (11% of covered payroll).

The County Administrative Office had successfully negotiated an agreement to the Memorandum of Understanding (MOU) with the Central California Association of Public Employees (CCAPE) adopting Government Code Section 31676.17 which provides enhanced retirement benefits, commonly known as 3% at 60, for General members.

The County's contribution represented 94% of total contributions required of all participating employers. Employer contribution rates are applied to total member compensation defined for retirement purposes. There have been no differences between the contributions required and the contributions actually made. Pension expenditures were calculated to include contributions made based on the annual required contribution plus payments for debt service on the pension obligation bonds described below. Payments for the pension obligation bonds are not included as part of the annual required contribution nor the net pension obligation.

Special Districts did not participate in the funding provided by the pension obligation bonds issued by the plan sponsor in November 1995 and May 2003.

**COUNTY OF KERN
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

G. PENSION PLAN (CONTINUED)

Funding Policy (CONTINUED)

For fiscal years ended June 30, 2007 and 2006, separate employer contribution rates are required to fund the un-funded liabilities for each class of participation as follows Employer Contributions as a Percentage of Estimated Total Compensation:

| | Special Special Districts (MOU) | Special Districts (Non- MOU) | General Members | Safety Members |
|----------------------|---------------------------------------|------------------------------------|--------------------|----------------|
| June 30, 2007: | | | | |
| Normal Cost | 22.52% | 22.52% | 22.52% | 29.19% |
| Amortization of UAAL | 13.18% | 13.18% | 9.66% | 12.09% |
| Total | 35.70% | 35.70% | 32.18% | 41.28% |
| June 30, 2006: | | | | |
| Normal Cost | 22.31% | 22.31% | 22.31% | 28.73% |
| Amortization of UAAL | 12.07% | 12.07% | 9.71% | 10.79% |
| Total | 34.38% | 34.38% | 32.02% | 39.52% |

Annual Pension Cost

| Fiscal Year Ended June 30, | Annual Pension Percentage of APC | | Net Pension Obligation |
|----------------------------|----------------------------------|------------------------|---------------------------|
| | Annual Required Contribution | Percentage Contributed | |
| 2007 | \$ 128,135 | 100.00% | \$ |
| 2006 | 100,734 | 100.00% | |
| 2005 | 60,268 | 100.00% | |

H. LANDFILLS

Prior to fiscal year 1988 - 1989, Kern County Solid Waste was funded entirely by the County General Fund. In fiscal year 1988 - 1989 the Board approved a solid waste management program land use fee on all parcels of real property, but land use fee revenue continued to be supplemented by a contribution from the General Fund. In fiscal year 1992 - 1993 the County General Fund contribution to the Waste Management Enterprise Fund was eliminated and the Department became entirely fee supported. The Board of Supervisors eliminated the land use fee for non-residential property and approved a tipping fee for non-residential waste beginning in fiscal year 1993 - 1994. All revenues are placed in the Solid Waste Enterprise Fund exclusively for waste management.

State Financial Assurance Mechanism regulations require landfill operators to set aside funds, or provide alternative funding mechanisms, to fund the closure expense and post-closure maintenance of landfills. In response, Kern County established a designated reserve account to fund closure maintenance. As of June 30, 2007, the Waste Management Enterprise Fund had a designated cash reserve of \$31,105. Annual liabilities for closure are based on a State mandated formula that insures the closure account for each landfill will be fully funded prior to the estimated date the landfill will close. Estimated closure costs are based on the most recent closure plans submitted to the State. Regulations require the County to prepare detailed closure plans for each landfill. The plans include an engineer's cost estimate for closure design, construction of final cover, construction of monitoring systems and other related activities.

**COUNTY OF KERN
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

H. LANDFILLS (CONTINUED)

Closure plans are reviewed and approved by the California Integrated Waste Management Board. The pledge of future revenue for post-closure maintenance costs is also based on the most recent plans submitted to the California Integrated Waste Management Board. For post-closure maintenance, the engineer's cost estimate included monitoring and erosion control. If, at some future date, these closure plans and cost estimates are adjusted (due to changes in inflation, deflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure and in the pledge of future revenue.

The County currently operates seven Class III landfills, three large volume transfer stations, and six small volume transfer stations. All are strategically located throughout Kern County. These facilities serve the solid waste disposal needs of the County's eleven incorporated cities as well as unincorporated areas.

Estimated closure and postclosure costs as of June 30, 2007 are \$76,282 and \$40,751 respectively. The County's landfills are listed below, along with their estimated remaining useful lives, total capacity and percentage of capacity used:

| Facility Name | Remaining Useful Lives | Capacity in Cubic Yards | Percent Incurred |
|-------------------------------|------------------------|-------------------------|------------------|
| Arvin ¹ | 0 | 11,464,719 | 100% |
| Bena I | 0 | 7,299,653 | 98% |
| Bena II A | 25 | 45,700,347 | 4% |
| Boron | 27 | 1,002,819 | 81% |
| Buttonwillow ¹ | 0 | 358,273 | 100% |
| China Grade ¹ | 0 | N/A | 100% |
| Glennville ² | 0 | N/A | 100% |
| Kern Valley ² | 0 | N/A | 100% |
| Lebec ² | 0 | N/A | 100% |
| Lost Hills ¹ | 28 | 1,478,905 | 25% |
| McFarland/Delano ² | 0 | N/A | 100% |
| Mojave/Rosamond | 6 | 2,262,243 | 68% |
| Ridgecrest | 9 | 5,992,700 | 86% |
| Shafter/Wasco | 16 | 11,636,500 | 47% |
| Taft | 47 | 8,787,547 | 28% |
| Tehachapi | 2 | 2,593,900 | 96% |
| Total | | 98,577,606 | |

¹ Site is inactive.

² Site is closed.

Under Title 27 of the California Code of Regulations, landfill owners/operators are required to obtain and maintain assurances of financial responsibility to initiate and complete corrective action for all known and reasonably foreseeable releases (RFRs). These requirements first came into effect when Article 5 (Title 23, Chapter 15) was revised in 1991. The Waste Management Department has established a groundwater corrective action designated reserve to fund capital costs for each landfill where it is appropriate. In addition, the Waste Management Department has established a pledge of revenue to cover on-going maintenance and operation of any capital improvements that are constructed.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

H. LANDFILLS (CONTINUED)

The current designated reserve account of \$2,000 is expected to satisfy all capital expenditures to implement corrective action at the 16 landfill sites.

Each year a portion of the landfill's estimated closure and post-closure costs are recognized as an expense and liability based on the capacity used to date. As of June 30, 2007, the landfill closure liability has been recorded at \$30,755 and is included in the liabilities of the Solid Waste Enterprise Fund. This represents the cumulative liability to date. The remaining \$45,527 anticipated closure costs will be recognized in future years. The \$40,751 post-closure cost will be updated annually.

I. JOINT VENTURES

In accordance with the Joint Exercise of Powers agreement between the Ford City – Taft Heights Sanitation District and the City of Taft dated May 29, 1950, and amended March 7, 1966, April 24, 1972 and August 20, 1991, the City of Taft acts on its own behalf and on behalf of the District to operate and maintain a Wastewater Treatment Plant. Costs to operate and maintain the facility are apportioned 52% to the City and 48% to the District. The County's investment in the Wastewater Treatment Plant has increased \$116 from \$1,584 at June 30, 2006, to \$1,700 at June 30, 2007.

The Wastewater Treatment Facility and the result of its operations are reported as a component unit of the City. Audited financial statements for the City of Taft, Ford City-Taft Heights Sanitation District Wastewater Treatment Plant may be obtained through the City of Taft located at 209 East Kern Street, Taft, CA 93268.

J. SECURITIZATION OF TOBACCO SETTLEMENT REVENUES

In November 1998, the Attorney General of 46 states and the four largest U.S. tobacco manufacturers (the "OPMs") entered into a Master Settlement Agreement (the "MSAs") in resolution of cigarette smoking-related litigation between settling states and the OPMs. On August 5, 1998, the counsel representing the state, various cities and counties in California and certain other parties entered into a Memorandum of Understanding (the "MOU") pursuant to which each participants jurisdiction is entitled to receive a portion of the payments to be made to the State of California pursuant to the MSA. The members are allowed to sell or otherwise exchange their rights to receive payments under the MSA and the MOU for a cash payment, thereby self-insuring, hedging against or otherwise managing the risk associated with the receipt of such revenue, and assuring the availability of monies to fund the social needs of its population.

The County elected to participate in a Joint Powers Agreement made in accordance with Chapter 5 of Division 7 of Title I of the Government Code of the State of California dated as of November 15, 2000, by and among the County of Stanislaus, the County of Merced, and the County of Sonoma formed the California County Tobacco Securitization Agency (the Agency). The Agency is an entity that is separate from each of the member Counties. The debts, liabilities, and obligations of the Agency, including any bonds, do not constitute debts, liabilities or obligation of any of the member Counties.

The Agency has the power to issue bonds secured by the MSA payment of one or more members, the proceeds of which will be used directly or indirectly to purchase all or a portion of the MSA payments.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

XII. OTHER INFORMATION (CONTINUED)

J. SECURITIZATION OF TOBACCO SETTLEMENT REVENUES (CONTINUED)

In furtherance of its objective to ensure and otherwise protect against the risk of a substantial decline in Tobacco Revenue and to assure a source of fund for County programs, the County formed a non-profit public benefit corporation named the "Kern County Tobacco Revenue Financial Corporation" (the NPC) and sold to the NPC pursuant to the terms of an Installment Sale, Self-Insurance and Risk Transfer Agreement between the County and the NPC all right title and interest of the County and to the Tobacco Revenue. The NPC has been included as a blended component unit of the County.

The bonds are limited obligations of the Agency payable solely from payments made by the Corporation, from tobacco settlement payments purchased from the County, between the Corporation and the Agency. For the year ended June 30, 2007, \$6,871 of tobacco settlement payments was recorded as aid from other governments in the Kern County Tobacco Corporation Non-major debt service fund. The bonds do not constitute a charge against the general credit of the Agency or the County and neither will the Agency (except from loan payments by the Corporation) or the County be obligated to pay the interest on or principal of these bonds. These bonds do not constitute a legal debt, liability or obligation of the County.

XIII. SUBSEQUENT EVENTS

TAX AND REVENUE ANTICIPATION NOTES

On July 2, 2007, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$150,000 due on June 30, 2008. The proceeds of the TRANS are intended to provide financing of seasonal cash flow requirements for the County's General Fund expenditures during the fiscal year ending June 30, 2008. A pledge of property taxes, income, revenue and other monies of the County allocable solely to fiscal year 2006-07 and legally available secure the TRANS.





**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 1 of 13

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
|---|--------------------|-----------------|---------------------------------|-------------------------------|
| REVENUES: | | | | |
| General Government: | | | | |
| Administrative Office | | | | |
| Aid from Other Governmental Agencies | \$ 40 | \$ 40 | \$ 52 | \$ 12 |
| Charges for Current Services | 800 | 800 | 783 | (17) |
| Other Revenues | 3 | 3 | | (3) |
| | <u>843</u> | <u>843</u> | <u>835</u> | <u>(8)</u> |
| Clerk of the Board | | | | |
| Aid from Other Governmental Agencies | 130 | 130 | 3 | (127) |
| Charges for Current Services | 33 | 33 | 34 | 1 |
| Other Revenues | 8 | 8 | 9 | 1 |
| | <u>171</u> | <u>171</u> | <u>46</u> | <u>(125)</u> |
| Auditor-Controller | | | | |
| Licenses, Permits and Franchises | 228 | 228 | 239 | 11 |
| Aid from Other Governmental Agencies | 49 | 49 | 32 | (17) |
| Charges for Current Services | 1,298 | 1,298 | 1,088 | (210) |
| Other Revenues | | | 53 | 53 |
| | <u>1,575</u> | <u>1,575</u> | <u>1,412</u> | <u>(163)</u> |
| Discretionary Revenue | | | | |
| Taxes | 252,158 | 252,158 | 270,050 | 17,892 |
| Licenses, Permits and Franchises | 6,293 | 6,293 | 6,750 | 457 |
| Fines, Forfeitures and Penalties | 7,435 | 7,435 | 5,586 | (1,849) |
| Revenues from Use of Money and Property | 14,648 | 14,648 | 19,982 | 5,334 |
| Aid from Other Governmental Agencies | 13,819 | 13,819 | 18,623 | 4,804 |
| Charges for Current Services | 6,841 | 6,841 | 6,750 | (91) |
| Other Revenues | 177 | 177 | 937 | 760 |
| | <u>301,371</u> | <u>301,371</u> | <u>328,678</u> | <u>27,307</u> |
| Travel Agent Expense | | | | |
| Charges for Current Services | 1,950 | 1,950 | 1,877 | (73) |
| | <u>1,950</u> | <u>1,950</u> | <u>1,877</u> | <u>(73)</u> |
| Treasurer-Tax Collector | | | | |
| Fines, Forfeitures and Penalties | 170 | 170 | 225 | 55 |
| Aid from Other Governmental Agencies | | | 2 | 2 |
| Charges for Current Services | 3,243 | 3,243 | 2,655 | (588) |
| Other Revenues | 193 | 193 | 392 | 199 |
| | <u>3,606</u> | <u>3,606</u> | <u>3,274</u> | <u>(332)</u> |
| Assessor | | | | |
| Charges for Current Services | 1,589 | 1,589 | 1,861 | 272 |
| Other Revenues | | | 10 | 10 |
| | <u>1,589</u> | <u>1,589</u> | <u>1,871</u> | <u>282</u> |
| Assessor- Property Tax Administration | | | | |
| Aid from Other Governmental Agencies | 200 | 200 | | (200) |
| | <u>200</u> | <u>200</u> | | <u>(200)</u> |
| Information Technology Services | | | | |
| Charges for Current Services | 5,122 | 5,122 | 4,803 | (319) |
| | <u>5,122</u> | <u>5,122</u> | <u>4,803</u> | <u>(319)</u> |

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 2 of 13

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
|--|-----------------------|-----------------------|---------------------------------|-------------------------------|
| General Government (Continued): | | | | |
| County Counsel | | | | |
| Charges for Current Services | \$ 4,771 | \$ 4,771 | \$ 5,107 | \$ 336 |
| Other Revenues | 31 | 31 | 2 | (29) |
| | <u>4,802</u> | <u>4,802</u> | <u>5,109</u> | <u>307</u> |
| Personnel | | | | |
| Charges for Current Services | 157 | 157 | 137 | (20) |
| Other Revenues | 1 | 1 | 1 | |
| | <u>158</u> | <u>158</u> | <u>138</u> | <u>(20)</u> |
| Elections | | | | |
| Aid from Other Governmental Agencies | 215 | 215 | 661 | 446 |
| Charges for Current Services | 360 | 360 | 1,401 | 1,041 |
| Other Revenues | 12 | 12 | 12 | |
| | <u>587</u> | <u>587</u> | <u>2,074</u> | <u>1,487</u> |
| Communications | | | | |
| Charges for Current Services | 820 | 820 | 841 | 21 |
| Other Revenues | 1 | 1 | 5 | 4 |
| | <u>821</u> | <u>821</u> | <u>846</u> | <u>25</u> |
| General Services | | | | |
| Fines, Forfeitures and Penalties | 116 | 116 | 143 | 27 |
| Charges for Current Services | 2,059 | 2,059 | 1,944 | (115) |
| Other Revenues | 7 | 7 | 4 | (3) |
| | <u>2,182</u> | <u>2,182</u> | <u>2,091</u> | <u>(91)</u> |
| Utility Payments | | | | |
| Charges for Current Services | 1,367 | 1,367 | 1,154 | (213) |
| Other Revenues | | 467 | 512 | 45 |
| | <u>1,367</u> | <u>1,834</u> | <u>1,666</u> | <u>(168)</u> |
| Construction Services - General Services | | | | |
| Aid from Other Governmental Agencies | | 7 | 4 | (3) |
| Charges for Current Services | 1,043 | 1,043 | 741 | (302) |
| Other Revenues | 117 | 117 | | (117) |
| | <u>1,160</u> | <u>1,167</u> | <u>745</u> | <u>(422)</u> |
| General Services - Major Maintenance | | | | |
| Aid from Other Governmental Agencies | | | 186 | 186 |
| Charges for Current Services | 760 | 760 | | (760) |
| Other Revenues | 1,880 | 1,880 | 547 | (1,333) |
| | <u>2,640</u> | <u>2,640</u> | <u>733</u> | <u>(1,907)</u> |
| Board of Trade | | | | |
| Other Revenues | 15 | 15 | 11 | (4) |
| | <u>15</u> | <u>15</u> | <u>11</u> | <u>(4)</u> |
| Engineering and Survey Services | | | | |
| Charges for Current Services | 4,506 | 4,506 | 4,540 | 34 |
| Other Revenues | 3 | 3 | | (3) |
| | <u>4,509</u> | <u>4,509</u> | <u>4,540</u> | <u>31</u> |
| Risk Management | | | | |
| Charges for Current Services | 3,706 | 3,706 | 2,984 | (722) |
| Other Revenues | 25 | 25 | 52 | 27 |
| | <u>3,731</u> | <u>3,731</u> | <u>3,036</u> | <u>(695)</u> |
| Capital Projects | | | | |
| Aid from Other Governmental Agencies | 25,604 | 25,604 | 2,210 | (23,393) |
| Charges for Current Services | 14 | 14 | | (14) |
| Other Revenues | 595 | 595 | 556 | (39) |
| | <u>26,213</u> | <u>26,213</u> | <u>2,766</u> | <u>(23,446)</u> |
| Total General Government | <u>364,612</u> | <u>365,086</u> | <u>366,551</u> | <u>1,465</u> |

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 3 of 13

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
|---|--------------------|-----------------|---------------------------------|-------------------------------|
| Public Protection: | | | | |
| Contribution -Trial Court Funding | | | | |
| Fines, Forfeitures and Penalties | \$ 4,564 | \$ 4,564 | \$ 4,850 | \$ 286 |
| Charges for Current Services | 4,077 | 4,077 | 3,529 | (548) |
| Other Revenues | 75 | 75 | | (75) |
| | <u>8,716</u> | <u>8,716</u> | <u>8,379</u> | <u>(337)</u> |
| Indigent Defense Services | | | | |
| Aid from Other Governmental Agencies | 1,250 | 1,250 | 1,250 | |
| Charges for Current Services | 72 | 72 | 49 | (23) |
| | <u>1,322</u> | <u>1,322</u> | <u>1,299</u> | <u>(23)</u> |
| District Attorney | | | | |
| Fines, Forfeitures and Penalties | 825 | 825 | 270 | (555) |
| Aid from Other Governmental Agencies | 3,271 | 3,271 | 3,021 | (250) |
| Charges for Current Services | 3,495 | 3,495 | 3,136 | (359) |
| Other Revenues | 441 | 441 | 500 | 59 |
| | <u>8,032</u> | <u>8,032</u> | <u>6,927</u> | <u>(1,105)</u> |
| Public Defender | | | | |
| Aid from Other Governmental Agencies | 750 | 750 | 841 | 91 |
| Charges for Current Services | 578 | 578 | 525 | (53) |
| | <u>1,328</u> | <u>1,328</u> | <u>1,366</u> | <u>38</u> |
| Forensic Sciences-Division of District Attorney | | | | |
| Aid from Other Governmental Agencies | 361 | 361 | 127 | (234) |
| Charges for Current Services | 987 | 987 | 905 | (82) |
| Other Revenues | 404 | 404 | 486 | 82 |
| | <u>1,752</u> | <u>1,752</u> | <u>1,518</u> | <u>(234)</u> |
| Sheriff | | | | |
| Licenses, Permits and Franchises | 227 | 227 | 285 | 58 |
| Fines, Forfeitures and Penalties | 28 | 28 | 38 | 10 |
| Aid from Other Governmental Agencies | 3,728 | 3,728 | 2,883 | (845) |
| Charges for Current Services | 25,850 | 25,850 | 23,851 | (1,999) |
| Other Revenues | 10,419 | 10,419 | 774 | (9,645) |
| | <u>40,252</u> | <u>40,252</u> | <u>27,831</u> | <u>(12,421)</u> |
| Probation | | | | |
| Fines, Forfeitures and Penalties | 17 | 17 | 14 | (3) |
| Revenues from Use of Money and Property | 9 | 9 | 8 | (1) |
| Aid from Other Governmental Agencies | 20,846 | 20,846 | 21,489 | 643 |
| Charges for Current Services | 2,748 | 2,748 | 2,623 | (125) |
| Other Revenues | 49 | 49 | 47 | (2) |
| | <u>23,669</u> | <u>23,669</u> | <u>24,181</u> | <u>512</u> |
| Agricultural Commissioner | | | | |
| Licenses, Permits and Franchises | 18 | 18 | 19 | 1 |
| Fines, Forfeitures and Penalties | 58 | 58 | 92 | 34 |
| Aid from Other Governmental Agencies | 2,306 | 2,306 | 2,279 | (27) |
| Charges for Current Services | 1,360 | 1,360 | 1,241 | (119) |
| | <u>3,742</u> | <u>3,742</u> | <u>3,631</u> | <u>(111)</u> |
| Code Compliance | | | | |
| Fines, Forfeitures and Penalties | 164 | 164 | 42 | (122) |
| Charges for Current Services | 400 | 400 | 745 | 345 |
| Other Revenues | | 12 | 30 | 18 |
| | <u>564</u> | <u>576</u> | <u>817</u> | <u>241</u> |

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 4 of 13

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
|--------------------------------------|-----------------------|-----------------------|---------------------------------|-------------------------------|
| Public Protection (Continued): | | | | |
| Special Services | | | | |
| Fines, Forfeitures and Penalties | \$ | \$ | \$ | \$ |
| Aid from Other Governmental Agencies | 125 | 125 | 44 | (81) |
| Charges for Current Services | 2 | 2 | 2 | |
| Other Revenues | | | | |
| | <u>127</u> | <u>127</u> | <u>46</u> | <u>(81)</u> |
| Recorder | | | | |
| Licenses, Permits and Franchises | 4 | 4 | 4 | |
| Charges for Current Services | 3,600 | 3,600 | 3,130 | (470) |
| Other Revenues | 56 | 56 | 59 | 3 |
| | <u>3,660</u> | <u>3,660</u> | <u>3,193</u> | <u>(467)</u> |
| Resource Management Agency | | | | |
| Charges for Current Services | 642 | 642 | 705 | 63 |
| Other Revenues | 87 | 87 | 2 | (85) |
| | <u>729</u> | <u>729</u> | <u>707</u> | <u>(22)</u> |
| Planning | | | | |
| Fines, Forfeitures and Penalties | 6 | 6 | 13 | 7 |
| Licenses, Permits and Franchises | 433 | 433 | 376 | (57) |
| Aid from Other Governmental Agencies | 325 | 325 | 188 | (137) |
| Charges for Current Services | 3,481 | 3,481 | 1,037 | (2,444) |
| Other Revenues | 7 | 7 | 5 | (2) |
| | <u>4,252</u> | <u>4,252</u> | <u>1,619</u> | <u>(2,633)</u> |
| Animal Control | | | | |
| Licenses, Permits and Franchises | 403 | 403 | 387 | (16) |
| Fines, Forfeitures and Penalties | 5 | 5 | 1 | (4) |
| Aid from Other Governmental Agencies | 1,150 | 1,150 | 1,157 | 7 |
| Charges for Current Services | 565 | 565 | 459 | (106) |
| Other Revenues | 4 | 4 | 10 | 6 |
| | <u>2,127</u> | <u>2,127</u> | <u>2,014</u> | <u>(113)</u> |
| Superior Court | | | | |
| Fines, Forfeitures and Penalties | 364 | 364 | 486 | 122 |
| Charges for Current Services | 472 | 472 | 516 | 44 |
| Other Revenues | | | | |
| | <u>836</u> | <u>836</u> | <u>1,002</u> | <u>166</u> |
| East Kern Municipal Court | | | | |
| Fines, Forfeitures and Penalties | 316 | 316 | 274 | (42) |
| Charges for Current Services | 342 | 342 | 216 | (126) |
| | <u>658</u> | <u>658</u> | <u>490</u> | <u>(168)</u> |
| North Kern Municipal Court | | | | |
| Fines, Forfeitures and Penalties | 255 | 255 | 268 | 13 |
| Charges for Current Services | 233 | 233 | 204 | (29) |
| | <u>488</u> | <u>488</u> | <u>472</u> | <u>(16)</u> |
| South Kern Municipal Court | | | | |
| Fines, Forfeitures and Penalties | 634 | 634 | 577 | (57) |
| Charges for Current Services | 427 | 427 | 216 | (211) |
| | <u>1,061</u> | <u>1,061</u> | <u>793</u> | <u>(268)</u> |
| Total Public Protection | <u>103,315</u> | <u>103,327</u> | <u>86,285</u> | <u>(17,042)</u> |

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 5 of 13

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
|---|----------------------|----------------------|---------------------------------|-------------------------------|
| Health and Sanitation: | | | | |
| Department of Public Health | | | | |
| Aid from Other Governmental Agencies | 21,636 | 21,636 | 18,826 | (2,810) |
| Charges for Current Services | 2,804 | 2,804 | 3,103 | 299 |
| Other Revenues | 112 | 112 | 108 | (4) |
| | <u>24,552</u> | <u>24,552</u> | <u>22,037</u> | <u>(2,515)</u> |
| Environmental Health | | | | |
| Licenses, Permits and Franchises | \$ 2,079 | \$ 2,079 | \$ 1,932 | (147) |
| Fines, Forfeitures and Penalties | 155 | 155 | 10 | (145) |
| Aid from Other Governmental Agencies | 325 | 325 | 325 | |
| Charges for Current Services | 2,690 | 2,690 | 2,051 | (639) |
| Other Revenues | | | 4 | 4 |
| | <u>5,249</u> | <u>5,249</u> | <u>4,322</u> | <u>(927)</u> |
| Emergency Medical Services | | | | |
| Licenses, Permits and Franchises | 133 | 133 | 132 | (1) |
| Aid from Other Governmental Agencies | 1,111 | 1,111 | 593 | (518) |
| Charges for Current Services | 154 | 154 | 159 | 5 |
| Other Revenues | 16 | 16 | | (16) |
| | <u>1,414</u> | <u>1,414</u> | <u>884</u> | <u>(530)</u> |
| KMC Enterprise Fund - County Contribution | | | | |
| Aid from Other Governmental Agencies | 20,800 | 20,800 | 20,800 | |
| Charges for Current Services | 600 | 600 | 414 | (186) |
| | <u>21,400</u> | <u>21,400</u> | <u>21,214</u> | <u>(186)</u> |
| California Children Services | | | | |
| Aid from Other Governmental Agencies | 8,232 | 8,232 | 5,932 | (2,300) |
| Charges for Current Services | 16 | 16 | 13 | (3) |
| Other Revenues | | | 4 | 4 |
| | <u>8,248</u> | <u>8,248</u> | <u>5,949</u> | <u>(2,299)</u> |
| Total Health and Sanitation | <u>60,863</u> | <u>60,863</u> | <u>54,406</u> | <u>(6,457)</u> |
| Public Assistance: | | | | |
| Veterans Service | | | | |
| Aid from Other Governmental Agencies | 105 | 105 | 124 | 19 |
| | <u>105</u> | <u>105</u> | <u>124</u> | <u>19</u> |
| IHSS County Contribution | | | | |
| Aid from Other Governmental Agencies | 4,075 | 4,075 | 4,497 | 422 |
| | <u>4,075</u> | <u>4,075</u> | <u>4,497</u> | <u>422</u> |
| Employers' Training Resource | | | | |
| Aid from Other Governmental Agencies | 12,972 | 12,972 | 11,808 | (1,164) |
| | <u>12,972</u> | <u>12,972</u> | <u>11,808</u> | <u>(1,164)</u> |
| Community Development Program Agency | | | | |
| Aid from Other Governmental Agencies | 1,998 | 1,998 | 1,771 | (227) |
| | <u>1,998</u> | <u>1,998</u> | <u>1,771</u> | <u>(227)</u> |
| Total Public Assistance | <u>19,150</u> | <u>19,150</u> | <u>18,200</u> | <u>(950)</u> |

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 6 of 13

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
|---|-----------------------|-----------------------|---------------------------------|-------------------------------|
| Education: | | | | |
| Kern County Library | | | | |
| Revenues from Use of Money and Property | \$ 126 | \$ 126 | \$ 135 | \$ 9 |
| Aid from Other Governmental Agencies | 430 | 430 | 450 | 20 |
| Charges for Current Services | 470 | 470 | 345 | (125) |
| Other Revenues | 379 | 379 | 82 | (297) |
| | <u>1,405</u> | <u>1,405</u> | <u>1,012</u> | <u>(393)</u> |
| Farm and Home Advisor | | | | |
| Charges for Current Services | 52 | 52 | 3 | (49) |
| Other Revenues | 5 | 5 | | (5) |
| | <u>57</u> | <u>57</u> | <u>3</u> | <u>(54)</u> |
| Total Education | <u>1,462</u> | <u>1,462</u> | <u>1,015</u> | <u>(447)</u> |
| Recreation and Culture: | | | | |
| Parks and Recreation | | | | |
| Fines, Forfeitures and Penalties | 13 | 13 | 13 | |
| Revenues from Use of Money and Property | 1,866 | 1,866 | 1,836 | (30) |
| Aid from Other Governmental Agencies | 113 | 113 | 80 | (33) |
| Charges for Current Services | 2,324 | 2,324 | 2,231 | (93) |
| Other Revenues | 19 | 19 | 17 | (2) |
| | <u>4,335</u> | <u>4,335</u> | <u>4,177</u> | <u>(158)</u> |
| Total Recreation and Culture | <u>4,335</u> | <u>4,335</u> | <u>4,177</u> | <u>(158)</u> |
| Debt Service: | | | | |
| Revenues from Use of Money and Property | | | | |
| Aid from Other Governmental Agencies | 500 | 500 | 765 | 265 |
| Charges for Current Services | | | | |
| | <u>500</u> | <u>500</u> | <u>765</u> | <u>265</u> |
| Total Debt Service | <u>500</u> | <u>500</u> | <u>765</u> | <u>265</u> |
| Total Revenue | <u>554,237</u> | <u>554,723</u> | <u>531,399</u> | <u>(23,324)</u> |
| EXPENDITURES: | | | | |
| General Government: | | | | |
| Board of Supervisors | | | | |
| Salaries & Benefits | 2,219 | 2,219 | 2,092 | 127 |
| Services & Supplies | 177 | 177 | 156 | 21 |
| Other Charges | 1 | 1 | | 1 |
| Other Financing Uses | 105 | 105 | | 105 |
| | <u>2,502</u> | <u>2,502</u> | <u>2,248</u> | <u>254</u> |
| Administrative Office | | | | |
| Salaries & Benefits | 2,771 | 2,771 | 2,624 | 147 |
| Services & Supplies | 237 | 237 | 209 | 28 |
| Other Charges | 18 | 18 | 8 | 10 |
| Transfers & Reimbursements | (55) | (55) | (52) | (3) |
| Other Financing Uses | 280 | 280 | | 280 |
| | <u>3,251</u> | <u>3,251</u> | <u>2,789</u> | <u>462</u> |
| Clerk of the Board | | | | |
| Salaries & Benefits | 595 | 595 | 535 | 60 |
| Services & Supplies | 226 | 237 | 209 | 28 |
| Transfers & Reimbursements | (67) | (67) | (76) | 9 |
| Capital Assets | 114 | 114 | 74 | 40 |
| Other Financing Uses | 257 | 257 | | 257 |
| | <u>1,125</u> | <u>1,136</u> | <u>742</u> | <u>394</u> |
| Special Services | | | | |
| Salaries & Benefits | 290 | 290 | 273 | 17 |
| Services & Supplies | 6,456 | 6,456 | 3,997 | 2,459 |
| Other Charges | 1,967 | 1,967 | 1,446 | 521 |
| | <u>8,713</u> | <u>8,713</u> | <u>5,716</u> | <u>2,997</u> |

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

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| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
|--|--------------------|-----------------|---------------------------------|-------------------------------|
| General Government (Continued): | | | | |
| Auditor-Controller | | | | |
| Salaries & Benefits | \$ 3,703 | \$ 3,703 | \$ 3,555 | \$ 148 |
| Services & Supplies | 538 | 558 | 516 | 42 |
| Capital Assets | 350 | 350 | 103 | 247 |
| Transfers & Reimbursements | (122) | (122) | (141) | 19 |
| Other Financing Uses | 787 | 787 | | 787 |
| | <u>5,256</u> | <u>5,276</u> | <u>4,033</u> | <u>1,243</u> |
| Travel Agent Expense | | | | |
| Services & Supplies | 4,550 | 4,550 | 4,287 | 263 |
| Transfers & Reimbursements | (2,600) | (2,600) | (2,410) | (190) |
| | <u>1,950</u> | <u>1,950</u> | <u>1,877</u> | <u>73</u> |
| Treasurer - Tax Collector | | | | |
| Salaries & Benefits | 2,533 | 2,533 | 2,423 | 110 |
| Services & Supplies | 1,961 | 1,961 | 1,736 | 225 |
| Capital Assets | 1,165 | 1,165 | 1,110 | 55 |
| Other Financing Uses | 611 | 611 | | 611 |
| | <u>6,270</u> | <u>6,270</u> | <u>5,269</u> | <u>1,001</u> |
| Assessor | | | | |
| Salaries & Benefits | 7,389 | 7,389 | 7,040 | 349 |
| Services & Supplies | 644 | 644 | 583 | 61 |
| Transfers & Reimbursements | (159) | (159) | (155) | (4) |
| Other Financing Uses | 369 | 369 | | 369 |
| | <u>8,243</u> | <u>8,243</u> | <u>7,468</u> | <u>775</u> |
| Assessor - Property Tax Administration | | | | |
| Salaries & Benefits | 1,097 | 1,097 | 789 | 308 |
| Services & Supplies | 370 | 370 | 295 | 75 |
| Capital Assets | | | | |
| | <u>1,467</u> | <u>1,467</u> | <u>1,084</u> | <u>383</u> |
| Information Technology Service | | | | |
| Salaries & Benefits | 5,931 | 5,931 | 5,894 | 37 |
| Services & Supplies | 5,681 | 5,681 | 5,609 | 72 |
| Other Charges | 61 | 61 | 61 | |
| Capital Assets | 156 | 156 | 136 | 20 |
| Transfers & Reimbursements | (2,197) | (2,197) | (2,218) | 21 |
| Other Financing Uses | 575 | 575 | | 575 |
| | <u>10,207</u> | <u>10,207</u> | <u>9,482</u> | <u>725</u> |

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 8 of 13

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
|--|--------------------|-----------------|---------------------------------|-------------------------------|
| General Government (Continued): | | | | |
| County Counsel | | | | |
| Salaries & Benefits | \$ 6,435 | \$ 6,435 | \$ 6,429 | \$ 6 |
| Services & Supplies | 490 | 490 | 467 | 23 |
| Transfers & Reimbursements | (800) | (800) | (721) | (79) |
| Other Financing Uses | 184 | 184 | | 184 |
| | <u>6,309</u> | <u>6,309</u> | <u>6,175</u> | <u>134</u> |
| Personnel | | | | |
| Salaries & Benefits | 2,287 | 2,287 | 2,168 | 119 |
| Services & Supplies | 260 | 260 | 230 | 30 |
| Other Financing Uses | 55 | 55 | | 55 |
| Transfers & Reimbursements | (42) | (42) | (32) | (10) |
| | <u>2,560</u> | <u>2,560</u> | <u>2,366</u> | <u>194</u> |
| Elections | | | | |
| Salaries & Benefits | 1,146 | 1,146 | 857 | 289 |
| Services & Supplies | 3,187 | 3,187 | 2,059 | 1,128 |
| Other Charges | 1,006 | 1,006 | 1,006 | |
| | <u>5,339</u> | <u>5,339</u> | <u>3,922</u> | <u>1,417</u> |
| Communications | | | | |
| Salaries & Benefits | 1,431 | 1,431 | 1,343 | 88 |
| Services & Supplies | 621 | 621 | 613 | 8 |
| Capital Assets | 69 | 69 | 68 | 1 |
| Transfers & Reimbursements | (245) | (245) | (322) | 77 |
| | <u>1,876</u> | <u>1,876</u> | <u>1,702</u> | <u>174</u> |
| General Services | | | | |
| Salaries & Benefits | 9,352 | 9,352 | 8,930 | 422 |
| Services & Supplies | 3,688 | 3,688 | 3,685 | 3 |
| Capital Assets | 128 | 128 | 127 | 1 |
| Transfers & Reimbursements | (1,903) | (1,903) | (1,914) | 11 |
| Other Charges | 23 | 23 | 8 | 15 |
| | <u>11,288</u> | <u>11,288</u> | <u>10,836</u> | <u>452</u> |
| Utility Payments | | | | |
| Services & Supplies | 7,792 | 7,792 | 7,183 | 609 |
| Transfers & Reimbursements | (363) | (363) | (348) | (15) |
| Other Charges | 483 | 483 | 479 | 4 |
| | <u>7,912</u> | <u>7,912</u> | <u>7,314</u> | <u>598</u> |
| Construction Services-Division General Service | | | | |
| Salaries & Benefits | 1,963 | 1,963 | 1,550 | 413 |
| Services & Supplies | 420 | 420 | 235 | 185 |
| Transfers & Reimbursements | (1,114) | (1,114) | (913) | (201) |
| | <u>1,269</u> | <u>1,269</u> | <u>872</u> | <u>397</u> |

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 9 of 13

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
|--|-----------------------|-----------------------|---------------------------------|-------------------------------|
| General Government (Continued): | | | | |
| General Service-Major Maintenance-General | | | | |
| Services & Supplies | \$ 12,106 | \$ 12,606 | \$ 4,231 | \$ 8,375 |
| Transfers & Reimbursements | (16) | (16) | (9) | (7) |
| | <u>12,090</u> | <u>12,590</u> | <u>4,222</u> | <u>8,368</u> |
| Board of Trade | | | | |
| Salaries & Benefits | 538 | 538 | 466 | 72 |
| Services & Supplies | 161 | 181 | 179 | 2 |
| Capital Assets | | 88 | 88 | |
| Other Financing Uses | 32 | 32 | | 32 |
| | <u>731</u> | <u>839</u> | <u>733</u> | <u>106</u> |
| Engineering & Survey Services | | | | |
| Salaries & Benefits | 5,102 | 5,102 | 4,259 | 843 |
| Services & Supplies | 1,320 | 1,320 | 1,216 | 104 |
| Capital Assets | 80 | 80 | 79 | 1 |
| Transfers & Reimbursements | (179) | (179) | (163) | (16) |
| Other Charges | 111 | 111 | 101 | 10 |
| Other Financing Uses | 553 | 553 | | 553 |
| | <u>6,987</u> | <u>6,987</u> | <u>5,492</u> | <u>1,495</u> |
| Risk Management | | | | |
| Salaries & Benefits | 2,257 | 2,257 | 2,033 | 224 |
| Services & Supplies | 1,808 | 1,808 | 1,269 | 539 |
| Other Charges | 1,196 | 1,196 | 999 | 197 |
| Transfers & Reimbursements | (488) | (488) | (359) | (129) |
| | <u>4,773</u> | <u>4,773</u> | <u>3,942</u> | <u>831</u> |
| Capital Projects | | | | |
| Other Charges | | | | |
| Capital Assets | 43,341 | 45,074 | 17,910 | 27,164 |
| Transfers & Reimbursements | (686) | (686) | (257) | (429) |
| | <u>42,655</u> | <u>44,388</u> | <u>17,653</u> | <u>26,735</u> |
| Total General Government | <u>152,773</u> | <u>155,145</u> | <u>105,937</u> | <u>49,208</u> |
| Public Protection: | | | | |
| Contribution - Trial Court Funding | | | | |
| Services & Supplies | 15,213 | 15,213 | 14,575 | 638 |
| | <u>15,213</u> | <u>15,213</u> | <u>14,575</u> | <u>638</u> |
| Grand Jury | | | | |
| Salaries & Benefits | 67 | 67 | 67 | |
| Services & Supplies | 178 | 178 | 146 | 32 |
| Other Financing Uses | 32 | 32 | | 32 |
| | <u>277</u> | <u>277</u> | <u>213</u> | <u>64</u> |
| Indigent Defense Services | | | | |
| Services & Supplies | 3,963 | 5,147 | 5,053 | 94 |
| | <u>3,963</u> | <u>5,147</u> | <u>5,053</u> | <u>94</u> |
| District Attorney | | | | |
| Salaries & Benefits | 20,951 | 21,111 | 20,219 | 892 |
| Services & Supplies | 2,235 | 2,385 | 2,261 | 124 |
| Other Charges | 98 | 98 | 97 | 1 |
| Other Financing Uses | 42 | 42 | | 42 |
| Capital Assets | 111 | 150 | 150 | |
| Other Financing Uses | 42 | 42 | | 42 |
| Transfers & Reimbursements | (82) | (82) | (85) | 3 |
| | <u>23,397</u> | <u>23,746</u> | <u>22,642</u> | <u>1,104</u> |

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

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| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
|--|--------------------|-----------------|---------------------------------|-------------------------------|
| Public Protection (Continued): | | | | |
| Public Defender | | | | |
| Salaries & Benefits | \$ 10,157 | \$ 10,287 | \$ 9,999 | \$ 288 |
| Services & Supplies | 806 | 818 | 675 | 143 |
| Other Financing Uses | 361 | 361 | | 361 |
| Capital Assets | 15 | 15 | 14 | 1 |
| | <u>11,339</u> | <u>11,481</u> | <u>10,688</u> | <u>793</u> |
| Forensic Sciences-Division of District Attorney | | | | |
| Salaries & Benefits | 3,236 | 3,309 | 2,897 | 412 |
| Services & Supplies | 1,859 | 1,935 | 1,827 | 108 |
| Other Charges | 220 | 220 | 220 | |
| Capital Assets | | 30 | 18 | 12 |
| Transfers & Reimbursements | (70) | (70) | (118) | 48 |
| | <u>5,245</u> | <u>5,424</u> | <u>4,844</u> | <u>580</u> |
| Sheriff | | | | |
| Salaries & Benefits | 120,219 | 120,322 | 120,320 | 2 |
| Services & Supplies | 26,766 | 27,370 | 23,230 | 4,140 |
| Other Charges | 5,397 | 5,397 | 3,819 | 1,578 |
| Other Financing Uses | 1,321 | 1,321 | | 1,321 |
| Capital Assets | 4,408 | 4,624 | 2,983 | 1,641 |
| Transfers & Reimbursements | (370) | (370) | 15 | (385) |
| | <u>157,741</u> | <u>158,664</u> | <u>150,367</u> | <u>8,297</u> |
| Probation | | | | |
| Salaries & Benefits | 45,869 | 45,869 | 45,869 | |
| Services & Supplies | 6,093 | 6,560 | 6,551 | 9 |
| Other Charges | 219 | 619 | 619 | |
| Other Financing Uses | 1,026 | 1,026 | | 1,026 |
| Capital Assets | 787 | 812 | 812 | |
| Transfers & Reimbursements | (497) | (497) | (498) | 1 |
| | <u>53,497</u> | <u>54,389</u> | <u>53,353</u> | <u>1,036</u> |
| Agricultural Commissioner | | | | |
| Salaries & Benefits | 4,437 | 4,491 | 4,258 | 233 |
| Services & Supplies | 893 | 914 | 907 | 7 |
| Other Financing Uses | 432 | 432 | | 432 |
| Capital Assets | | 15 | 13 | 2 |
| | <u>5,762</u> | <u>5,852</u> | <u>5,178</u> | <u>674</u> |
| Code Compliance | | | | |
| Salaries & Benefits | 1,191 | 1,191 | 1,105 | 86 |
| Services & Supplies | 682 | 682 | 657 | 25 |
| Capital Assets | 37 | 37 | 31 | 6 |
| | <u>1,910</u> | <u>1,910</u> | <u>1,793</u> | <u>117</u> |
| Recorder | | | | |
| Salaries & Benefits | 1,823 | 1,823 | 1,674 | 149 |
| Services & Supplies | 2,124 | 2,124 | 1,289 | 835 |
| Capital Assets | 124 | 124 | 98 | 26 |
| Other Financing Uses | 479 | 479 | | 479 |
| | <u>4,550</u> | <u>4,550</u> | <u>3,061</u> | <u>1,489</u> |
| Resource Management Agency | | | | |
| Salaries & Benefits | 1,479 | 1,479 | 1,429 | 50 |
| Services & Supplies | 128 | 128 | 119 | 9 |
| Capital Assets | 32 | 32 | 19 | 13 |
| Other Charges | 8 | 8 | 5 | 3 |
| Other Financing Uses | 2 | 2 | | 2 |
| Transfers & Reimbursements | (45) | (110) | (37) | (73) |
| | <u>1,604</u> | <u>1,539</u> | <u>1,535</u> | <u>4</u> |

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 11 of 13

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
|---|-----------------------|-----------------------|---------------------------------|-------------------------------|
| Public Protection (Continued): | | | | |
| Planning | | | | |
| Salaries & Benefits | \$ 3,183 | \$ 3,183 | \$ 2,833 | \$ 350 |
| Services & Supplies | 3,595 | 3,595 | 697 | 2,898 |
| Other Financing Uses | 280 | 280 | | 280 |
| Transfers & Reimbursements | (10) | (10) | (8) | (2) |
| | <u>7,048</u> | <u>7,048</u> | <u>3,522</u> | <u>3,526</u> |
| Animal Control | | | | |
| Salaries & Benefits | 2,615 | 2,615 | 2,615 | |
| Services & Supplies | 1,093 | 1,093 | 1,045 | 48 |
| Capital Assets | 289 | 289 | 289 | |
| Other Financing Uses | 199 | 199 | | 199 |
| Other Financing Uses | 199 | 199 | | 199 |
| Capital Assets | 289 | 289 | 289 | |
| | <u>4,684</u> | <u>4,684</u> | <u>4,238</u> | <u>446</u> |
| Total Public Protection | <u>296,230</u> | <u>299,924</u> | <u>281,062</u> | <u>18,862</u> |
| Health and Sanitation: | | | | |
| Department of Public Health | | | | |
| Salaries & Benefits | 22,299 | 22,299 | 21,208 | 1,091 |
| Services & Supplies | 4,674 | 4,674 | 4,418 | 256 |
| Other Charges | 120 | 120 | 104 | 16 |
| Capital Assets | 8 | 8 | 8 | |
| Transfers & Reimbursements | (490) | (490) | (598) | 108 |
| | <u>26,611</u> | <u>26,611</u> | <u>25,140</u> | <u>1,471</u> |
| Environmental Health | | | | |
| Salaries & Benefits | 4,538 | 4,538 | 4,137 | 401 |
| Services & Supplies | 624 | 754 | 702 | 52 |
| Other Financing Uses | 296 | 296 | | 296 |
| Capital Assets | 6 | 6 | 6 | |
| Transfers & Reimbursements | (2) | (2) | | (2) |
| | <u>5,462</u> | <u>5,592</u> | <u>4,845</u> | <u>747</u> |
| Emergency Medical Services | | | | |
| Salaries & Benefits | 833 | 833 | 763 | 70 |
| Services & Supplies | 1,131 | 1,573 | 431 | 1,142 |
| Other Financing Uses | 505 | 505 | | 505 |
| Capital Assets | 10 | 10 | | 10 |
| | <u>2,479</u> | <u>2,921</u> | <u>1,194</u> | <u>1,727</u> |
| KMC Enterprise Fund - County Contribution | | | | |
| Services & Supplies | | | 48 | (48) |
| Other Charges | | | 492 | (492) |
| | | | <u>540</u> | <u>(540)</u> |
| California Children Services | | | | |
| Salaries & Benefits | 6,055 | 6,055 | 4,413 | 1,642 |
| Services & Supplies | 2,428 | 2,428 | 1,997 | 431 |
| Other Charges | 4 | 4 | 1 | 3 |
| | <u>8,487</u> | <u>8,487</u> | <u>6,411</u> | <u>2,076</u> |
| Total Health and Sanitation | <u>43,039</u> | <u>43,611</u> | <u>38,130</u> | <u>5,481</u> |
| Public Assistance: | | | | |
| Veterans Service | | | | |
| Salaries & Benefits | 592 | 592 | 482 | 110 |
| Services & Supplies | 80 | 80 | 70 | 10 |
| Other Financing Uses | 61 | 61 | | 61 |
| | <u>733</u> | <u>733</u> | <u>552</u> | <u>181</u> |
| Employers Training Resource | | | | |
| Salaries & Benefits | 9,750 | 9,750 | 8,458 | 1,292 |
| Services & Supplies | 3,479 | 3,479 | 3,191 | 288 |
| Capital Assets | 164 | 164 | 164 | |
| | <u>13,393</u> | <u>13,393</u> | <u>11,813</u> | <u>1,580</u> |

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 12 of 13

| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
|--|---------------------------|---------------------------|---------------------------------|-------------------------------|
| Public Assistance (Continued): | | | | |
| Community Development Program Agency | | | | |
| Salaries & Benefits | \$ 1,676 | \$ 1,676 | \$ 1,547 | \$ 129 |
| Services & Supplies | 383 | 383 | 201 | 182 |
| | <u>2,059</u> | <u>2,059</u> | <u>1,748</u> | <u>311</u> |
| Total Public Assistance | <u>16,185</u> | <u>16,185</u> | <u>14,113</u> | <u>2,072</u> |
| Education: | | | | |
| Kern County Library | | | | |
| Salaries & Benefits | 6,680 | 6,680 | 6,680 | |
| Services & Supplies | 3,042 | 3,042 | 2,999 | 43 |
| Capital Assets | 27 | 27 | 25 | 2 |
| Other Financing Uses | 210 | 210 | | 210 |
| | <u>9,959</u> | <u>9,959</u> | <u>9,704</u> | <u>255</u> |
| Farm & Home Advisor | | | | |
| Salaries & Benefits | 364 | 364 | 353 | 11 |
| Services & Supplies | 118 | 118 | 94 | 24 |
| Capital Assets | 50 | 50 | | 50 |
| Other Financing Uses | 206 | 206 | | 206 |
| | <u>738</u> | <u>738</u> | <u>447</u> | <u>291</u> |
| Total Education | <u>10,697</u> | <u>10,697</u> | <u>10,151</u> | <u>546</u> |
| Recreation and Culture: | | | | |
| Parks and Recreation | | | | |
| Salaries & Benefits | 9,286 | 9,286 | 9,166 | 120 |
| Services & Supplies | 3,961 | 3,994 | 3,706 | 288 |
| Other Charges | 175 | 175 | 163 | 12 |
| Capital Assets | 697 | 697 | 686 | 11 |
| Other Financing Uses | 244 | 244 | | 244 |
| | <u>14,363</u> | <u>14,396</u> | <u>13,721</u> | <u>675</u> |
| Total Recreation and Culture | <u>14,363</u> | <u>14,396</u> | <u>13,721</u> | <u>675</u> |
| Debt Service - General Fund: | | | | |
| Services & Supplies | 228 | 228 | 228 | |
| Debt Service - Interest | 7,120 | 7,120 | 7,120 | |
| | <u>7,348</u> | <u>7,348</u> | <u>7,348</u> | |
| Total Debt Service - General Fund | <u>7,348</u> | <u>7,348</u> | <u>7,348</u> | |
| Contingencies and Reserves: | | | | |
| Appropriations for Contingencies | 6,757 | 6,757 | | 6,757 |
| Total Expenditures | <u>547,392</u> | <u>554,063</u> | <u>470,462</u> | <u>83,601</u> |
| Excess (Deficiency) of Revenues Over Expenditures | 6,845 | 660 | 60,937 | 60,277 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | 58,016 | 58,016 | 66,365 | 8,349 |
| Transfers Out | <u>(84,587)</u> | <u>(84,587)</u> | <u>(95,545)</u> | <u>(10,958)</u> |
| Total Other Financing Sources (Uses) | <u>(26,571)</u> | <u>(26,571)</u> | <u>(29,180)</u> | <u>(2,609)</u> |
| Net Changes in Fund Balances (Deficits) | <u>\$ (19,726)</u> | <u>\$ (25,911)</u> | 31,757 | <u>\$ 57,668</u> |
| Fund Balances, July 1, 2006 (Modified Accrual Basis of Accounting, p. 28) | | | 126,395 | |
| Fund Balances, June 30, 2007 | | | <u>\$ 158,152</u> | |

Note: The Fund Balance at July 1, 2006 for Budgetary Basis is recorded on the modified accrual basis of accounting, excluding prior year encumbrances.

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

| | |
|---|-------------------|
| Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | \$ <u>531,399</u> |
|---|-------------------|

Expenditures

| | |
|--|------------|
| Actual amount budgetary basis from the budgetary comparison schedule | \$ 470,462 |
|--|------------|

Differences - Budget to GAAP

| | |
|---|----------|
| Encumbrances for supplies and services ordered but not received within the recognition period | (16,985) |
|---|----------|

| | |
|--|--------------|
| Capital outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources | <u>2,326</u> |
|--|--------------|

| | |
|---|-------------------|
| Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | \$ <u>455,803</u> |
|---|-------------------|

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 KERN COUNTY DEPARTMENT OF CHILD SUPPORT
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Revenues from Use of Money and Property | \$ 80 | \$ 80 | \$ 129 | \$ 49 |
| Aid from Other Governmental Agencies | 22,779 | 22,779 | 22,581 | (198) |
| Other Revenues | <u>21</u> | <u>21</u> | <u>7</u> | <u>(14)</u> |
| Total Revenues | <u>22,880</u> | <u>22,880</u> | <u>22,717</u> | <u>(163)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Protection | | | | |
| Salaries & Benefits | 17,418 | 17,592 | 17,334 | 258 |
| Services & Supplies | 5,294 | 5,523 | 5,135 | 388 |
| Other Charges | 594 | 476 | 472 | 4 |
| Capital Assets | | <u>18</u> | <u>18</u> | |
| Total Expenditures | <u>23,306</u> | <u>23,609</u> | <u>22,959</u> | <u>650</u> |
| Net Changes in Fund Balances | (426) | (729) | (242) | (487) |
| Fund Deficits, July 1, 2006 | <u>1,140</u> | <u>1,140</u> | <u>1,140</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 714</u> | <u>\$ 411</u> | <u>\$ 898</u> | <u>\$ (487)</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 22,717

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 22,959

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 EMPLOYERS' TRAINING RESOURCE
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Revenues from Use of Money and Property | \$ | \$ | \$ 36 | \$ 36 |
| Aid from Other Governmental Agencies | 20,972 | 20,972 | 19,386 | (1,586) |
| Charges for Current Services | | | 64 | 64 |
| Other Revenues | 62 | 62 | 93 | 31 |
| Total Revenues | <u>21,034</u> | <u>21,034</u> | <u>19,579</u> | <u>(1,455)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Assistance | | | | |
| Salaries & Employee Benefits | 9,721 | | | |
| Services & Supplies | 17,434 | 14,038 | 12,776 | 1,262 |
| Other Charges | 21,352 | 7,066 | 6,714 | 352 |
| Total Expenditures | <u>48,507</u> | <u>21,104</u> | <u>19,490</u> | <u>1,614</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>(27,473)</u> | <u>(70)</u> | <u>89</u> | <u>159</u> |
| Net Changes in Fund Balances | <u>(27,473)</u> | <u>(70)</u> | <u>89</u> | <u>159</u> |
| Fund Balances, July 1, 2006 | <u>736</u> | <u>736</u> | <u>736</u> | |
| Fund Balances (Deficits), June 30, 2007 | <u>\$ (26,737)</u> | <u>\$ 666</u> | <u>\$ 825</u> | <u>\$ 159</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 19,579

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 19,490

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 19,490

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Revenues from Use of Money and Property | \$ 107 | \$ 107 | \$ 477 | \$ 370 |
| Aid from Other Governmental Agencies | 318,435 | 326,403 | 302,904 | (23,499) |
| Charges for Current Services | 229 | 229 | 120 | (109) |
| Other Revenues | 2,932 | 2,932 | 2,667 | (265) |
| Total Revenues | <u>321,703</u> | <u>329,671</u> | <u>306,168</u> | <u>(23,503)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Assistance | | | | |
| Salaries & Benefits | 90,732 | 99,942 | 98,254 | 1,688 |
| Services & Supplies | 43,279 | 52,051 | 47,146 | 4,905 |
| Other Charges | 188,280 | 186,465 | 175,734 | 10,731 |
| Capital Assets | 297 | 870 | 729 | 141 |
| Total Expenditures | <u>322,588</u> | <u>339,328</u> | <u>321,863</u> | <u>17,465</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(885)</u> | <u>(9,657)</u> | <u>(15,695)</u> | 6,038 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | <u>16,410</u> | <u>16,410</u> | <u>18,272</u> | <u>1,862</u> |
| Total Other Financing Sources | <u>16,410</u> | <u>16,410</u> | <u>18,272</u> | <u>1,862</u> |
| Net Changes in Fund Balances (Deficits) | 15,525 | 6,753 | 2,577 | 7,900 |
| Fund Deficits, July 1, 2006 | <u>(9,655)</u> | <u>(9,655)</u> | <u>(9,655)</u> | |
| Fund Balances (Deficits), June 30, 2007 | <u>\$ 5,870</u> | <u>\$ (2,902)</u> | <u>\$ (7,078)</u> | <u>\$ 7,900</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 306,168

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 321,863
Differences - Budget to GAAP
 Encumbrances for supplies and services ordered but not received within the recognition period (101)
 Capital Outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources (106)
Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 321,656

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
MENTAL HEALTH
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Revenues from Use of Money and Property | \$ 300 | \$ 300 | \$ 1,393 | \$ 1,093 |
| Aid from Other Governmental Agencies | 64,968 | 64,968 | 60,705 | (4,263) |
| Charges for Current Services | 35,754 | 35,754 | 22,562 | (13,192) |
| Other Revenues | 350 | 350 | 2,631 | 2,281 |
| Total Revenues | <u>101,372</u> | <u>101,372</u> | <u>87,291</u> | <u>(14,081)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Health and Sanitation | | | | |
| Salaries & Benefits | 39,136 | 50,156 | 44,378 | 5,778 |
| Services & Supplies | 54,707 | 52,323 | 53,712 | (1,389) |
| Other Charges | 4,818 | 6,089 | 6,194 | (105) |
| Capital Assets | 512 | 603 | 407 | 196 |
| Total Expenditures | <u>99,173</u> | <u>109,171</u> | <u>104,691</u> | <u>4,480</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>2,199</u> | <u>(7,799)</u> | <u>(17,400)</u> | <u>9,601</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | 882 | 882 | 1,073 | 191 |
| Transfers Out | | | (7) | (7) |
| Total Other Financing Sources | <u>882</u> | <u>882</u> | <u>1,066</u> | <u>184</u> |
| Net Changes in Fund Balances (Deficits) | 3,081 | (6,917) | (16,334) | 9,785 |
| Fund Balances, July 1, 2006 | 16,467 | 16,467 | 16,467 | |
| Prior Period Adjustments | (1,801) | (1,801) | (1,801) | |
| Fund Balances, June 30, 2007 | <u>\$ 17,747</u> | <u>\$ 7,749</u> | <u>\$ (1,668)</u> | <u>\$ 9,785</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

| | |
|---|------------------|
| Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | \$ <u>87,291</u> |
|---|------------------|

Expenditures

| | |
|--|------------|
| Actual amount budgetary basis from the budgetary comparison schedule | \$ 104,691 |
| Differences - Budget to GAAP | |
| Encumbrances for supplies and services ordered but not received within the recognition period | (8,843) |
| Capital Outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources | (836) |

| | |
|---|------------------|
| Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | \$ <u>95,012</u> |
|---|------------------|

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
ROADS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Taxes | \$ 2,589 | \$ 2,589 | \$ 4,006 | \$ 1,417 |
| Licenses, Permits and Franchises | | | | |
| Fines, Forfeitures and Penalties | | | | |
| Revenues from Use of Money and Property | 150 | 150 | 1,426 | 1,276 |
| Aid from Other Governmental Agencies | 37,455 | 37,455 | 29,444 | (8,011) |
| Charges for Current Services | 3,000 | 3,000 | 6,251 | 3,251 |
| Other Revenues | 4,013 | 4,013 | 2,640 | (1,373) |
| Total Revenues | <u>47,207</u> | <u>47,207</u> | <u>43,767</u> | <u>(3,440)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Ways and Facilities | | | | |
| Salaries & Benefits | 13,773 | 15,685 | 14,242 | 1,443 |
| Services & Supplies | 41,173 | 46,526 | 32,641 | 13,885 |
| Other Charges | 265 | 429 | 435 | (6) |
| Capital Assets | 1,445 | 1,864 | 1,853 | 11 |
| Total Expenditures | <u>56,656</u> | <u>64,504</u> | <u>49,171</u> | <u>15,333</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(9,449)</u> | <u>(17,297)</u> | <u>(5,404)</u> | <u>(11,893)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | 5,500 | 5,500 | 5,514 | 14 |
| Transfers Out | | | | |
| Total Other Financing Sources (Uses) | <u>5,500</u> | <u>5,500</u> | <u>5,514</u> | <u>14</u> |
| Net Changes in Fund Balances (Deficits) | (3,949) | (11,797) | 110 | (11,879) |
| Fund Balances, July 1, 2006 | 20,862 | 20,862 | 20,862 | |
| Fund Balances, June 30, 2007 | <u>\$ 16,913</u> | <u>\$ 9,065</u> | <u>\$ 20,972</u> | <u>\$ (11,879)</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 43,767

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 49,171

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (95)

Capital Outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources (607)

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 48,469

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
STRUCTURAL FIRE
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Taxes | \$ 60,910 | \$ 62,210 | \$ 63,488 | \$ 1,278 |
| Licenses, Permits and Franchises | 457 | 457 | 296 | (161) |
| Fines, Forfeitures and Penalties | 39 | 39 | 45 | 6 |
| Revenues from Use of Money and Property | 40 | 40 | 317 | 277 |
| Aid from Other Governmental Agencies | 1,756 | 4,779 | 4,001 | (778) |
| Charges for Current Services | 17,077 | 21,997 | 24,533 | 2,536 |
| Other Revenues | 1,391 | 1,391 | 103 | (1,288) |
| Total Revenues | <u>81,670</u> | <u>90,913</u> | <u>92,783</u> | <u>1,870</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Protection | | | | |
| Salaries & Benefits | 73,736 | 88,011 | 87,187 | 824 |
| Services & Supplies | 10,724 | 11,830 | 11,630 | 200 |
| Other Charges | 4,313 | 5,939 | 5,321 | 618 |
| Capital Assets | 5,726 | 11,627 | 10,432 | 1,195 |
| Appropriation for Contingencies | | 260 | | (260) |
| Total Expenditures | <u>94,499</u> | <u>117,667</u> | <u>114,570</u> | <u>2,577</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(12,829)</u> | <u>(26,754)</u> | <u>(21,787)</u> | <u>(4,967)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | 16,380 | 16,380 | 21,668 | 5,288 |
| Transfers Out | | | (606) | (606) |
| Total Other Financing Sources | <u>16,380</u> | <u>16,380</u> | <u>21,062</u> | <u>4,682</u> |
| Net Changes in Fund Balances (Deficits) | 3,551 | (10,374) | (725) | (285) |
| Fund Balances, July 1, 2006 | 9,810 | 9,810 | 9,810 | |
| Fund Balances (Deficits), June 30, 2007 | <u>\$ 13,361</u> | <u>\$ (564)</u> | <u>\$ 9,085</u> | <u>\$ (285)</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 92,783

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 114,570

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (1,371)

Capital Outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources (1,316)

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 111,883

COUNTY OF KERN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2007

I. BUDGETARY BASIS OF ACCOUNTING

A. BUDGETARY INFORMATION

In accordance with the provisions of Sections 29000 through 29144 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a budget on or before June 30 for the next fiscal year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except that such budgets integrate the County's encumbrance system, and, accordingly, they differ from budgets prepared in accordance with generally accepted accounting principles in this regard. In addition, capital leases are budgeted for the current annual portion, and, under generally accepted accounting principles, the full amount of the leased asset purchased is required to be recorded as an expenditure in the year purchased.

Annual budgets are not adopted for the following Non-major Governmental Funds: Public Improvement Districts; the District Attorney; Equipment Automation; the District Attorney Local Forfeitures; the Property Tax Administration; the Sheriff Inmate Welfare; the Sheriff Fingerprint Identification; Accumulative Capital Outlay-Road; the County of Kern Asset Leasing; Public Health Facility Loan Trustee; and Pension Obligation Trustee. A budgetary comparison schedule is not presented for these funds.

The funds presented in the budgetary comparison schedule include the General fund, Kern County Department of Child Support, Human Services, Mental Health, Roads, Structural Fire, and special revenue funds. The county also budgets for Fish and Game, Recorders Fee, Probation, Off Highway Motor Vehicle License, and Litter clean-up.

The County controls expenditures from non-budgeted funds primarily by monitoring cash balances throughout its integrated accounting and warrant writing system. Non-budgeted debt service payments are determined by the terms of bond indentures.

The aggregated County budget is an accumulation of current operating budgets within the budgeted funds operations. The County prepares annual budgets for its Enterprise and Internal Service Fund activities; however, such budgets are not presented since such comparison would make evaluation of the accrual basis of accounting funds unduly complex. All budgetary transactions must be approved by a four-fifths (4/5) vote from the Board of Supervisors.

The County budgets by fund and by object within all budgeted funds except for the General Fund. Budgetary control in the General Fund is exercised at the department level by object. The legal level of control is at the major object level, salaries and employee benefits, services and supplies, other charges, capital assets, and expenditure transfers and reimbursements for all budgeted funds. The dollar amount limitation effectively lowers the legal level of budgetary control to the object level.

There were no material excess expenditures over the related appropriations in any object level within any other fund. Final budget amounts, as reported, represent adjusted figures at year-end. The Board must approve transfers of appropriations between departments. The Board must also approve supplemental appropriations necessary and normally financed by unanticipated revenue during the year. Unanticipated revenues of \$13,778,316 were added to appropriations in the General Fund during the fiscal year.

COUNTY OF KERN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2007

I. BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

A. BUDGETARY INFORMATION (CONTINUED)

Depending upon the amount transferred, the Board or the County Administrative Office must approve transfers of appropriations between objects of expenditures within the same budget unit. Final budget amounts reported in the accompanying financial statements are as amended. Any excess of budgetary expenditures and other financing uses over revenues and other financing sources is financed by beginning available fund balances as provided for in the County Budget Act.

A comparison of the budgeted and actual revenues and expenditures is presented on a budgetary basis in the financial section. The County also prepares a separate Final Budget document at the object level, which is made available to the public by the Auditor-Controller-County Clerk's office.

Encumbrances, which are commitments related to executory purchases for goods or services, are recorded for budgetary control purposes in the budgeted funds. Encumbrance accounting is utilized to assure effective budgetary control and accountability. Encumbrances outstanding at year-end represent the estimated amount of expenditures ultimately to result if the purchases in process at year-end are completed. Outstanding encumbrances for contracts were required to lapse at June 30, 2006. Outstanding encumbrances related to purchase orders were allowed to carryover and are reported as reservations of fund balance for subsequent year expenditures. Unused or unencumbered appropriations at year-end close to fund balance.

B. RECONCILIATION OF BUDGETARY BASIS TO GAAP

The annual County budget is prepared, approved and adopted in accordance with provisions of the County Budget Act. In preparing the budget, the County utilizes a basis of accounting, which is different from the basis prescribed by generally accepted accounting principles (GAAP).

| | Fund Balances (Budgetary Basis) | Basis Differences | | | Fund Balances (Modified Accrual Basis) |
|------------------------|--|----------------------------------|--|--|--|
| | | Capital Leases - Inception | Capital Leases - Other Financing Sources | Outstanding Encumbrances for Budgeted Funds | |
| General Fund | \$ 110,479 | \$ (6,110) | \$ 6,110 | \$ 16,613,455 | \$ 126,395 |
| Mental Health | 16,454 | | | 9,679,315 | 16,467 |
| Road | 19,550 | | | 701,677 | 20,861 |
| Structural Fire | 5,452 | | | 2,684,628 | 9,810 |
| Tobacco Securitization | 54,239 | | | 6,355 | 54,250 |
| Total | \$ 206,174 | \$ (6,110) | \$ 6,110 | \$ 29,685,429 | \$ 227,783 |

**COUNTY OF KERN
SCHEDULE OF FUNDING PROGRESS
OTHER POST-EMPLOYMENT BENEFITS
FOR THE YEAR ENDING JUNE 30, 2007 (IN THOUSANDS)**

Retiree Health Premium Supplement Program (RHPSP)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Annual Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|--|
| 6/30/2006 | 17,474 | 83,625 | 66,151 | 20.90% | 391,892 | 16.88% |

Retiree Health Stipend

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Annual Covered Payroll ((b-a)/c) |
|--------------------------|-------------------------------|---------------------------------------|---------------------------|--------------------|---------------------|--|
| 6/30/2006 | | 14,031 | 14,031 | 0.00% | 391,892 | 3.58% |

**COUNTY OF KERN
 ACTUARIAL ASSUMPTIONS AND METHODS
 OTHER POST-EMPLOYMENT BENEFITS
 FOR THE YEAR ENDING JUNE 30, 2007 (IN THOUSANDS)**

**Retiree Health Premium Supplement Program (RHPSP)
 Retiree Health Stipend**

| | |
|---|---|
| Valuation Date: | June 30, 2006 |
| Investment Return: | 6% per annum |
| General Inflation Rate: | 4% |
| Mortality: | RP 2000 Health Annuitant Mortality was assumed during service retirement up to age 65 for monthly benefit payments. |
| Salary Increases: | 4% |
| Increase in Medical Plan Premiums (Trend): | 6% |
| Actuarial Cost Method: | Entry Age Normal |

Retiree Health Premium Supplement Program (RHPSP) ONLY

| | | |
|---|-----------------------------|-----------|
| Monthly Premium Contributions for Future Retirees: | County Self Ins. Plan (PPO) | \$ 414.60 |
| | Health Net (HMO) | 504.15 |
| | Kaiser (HMO) | 378.30 |

Other Factors for Monthly Premium Contributions: Above premiums are for new retirees who are under age 65 and completed 25 or more years of continuous service. Employees who retiree with a minimum of 20 years of continuous service only receive a percentage as follows:

| | |
|----------|------|
| 20 years | 50% |
| 21 years | 60% |
| 22 years | 70% |
| 23 years | 80% |
| 24 years | 90% |
| 25 years | 100% |

Retiree Health Stipend ONLY

| | | |
|---|--|----------|
| Monthly Premium Contributions for Future Retirees: | Coverage | Stipend |
| | Single- Retiree Only | \$ 39.75 |
| | Two-Party (retiree plus dependent) | 53.69 |
| | Family (retiree plus two or more dependents) | 61.50 |

**COUNTY OF KERN
SCHEDULE OF CONTRIBUTIONS
OTHER POST-EMPLOYMENT BENEFITS
FOR THE YEAR ENDING JUNE 30, 2007 (IN THOUSANDS)**

Retiree Health Premium Supplement Program (RHSP)

| <u>Year Ended June 30,</u> | <u>Actual Annual Contribution</u> | <u>Actual Required Contribution</u> | <u>Percentage Contribution</u> |
|--------------------------------|---------------------------------------|---|------------------------------------|
| 2007 | 4,568 | 7,677 | 60% |

Retiree Health Stipend

| <u>Year Ended June 30,</u> | <u>Actual Annual Contribution</u> | <u>Actual Required Contribution</u> | <u>Percentage Contribution</u> |
|--------------------------------|---------------------------------------|---|------------------------------------|
| 2007 | 1,340 | * | * |

* Plan funded by the pay-as-you-go method

The seal of Kern County, California, is a circular emblem. It features a central scene with a sun rising over a landscape that includes a lighthouse on the left and a ship on the right. The words "COUNTY OF KERN" are inscribed along the top inner edge, and "STATE OF CALIFORNIA" along the bottom inner edge. The seal is surrounded by a decorative border of diagonal lines.

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES**



**COUNTY OF KERN
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007 (IN THOUSANDS)**

| | SPECIAL REVENUE FUNDS | CAPITAL PROJECTS FUNDS | DEBT SERVICE FUNDS | TOTAL NON-MAJOR GOVERNMENTAL FUNDS |
|---|--------------------------------------|---------------------------------------|-----------------------------------|---|
| ASSETS | | | | |
| Assets: | | | | |
| Pooled Cash and Investments | \$ 45,341 | \$ 7,047 | \$ 7,225 | \$ 59,613 |
| Revolving Fund Cash | 2 | | | 2 |
| Cash and Investments Deposited with Trustee | | | 15,238 | 15,238 |
| Interest Receivable | 491 | 101 | 95 | 687 |
| Taxes Receivable | 668 | | | 668 |
| Accrued Revenue | 12,002 | | | 12,002 |
| Due from Other Funds | 1,234 | | | 1,234 |
| Advances to Other Funds | | | 6,986 | 6,986 |
| Total Assets | <u>\$ 59,738</u> | <u>\$ 7,148</u> | <u>\$ 29,544</u> | <u>\$ 96,430</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 1,450 | | | \$ 1,450 |
| Salaries and Employee Benefits Payable | 562 | | | 562 |
| Advances from Other Funds | 821 | | | 821 |
| Due to Other Funds | 6,033 | | | 6,033 |
| Due to Other Agencies | | | | |
| Loans Payable | 139 | | | 139 |
| Deferred Revenue | 1,900 | | | 1,900 |
| Total Liabilities | <u>10,905</u> | | | <u>10,905</u> |
| Fund Balances: | | | | |
| Reserved | 6,239 | | 29,544 | 35,783 |
| Unreserved, reported in: | | | | |
| Special Revenue Funds | 42,594 | | | 42,594 |
| Capital Projects Funds | | 7,148 | | 7,148 |
| Total Fund Balances | <u>48,833</u> | <u>7,148</u> | <u>29,544</u> | <u>85,525</u> |
| Total Liabilities and Fund Balances | <u>\$ 59,738</u> | <u>\$ 7,148</u> | <u>\$ 29,544</u> | <u>\$ 96,430</u> |

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | SPECIAL REVENUE FUNDS | CAPITAL PROJECTS FUNDS | DEBT SERVICE FUNDS | TOTAL NON-MAJOR GOVERNMENTAL FUNDS |
|---|-----------------------------|------------------------------|--------------------------|---|
| REVENUES: | | | | |
| Taxes | \$ 2,680 | | | \$ 2,680 |
| Licenses, Permits and Franchises | 4,631 | | | 4,631 |
| Fines, Forfeitures and Penalties | 7,442 | | | 7,442 |
| Revenues from Use of Money and Property | 2,647 | 277 | 1,633 | 4,557 |
| Aid from Other Governmental Agencies | 76,029 | 2,278 | 6,871 | 85,178 |
| Charges for Current Services | 4,520 | | | 4,520 |
| Other Revenues | 6,687 | 6,001 | 28,713 | 41,401 |
| Total Revenues | 104,636 | 8,556 | 37,217 | 150,409 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | 168 | | 28 | 196 |
| Public Protection | 6,762 | | | 6,762 |
| Health and Sanitation | 2,983 | | | 2,983 |
| Public Assistance | 30,828 | | | 30,828 |
| Public Ways and Facilities | 1,875 | | | 1,875 |
| Capital Outlay | | 2,131 | | 2,131 |
| Debt Service: | | | | |
| Principal | | | 11,790 | 11,790 |
| Interest | | | 28,580 | 28,580 |
| Total Expenditures | 42,616 | 2,131 | 40,398 | 85,145 |
| Excess (Deficiency) of Revenues over (under) Expenditures | 62,020 | 6,425 | (3,181) | 65,264 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | 10,283 | | 4,354 | 14,637 |
| Transfers Out | (68,908) | (2,121) | (200) | (71,229) |
| Total Other Financing Sources (Uses) | (58,625) | (2,121) | 4,154 | (56,592) |
| Net Changes in Fund Balances | 3,395 | 4,304 | 973 | 8,672 |
| Fund Balances, July 1, 2006 (as previously reported) | 46,571 | 2,829 | 28,571 | 77,971 |
| Prior Period Adjustment | (1,133) | 15 | | (1,118) |
| Fund Balances, June 30, 2007 | \$ 48,833 | \$ 7,148 | \$ 29,544 | \$ 85,525 |

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND DESCRIPTIONS

Special revenue funds are revenues derived from specific taxes or other designated revenue sources. Primary revenue sources include taxes; fines, forfeitures and penalties; use of money and property; aid from other governmental agencies; charges for current services; and other revenues. Expenditures are for specific activities that are legally authorized to be financed from the individual funds. These special revenue funds are described below:

Aging and Adult Services – This fund accounts for the development and maintenance of Countywide programs to provide social, nutritional and protective services to seniors and other adults.

Building Inspection – This fund provides for enforcement of State and local regulations governing construction through the issuance of building permits and inspection of new construction in the unincorporated areas of the County.

Community Development – This fund accounts for Federal Community Development Block Grants that are used to develop viable urban communities through the provision of decent housing, a suitable living environment, and economic opportunities for low and moderate-income individuals.

County Service Areas – This fund accounts for a broad range of services to remote geographical areas as well as rapidly growing communities. These funds are financed principally from property taxes.

District Attorney Equipment Automation – This fund accounts for special grants for the acquisition of equipment for automation of the District Attorney, and specialized equipment for the Crime Laboratory.

District Attorney Local Forfeitures – This fund was established to account for the County's allocation of civil judgements and asset forfeitures.

Emergency Medical Services – This fund provides for the coordination of all participants in the emergency medical services system in the County, as authorized under the Health and Safety Code.

Local Public Safety – This fund is used to separately account for proceeds from a half-cent sales tax enacted through the passage of Proposition 172 in November 1993. Proceeds are allocated from this fund to the District Attorney, Public Defender, Sheriff, Probation and Fire.

Planned Local Drainage – This fund accounts for Planned Drainage Areas established in 1976 to finance the construction of storm drain facilities.

Property Tax Administration – This fund accounts for monies received from the State to enhance the property tax administration system.

Public Improvement Districts – These funds account for monies derived from assessment districts for the construction of public improvements.

Sheriff Inmate Welfare – This fund accounts for monies derived from the commissary sales and telephone charges at the County Jail. Funds are used for the welfare and benefit of inmates housed in the County Jail.

Sheriff Fingerprint Identification – This fund accounts for monies collected through a \$1 fee added to all vehicle registrations to the County with the cost of purchase and replacement of automated fingerprint equipment.

Tobacco Litigation Settlement – This fund accounts for monies derived from the tobacco litigation settlement with four major domestic tobacco companies.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS DESCRIPTION (Continued)

Other Special Revenue Funds – These funds account for revenues received for various activities and programs including: Automated County Warrant System, Criminal Justice Facility, Sheriff Training, Automated Fingerprint, Probation Training, Domestic Violence, Family Court Service, Recorders Fee, Micro graphics, Range Improvement, Wildlife Resources, Off-Highway Motor Vehicle License, Alcohol Program, Alcohol Abuse, Drug Program, Litter Cleanup, Experimental Farm, Probation Clearing, Parking Ticket Clearing, Agricultural Commissioner Farm Advisory Agricultural Research, Animal Care, Animal Control Feline Carcasses, Beale Library, Library Rental Book, Kern Film Festival, Kern Products Dinner, Board of Trade Advertising, District Attorney - Non-Drug Related Forfeiture, District Attorney - H & S Code 11489, Health-Local Option, Health – State L.U.S.T. Program, Public Health Miscellaneous, Public Health – Fax Death Certificates, Kern Critical Incident Response Team, Foster Home Maintenance, Asset Forfeiture, Park-Derby Acres, Purchasing Agent Special Depository, Hazardous Waste Settlements, Sheriff - Rural Crime, Sheriff - Civil Subpoena, Sheriff – Drug Abuse Gang Diversion, Sheriff – Work Release, Sheriff – State Asset Forfeiture, Sheriff - Civil Automation, Sheriff – Sidearm Conversion, Sheriff – Judgment Debtors Fee, Sheriff – Drug Awareness Program, Sheriff – Controlled Substance, Retrieval/Archive Photos, Planning Commission, District Attorney – Federal Forfeiture Trust, Emergency Medical Services Week Donations, Disaster Mitigation Response & Recovery, Juvenile Inmate Welfare, Kern County Children, Kern County Library Book, Solid Waste Enforcement, Spay/Neuter, Strong Motion Instrumentation, Tobacco Education Control Program, Vital & Health Statistics, Vital & Health Statistics – Recorder, Veterinarian, and Eminent Domain Proceedings, Domestic Preparedness, Health Bio Terrorism Grant, Library Grant IHSS Public Authority, Planning CEQA Revolving, Planning Admin. Surcharge, DHS Wraparound Savings, Assessor Cash Overage, Animal Cash Overage, DA Court Ordered Penalties, CAO Superior Court Project, Roads Caltrans Advance, DA/Sheriff/Probation/ DNA Fund.



**COUNTY OF KERN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
JUNE 30, 2007 (IN THOUSANDS)**

Page 1 of 4

| | <u>TOTAL</u> | <u>AGING AND ADULT SERVICES</u> | <u>BUILDING INSPECTION</u> | <u>COMMUNITY DEVELOPMENT PROGRAM</u> |
|---|------------------|---|--------------------------------|--|
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 45,341 | \$ 134 | \$ 8,549 | \$ 528 |
| Revolving Fund Cash | 2 | 2 | | |
| Interest Receivable | 491 | 14 | 114 | 7 |
| Taxes Receivable | 668 | | | |
| Accrued Revenue | 12,002 | 1,777 | | 592 |
| Due from Other Funds | 1,234 | | | |
| Total Assets | <u>\$ 59,738</u> | <u>\$ 1,927</u> | <u>\$ 8,663</u> | <u>\$ 1,127</u> |
| LIABILITIES AND FUND BALANCES (DEFICITS) | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 1,450 | \$ 358 | \$ 50 | \$ 410 |
| Salaries and Employee Benefits Payable | 562 | 380 | 182 | |
| Advances from Other Funds | 821 | 782 | | |
| Due to Other Funds | 6,033 | 1 | | 183 |
| Loans Payable | 139 | | | |
| Deferred Revenue | 1,900 | | | |
| Total Liabilities | <u>10,905</u> | <u>1,521</u> | <u>232</u> | <u>593</u> |
| Fund Balances (Deficits): | | | | |
| Reserved | 6,239 | 2 | 1,437 | 34 |
| Unreserved: | | | | |
| Designated | 13,520 | | 5,548 | |
| Undesignated | 29,074 | 404 | 1,446 | 500 |
| Total Fund Balances (Deficits) | <u>48,833</u> | <u>406</u> | <u>8,431</u> | <u>534</u> |
| Total Liabilities and Fund Balances | <u>\$ 59,738</u> | <u>\$ 1,927</u> | <u>\$ 8,663</u> | <u>\$ 1,127</u> |

| COUNTY SERVICE AREAS | DISTRICT ATTORNEY EQUIPMENT AUTOMATION | DISTRICT ATTORNEY LOCAL FORFEITURES | EMERGENCY MEDICAL SERVICES | |
|----------------------|--|-------------------------------------|----------------------------|---|
| \$ 6,697 | \$ 567 | \$ 980 | \$ 364 | ASSETS |
| 87 | 7 | 12 | 10 | Pooled Cash and Investments |
| 668 | | | | Revolving Fund Cash |
| | | | | Interest Receivable |
| | | | | Taxes Receivable |
| | | | | Accrued Revenue |
| | | | 182 | Due from Other Funds |
| <u>\$ 7,452</u> | <u>\$ 574</u> | <u>\$ 992</u> | <u>\$ 556</u> | Total Assets |
| | | | | LIABILITIES AND FUND BALANCES (DEFICITS) |
| \$ 23 | \$ | \$ | \$ 52 | Liabilities: |
| | | | | Accounts Payable |
| | | | | Salaries and Employee Benefits Payable |
| | | | | Advances from Other Funds |
| | | | | Due to Other Funds |
| 139 | | | | Loans Payable |
| 636 | | | | Deferred Revenue |
| <u>798</u> | | | <u>52</u> | Total Liabilities |
| | | | | Fund Balances (Deficits): |
| 4,604 | | | | Reserved |
| | | | | Unreserved: |
| 205 | | | | Designated |
| 1,845 | 574 | 992 | 504 | Undesignated |
| <u>6,654</u> | <u>574</u> | <u>992</u> | <u>504</u> | Total Fund Balances (Deficits) |
| <u>\$ 7,452</u> | <u>\$ 574</u> | <u>\$ 992</u> | <u>\$ 556</u> | Total Liabilities and Fund Balances |

**COUNTY OF KERN
 COMBINING BALANCE SHEET (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 JUNE 30, 2007 (IN THOUSANDS)**

Page 2 of 4

| | <u>LOCAL PUBLIC SAFETY</u> | <u>PLANNED LOCAL DRAINAGE</u> | <u>PROPERTY TAX ADMINISTRATION</u> | <u>PUBLIC IMPROVEMENT DISTRICTS</u> |
|---|------------------------------------|-----------------------------------|--|---|
| ASSETS | | | | |
| Pooled Cash and Investments | \$ | \$ | 950 | \$ 8 |
| Revolving Fund Cash | | | | |
| Interest Receivable | | 12 | | |
| Taxes Receivable | | | | |
| Accrued Revenue | 9,015 | | | |
| Due from Other Funds | 556 | | | |
| Total Assets | \$ 9,571 | \$ 962 | \$ | \$ 8 |
| LIABILITIES AND FUND BALANCES (DEFICITS) | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ | \$ | \$ | \$ |
| Salaries and Employee Benefits Payable | | | | |
| Advances from Other Funds | | | | 15 |
| Due to Other Funds | 5,849 | | | |
| Loans Payable | | | | |
| Deferred Revenue | | | | |
| Total Liabilities | 5,849 | | | 15 |
| Fund Balances (Deficits): | | | | |
| Reserved | | 154 | | |
| Unreserved: | | | | |
| Designated | | 683 | | |
| Undesignated | 3,722 | 125 | | (7) |
| Total Fund Balances (Deficits) | 3,722 | 962 | | (7) |
| Total Liabilities and Fund Balances | \$ 9,571 | \$ 962 | \$ | \$ 8 |

| <u>SHERIFF INMATE WELFARE</u> | <u>SHERIFF FINGERPRINT IDENTIFICATION</u> | <u>AUTOMATED WARRANT SYSTEM</u> | <u>CRIMINAL JUSTICE FACILITY</u> | |
|---------------------------------------|---|---|--|---|
| \$ 5,410 | \$ 1,814 | \$ | \$ | |
| 85 | 27 | | | |
| | | 9 | 344 | |
| <u>\$ 5,495</u> | <u>\$ 1,841</u> | <u>\$ 9</u> | <u>\$ 344</u> | ASSETS |
| | | | | Pooled Cash and Investments |
| | | | | Revolving Fund Cash |
| | | | | Interest Receivable |
| | | | | Taxes Receivable |
| | | | | Accrued Revenue |
| | | | | Due from Other Funds |
| | | | | Total Assets |
| | | | | LIABILITIES AND FUND BALANCES (DEFICITS) |
| \$ | \$ | \$ | \$ | Liabilities: |
| | | | | Accounts Payable |
| | | | | Salaries and Employee Benefits Payable |
| | | | | Advances from Other Funds |
| | | | | Due to Other Funds |
| | | | | Loans Payable |
| | | | | Deferred Revenue |
| | | | | Total Liabilities |
| | | | | Fund Balances (Deficits): |
| | | | | Reserved |
| | | | | Unreserved: |
| | | 18 | | Designated |
| 5,495 | 1,841 | (9) | 344 | Undesignated |
| <u>5,495</u> | <u>1,841</u> | <u>9</u> | <u>344</u> | Total Fund Balances (Deficits) |
| <u>\$ 5,495</u> | <u>\$ 1,841</u> | <u>\$ 9</u> | <u>\$ 344</u> | Total Liabilities and Fund Balances |

**COUNTY OF KERN
COMBINING BALANCE SHEET (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
JUNE 30, 2007 (IN THOUSANDS)**

Page 3 of 4

| | <u>JUVENILE JUSTICE FACILITY</u> | <u>COURT CONSTRUCTION</u> | <u>AUTOMATED FINGERPRINT</u> | <u>DOMESTIC VIOLENCE</u> |
|--|--|-------------------------------|----------------------------------|------------------------------|
| <u>ASSETS</u> | | | | |
| Pooled Cash and Investments | \$ 5 | \$ 198 | \$ 1,115 | \$ 170 |
| Revolving Fund Cash | | | 16 | |
| Accrued Revenue | | | 34 | 10 |
| Due from Other Funds | | | | |
| Total Assets | <u>\$ 5</u> | <u>\$ 198</u> | <u>\$ 1,165</u> | <u>\$ 180</u> |
| <u>LIABILITIES AND FUND BALANCES (DEFICITS)</u> | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ | \$ | \$ | \$ |
| Salaries and Employee Benefits Payable | | | | |
| Advances from Other Funds | | | | |
| Due to Other Funds | | | | |
| Loans Payable | | | | |
| Deferred Revenue | | | | |
| Total Liabilities | | | | |
| Fund Balances (Deficits): | | | | |
| Reserved: | | | | |
| Unreserved: | | | | |
| Designated | 3 | 176 | 1,214 | 115 |
| Undesignated | 2 | 22 | (49) | 65 |
| Total Fund Balances (Deficits) | <u>5</u> | <u>198</u> | <u>1,165</u> | <u>180</u> |
| Total Liabilities and Fund Balances | <u>\$ 5</u> | <u>\$ 198</u> | <u>\$ 1,165</u> | <u>\$ 180</u> |

| <u>RECORDERS FEE</u> | <u>MICRO GRAPHICS</u> | <u>RANGE IMPROVEMENTS</u> | <u>WILDLIFE RESOURCES</u> | |
|--------------------------|---------------------------|-------------------------------|-------------------------------|---|
| \$ 4,249 | \$ 737 | \$ 79 | \$ 56 | |
| | | 1 | | |
| | | | 2 | |
| <u>\$ 4,249</u> | <u>\$ 737</u> | <u>\$ 80</u> | <u>\$ 58</u> | |
| | | | | ASSETS |
| | | | | Pooled Cash and Investments |
| | | | | Revolving Fund Cash |
| | | | | Interest Receivable |
| | | | | Taxes Receivable |
| | | | | Accrued Revenue |
| | | | | Due from Other Funds |
| | | | | Total Assets |
| | | | | LIABILITIES AND FUND BALANCES (DEFICITS) |
| | | | | Liabilities: |
| | | | | Accounts Payable |
| | | | | Salaries and Employee Benefits Payable |
| | | | | Advances from Other Funds |
| | | | | Due to Other Funds |
| | | | | Loans Payable |
| | | | | Deferred Revenue |
| | | | | Total Liabilities |
| | | | | Fund Balances (Deficits): |
| | | | 8 | Reserved |
| | | | | Unreserved: |
| 4,039 | 801 | 16 | 50 | Designated |
| 210 | (64) | 64 | | Undesignated |
| <u>4,249</u> | <u>737</u> | <u>80</u> | <u>58</u> | Total Fund Balances (Deficits) |
| <u>\$ 4,249</u> | <u>\$ 737</u> | <u>\$ 80</u> | <u>\$ 58</u> | Total Liabilities and Fund Balances |

**COUNTY OF KERN
 COMBINING BALANCE SHEET (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 JUNE 30, 2007 (IN THOUSANDS)**

Page 4 of 4

| | <u>ALCOHOL PROGRAM</u> | <u>ALCOHOL ABUSE</u> | <u>DRUG PROGRAM</u> | <u>LITTER CLEANUP</u> | <u>OTHER SPECIAL REVENUE</u> |
|--|----------------------------|--------------------------|-------------------------|---------------------------|--------------------------------------|
| <u>ASSETS</u> | | | | | |
| Pooled Cash and Investments | \$ 345 | \$ | \$ 230 | \$ | \$ 12,156 |
| Revolving Fund Cash | | | | | |
| Interest Receivable | 4 | | 3 | | 92 |
| Taxes Receivable | | | | | |
| Accrued Revenue | | | | | 618 |
| Due from Other Funds | 17 | 16 | 1 | | 63 |
| Total Assets | <u>\$ 366</u> | <u>\$ 16</u> | <u>\$ 234</u> | <u>\$</u> | <u>\$ 12,929</u> |
| <u>LIABILITIES AND FUND BALANCES (DEFICITS)</u> | | | | | |
| Liabilities: | | | | | |
| Accounts Payable | \$ | \$ | \$ | \$ | \$ 557 |
| Salaries and Employee Benefits Payable | | | | | |
| Advances from Other Funds | | | | | 24 |
| Due to Other Funds | | | | | |
| Loans Payable | | | | | |
| Deferred Revenue | | | | | 1,264 |
| Total Liabilities | | | | | <u>1,845</u> |
| Fund Balances (Deficits): | | | | | |
| Reserved | | | | | |
| Unreserved: | | | | | |
| Designated | 363 | 65 | 190 | | 34 |
| Undesignated | 3 | (49) | 44 | | 11,050 |
| Total Fund Balances (Deficits) | <u>366</u> | <u>16</u> | <u>234</u> | <u></u> | <u>11,084</u> |
| Total Liabilities and Fund Balances | <u>\$ 366</u> | <u>\$ 16</u> | <u>\$ 234</u> | <u>\$</u> | <u>\$ 12,929</u> |



COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)

Page 1 of 4

| | <u>TOTAL</u> | <u>AGING AND ADULT SERVICES</u> | <u>BUILDING INSPECTION</u> | <u>COMMUNITY DEVELOPMENT PROGRAM</u> |
|---|------------------|---|--------------------------------|--|
| REVENUES: | | | | |
| Taxes | \$ 2,680 | \$ | \$ | \$ |
| Licenses, Permits and Franchises | 4,631 | | 4,429 | |
| Fines, Forfeitures and Penalties | 7,442 | | | |
| Revenues from Use of Money and Property | 2,647 | 59 | 684 | 12 |
| Aid from Other Governmental Agencies | 76,029 | 9,453 | | 7,061 |
| Charges for Current Services | 4,520 | 893 | 18 | |
| Other Revenues | 6,687 | 143 | 14 | 797 |
| Total Revenues | <u>104,636</u> | <u>10,548</u> | <u>5,145</u> | <u>7,870</u> |
| EXPENDITURES: | | | | |
| General Government | 168 | | | |
| Public Protection | 6,762 | | 5,932 | |
| Health and Sanitation | 2,983 | | | |
| Public Assistance | 30,828 | 11,565 | | 7,865 |
| Public Ways and Facilities | 1,875 | | | |
| Total Expenditures | <u>42,616</u> | <u>11,565</u> | <u>5,932</u> | <u>7,865</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>62,020</u> | <u>(1,017)</u> | <u>(787)</u> | <u>5</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | 10,283 | 955 | | |
| Transfers Out | <u>(68,908)</u> | | | |
| Total Other Financing Sources (Uses) | <u>(58,625)</u> | <u>955</u> | | |
| Net Changes in Fund Balances (Deficits) | <u>3,395</u> | <u>(62)</u> | <u>(787)</u> | <u>5</u> |
| Fund Balances (Deficits), July 1, 2006 | 46,571 | 468 | 9,218 | 529 |
| Prior Period Adjustment | <u>(1,133)</u> | | | |
| Fund Balances (Deficits), June 30, 2007 | <u>\$ 48,833</u> | <u>\$ 406</u> | <u>\$ 8,431</u> | <u>\$ 534</u> |

| COUNTY SERVICE AREAS | DISTRICT ATTORNEY EQUIPMENT AUTOMATION | DISTRICT ATTORNEY LOCAL FORFEITURES | EMERGENCY MEDICAL SERVICES | |
|----------------------------|---|--|----------------------------------|---|
| \$ 2,662 | \$ | \$ | \$ | REVENUES: |
| 24 | | 85 | 1,795 | Taxes |
| 446 | 39 | 45 | 47 | Licenses, Permits and Franchises |
| 3 | | | 252 | Fines, Forfeitures and Penalties |
| 98 | | | | Revenues from Use of Money and Property |
| <u>3,233</u> | <u>39</u> | <u>130</u> | <u>2,094</u> | Aid from Other Governmental Agencies |
| | | | | Charges for Current Services |
| | | | | Other Revenues |
| | | | | Total Revenues |
| 34 | | | | EXPENDITURES: |
| 759 | | | 1,835 | General Government |
| <u>1,859</u> | | | | Public Protection |
| | | | | Health and Sanitation |
| <u>2,652</u> | | | <u>1,835</u> | Public Assistance |
| | | | | Public Ways and Facilities |
| <u>581</u> | <u>39</u> | <u>130</u> | <u>259</u> | Total Expenditures |
| | | | | Excess (Deficiency) of Revenues Over Expenditures |
| (16) | | (5) | (409) | OTHER FINANCING SOURCES (USES): |
| (16) | | (5) | (409) | Transfers In |
| | | | | Transfers Out |
| 565 | 39 | 125 | (150) | Total Other Financing Sources (Uses) |
| 6,089 | 535 | 617 | 654 | Net Changes in Fund Balances (Deficits) |
| | | 250 | | Fund Balances (Deficits), July 1, 2006 |
| <u>\$ 6,654</u> | <u>\$ 574</u> | <u>\$ 992</u> | <u>\$ 504</u> | Prior Period Adjustment |
| | | | | Fund Balances (Deficits), June 30, 2007 |

**COUNTY OF KERN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 2 of 4

| | <u>LOCAL PUBLIC SAFETY</u> | <u>PLANNED LOCAL DRAINAGE</u> | <u>PROPERTY TAX ADMINISTRATION</u> | <u>PUBLIC IMPROVEMENT DISTRICTS</u> |
|---|------------------------------------|-----------------------------------|--|---|
| REVENUES: | | | | |
| Taxes | \$ | \$ | \$ | \$ 18 |
| Licenses, Permits and Franchises | | 93 | | |
| Fines, Forfeitures and Penalties | | | | |
| Revenues from Use of Money and Property | | 60 | 12 | |
| Aid from Other Governmental Agencies | 54,907 | | | |
| Charges for Current Services | | | | |
| Other Revenues | | | | |
| Total Revenues | <u>54,907</u> | <u>153</u> | <u>12</u> | <u>18</u> |
| EXPENDITURES: | | | | |
| General Government | | | 64 | |
| Public Protection | | | | |
| Health and Sanitation | | | | |
| Public Assistance | | | | |
| Public Ways and Facilities | | | | 16 |
| Total Expenditures | | | <u>64</u> | <u>16</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>54,907</u> | <u>153</u> | <u>(52)</u> | <u>2</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | | | | |
| Transfers Out | <u>(54,246)</u> | | <u>(237)</u> | |
| Total Other Financing Sources (Uses) | <u>(54,246)</u> | | <u>(237)</u> | |
| Net Changes in Fund Balances (Deficits) | 661 | 153 | (289) | 2 |
| Fund Balances (Deficits), July 1, 2006 | 3,061 | 809 | 289 | (9) |
| Prior Period Adjustment | | | | |
| Fund Balances (Deficits), June 30, 2007 | <u>\$ 3,722</u> | <u>\$ 962</u> | <u>\$</u> | <u>\$ (7)</u> |

| SHERIFF INMATE WELFARE | SHERIFF FINGERPRINT IDENTIFICATION | AUTOMATED WARRANT SYSTEM | CRIMAL JUSTICE FACILITY | |
|---------------------------------------|---|---|--|---|
| \$ | \$ | \$ | \$ | REVENUES: |
| | | | 90 | Taxes |
| 420 | 118 | 1 | 3,426 | Licenses, Permits and Franchises |
| | | | | Fines, Forfeitures and Penalties |
| | | | | Revenues from Use of Money and Property |
| | | | | Aid from Other Governmental Agencies |
| | | | | Charges for Current Services |
| <u>2,245</u> | <u>643</u> | | | Other Revenues |
| <u>2,665</u> | <u>761</u> | <u>91</u> | <u>3,426</u> | Total Revenues |
| | | | | EXPENDITURES: |
| | | | | General Government |
| | | | | Public Protection |
| | | | | Health and Sanitation |
| | | | | Public Assistance |
| | | | | Public Ways and Facilities |
| | | | | Total Expenditures |
| <u>2,665</u> | <u>761</u> | <u>91</u> | <u>3,426</u> | Excess (Deficiency) of Revenues Over Expenditures |
| | | | | OTHER FINANCING SOURCES (USES): |
| | | | | Transfers In |
| <u>(2,479)</u> | <u>(395)</u> | <u>(109)</u> | <u>(3,390)</u> | Transfers Out |
| <u>(2,479)</u> | <u>(395)</u> | <u>(109)</u> | <u>(3,390)</u> | Total Other Financing Sources (Uses) |
| 186 | 366 | (18) | 36 | Net Changes in Fund Balances (Deficits) |
| 5,309 | 1,475 | 27 | 308 | Fund Balances (Deficits), July 1, 2006 |
| | | | | Prior Period Adjustment |
| <u>\$ 5,495</u> | <u>\$ 1,841</u> | <u>\$ 9</u> | <u>\$ 344</u> | Fund Balances (Deficits), June 30, 2007 |

**COUNTY OF KERN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 3 of 4

| | JUVENILE JUSTICE FACILITY | COURT CONSTRUCTION | AUTOMATED FINGERPRINT | DOMESTIC VOILENCE |
|--|--|-------------------------------|----------------------------------|------------------------------|
| REVENUES: | | | | |
| Taxes | \$ | \$ | \$ | \$ |
| Licenses, Permits and Franchises | | | | 109 |
| Fines, Forfeitures and Penalties | 2 | 71 | 332 | 94 |
| Revenues from Use of Money and Property | | 2 | 78 | 2 |
| Aid from Other Governmental Agencies | | | | |
| Charges for Current Services | | | | |
| Other Revenues | | | | |
| Total Revenues | <u>2</u> | <u>73</u> | <u>410</u> | <u>205</u> |
| EXPENDITURES: | | | | |
| General Government | | | | |
| Public Protection | | | | |
| Health and Sanitation | | | | |
| Public Assistance | | | | |
| Public Ways and Facilities | | | | |
| Total Expenditures | | | | |
| Excess (Deficiency) of Revenues Over Expenditures | <u>2</u> | <u>73</u> | <u>410</u> | <u>205</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | | | | |
| Transfers Out | | | (267) | (140) |
| Total Other Financing Sources (Uses) | | | <u>(267)</u> | <u>(140)</u> |
| Net Changes in Fund Balances (Deficits) | 2 | 73 | 143 | 65 |
| Fund Balances (Deficits), July 1, 2006 | 3 | 125 | 1,022 | 115 |
| Prior Period Adjustment | | | | |
| Fund Balances (Deficits), June 30, 2007 | <u>\$ 5</u> | <u>\$ 198</u> | <u>\$ 1,165</u> | <u>\$ 180</u> |

| RECORDERS FEE | MICRO GRAPHICS | RANGE IMPROVEMENTS | WILDLIFE RESOURCES | |
|--------------------------|---------------------------|-------------------------------|-------------------------------|---|
| \$ | \$ | \$ | \$ | REVENUES: |
| | | | | Taxes |
| | | | 14 | Licenses, Permits and Franchises |
| 76 | 30 | 6 | 1 | Fines, Forfeitures and Penalties |
| | | 12 | | Revenues from Use of Money and Property |
| 1,705 | 335 | | | Aid from Other Governmental Agencies |
| | | | | Charges for Current Services |
| | | | | Other Revenues |
| <u>1,781</u> | <u>365</u> | <u>18</u> | <u>15</u> | Total Revenues |
| | | | | EXPENDITURES: |
| | | | | General Government |
| | | 12 | 8 | Public Protection |
| | | | | Health and Sanitation |
| | | | | Public Assistance |
| | | | | Public Ways and Facilities |
| | | <u>12</u> | <u>8</u> | Total Expenditures |
| <u>1,781</u> | <u>365</u> | <u>6</u> | <u>7</u> | Excess (Deficiency) of Revenues Over Expenditures |
| | | | | OTHER FINANCING SOURCES (USES): |
| 160 | | | | Transfers In |
| (1,384) | (696) | | | Transfers Out |
| <u>(1,224)</u> | <u>(696)</u> | | | Total Other Financing Sources (Uses) |
| 557 | (331) | 6 | 7 | Net Changes in Fund Balances (Deficits) |
| 3,692 | 1,068 | 74 | 51 | Fund Balances (Deficits), July 1, 2006 |
| | | | | Prior Period Adjustment |
| <u>\$ 4,249</u> | <u>\$ 737</u> | <u>\$ 80</u> | <u>\$ 58</u> | Fund Balances (Deficits), June 30, 2007 |

**COUNTY OF KERN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 4 of 4

| | ALCOHOL PROGRAM | ALCOHOL ABUSE | DRUG PROGRAM | LITTER CLEANUP | OTHER SPECIAL REVENUE |
|---|----------------------------|--------------------------|-------------------------|---------------------------|--------------------------------------|
| REVENUES: | | | | | |
| Taxes | \$ | \$ | \$ | \$ | \$ |
| Licenses, Permits and Franchises | | | | | 1,202 |
| Fines, Forfeitures and Penalties | 139 | 117 | 47 | 4 | 473 |
| Revenues from Use of Money and Property | 21 | 1 | 14 | | 4,344 |
| Aid from Other Governmental Agencies | | | | | 1,566 |
| Charges for Current Services | | | | | 2,747 |
| Other Revenues | | | | | 2,747 |
| Total Revenues | 160 | 118 | 61 | 4 | 10,332 |
| EXPENDITURES: | | | | | |
| General Government | | | | | 104 |
| Public Protection | | | | | 776 |
| Health and Sanitation | | | | | 389 |
| Public Assistance | | | | | 11,398 |
| Public Ways and Facilities | | | | | |
| Total Expenditures | | | | | 12,667 |
| Excess (Deficiency) of Revenues Over Expenditures | 160 | 118 | 61 | 4 | (2,335) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers In | | | | | 9,168 |
| Transfers Out | (90) | (114) | (22) | (4) | (4,905) |
| Total Other Financing Sources (Uses) | (90) | (114) | (22) | (4) | 4,263 |
| Net Changes in Fund Balances (Deficits) | 70 | 4 | 39 | | 1,928 |
| Fund Balances (Deficits), July 1, 2006 | 296 | 12 | 195 | | 10,539 |
| Prior Period Adjustment | | | | | (1,383) |
| Fund Balances (Deficits), June 30, 2007 | \$ 366 | \$ 16 | \$ 234 | \$ | \$ 11,084 |

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| AGING AND ADULT SERVICES | | | | |
|---|----------------------------|-------------------------|--|---------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUES: | | | | |
| Revenues from Use of Money and Property | \$ 15 | \$ 15 | \$ 59 | \$ 44 |
| Aid from Other Governmental Agencies | 9,801 | 10,088 | 9,453 | (635) |
| Charges for Current Services | 800 | 800 | 893 | 93 |
| Other Revenues | 159 | 159 | 143 | (16) |
| Total Revenues | <u>10,775</u> | <u>11,062</u> | <u>10,548</u> | <u>(514)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Assistance | | | | |
| Salaries & Benefits | 7,386 | 7,465 | 6,905 | 560 |
| Services & Supplies | 4,201 | 4,376 | 4,127 | 249 |
| Other Charges | 448 | 475 | 470 | 5 |
| Capital Assets | 57 | 63 | 63 | |
| Total Expenditures | <u>12,092</u> | <u>12,379</u> | <u>11,565</u> | <u>814</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(1,317)</u> | <u>(1,317)</u> | <u>(1,017)</u> | <u>300</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers In | 955 | 955 | 955 | |
| Total Other Financing Sources | <u>955</u> | <u>955</u> | <u>955</u> | |
| Net Changes in Fund Balances (Deficits) | (362) | (362) | (62) | 300 |
| Fund Balances, July 1, 2006 | 468 | 468 | 468 | |
| Fund Balances, June 30, 2007 | <u>\$ 106</u> | <u>\$ 106</u> | <u>\$ 406</u> | <u>\$ 300</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 10,548

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 11,565

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | BUILDING INSPECTION | | | |
|---|----------------------------|-------------------------|--|---------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUES: | | | | |
| Licenses, Permits and Franchises | \$ 4,429 | \$ 4,429 | \$ 4,429 | \$ |
| Revenues from Use of Money and Property | 684 | 684 | 684 | |
| Charges for Current Services | 18 | 18 | 18 | |
| Other Revenues | 12 | 12 | 14 | 2 |
| Total Revenues | <u>5,143</u> | <u>5,143</u> | <u>5,145</u> | <u>2</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Protection | | | | |
| Salaries & Benefits | 3,457 | 3,457 | 3,457 | |
| Services & Supplies | 2,141 | 2,140 | 2,139 | 1 |
| Other Charges | 117 | 118 | 118 | |
| Capital Assets | 212 | 218 | 218 | |
| Total Expenditures | <u>5,927</u> | <u>5,933</u> | <u>5,932</u> | <u>1</u> |
| Excess (Deficiency) of Revenues over Expenditures | (784) | (790) | (787) | 3 |
| Net Changes in Fund Balances (Deficits) | (784) | (790) | (787) | 3 |
| Fund Balances, July 1, 2006 | <u>9,218</u> | <u>9,218</u> | <u>9,218</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 8,434</u> | <u>\$ 8,428</u> | <u>\$ 8,431</u> | <u>\$ 3</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 5,145

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 5,932

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | COMMUNITY DEVELOPMENT | | | |
|--|------------------------------|-------------------------|--|---------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUES: | | | | |
| Revenues from Use of Money and Property | \$ | \$ 5 | \$ 12 | \$ 7 |
| Aid from Other Governmental Agencies | 22,865 | 23,115 | 7,061 | (16,054) |
| Charges for Current Services | 3 | 2 | | (2) |
| Other Revenues | 1,155 | 1,155 | 797 | (358) |
| Total Revenues | <u>24,023</u> | <u>24,277</u> | <u>7,870</u> | <u>(16,407)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Assistance | | | | |
| Services & Supplies | 21,089 | 21,527 | 7,899 | 13,628 |
| Appropriation for Contingencies | 2,779 | 3,217 | | 3,217 |
| Total Expenditures | <u>23,868</u> | <u>24,744</u> | <u>7,899</u> | <u>16,845</u> |
| Excess(Deficiency) of Revenues over Expenditures | 155 | (467) | (29) | (438) |
| Net Changes in Fund Balances (Deficits) | 155 | (467) | (29) | 438 |
| Fund Balances, July 1, 2006 | 529 | 529 | 529 | |
| Fund Balances, June 30, 2007 | <u>\$ 684</u> | <u>\$ 62</u> | <u>\$ 500</u> | <u>\$ 438</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 7,870

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 7,899

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (34)

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 7,865

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | COUNTY SERVICE AREAS | | | |
|---|-----------------------------|-------------------------|--|---------------------------------------|
| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
| REVENUES: | | | | |
| Taxes | \$ 2,388 | \$ 2,448 | \$ 2,662 | \$ 214 |
| Fines, Forfeitures and Penalties | | | 24 | 24 |
| Revenues from Use of Money and Property | 155 | 155 | 446 | 291 |
| Charges for Current Services | | | 3 | 3 |
| Other Revenues | 210 | 210 | 98 | (112) |
| Total Revenues | 2,753 | 2,813 | 3,233 | 420 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Protection | | | | |
| Services & Supplies | 53 | 34 | 34 | |
| Other Charges | 1 | 1 | | 1 |
| Appropriation for Contingencies | 10 | 10 | | 10 |
| Total Public Protection | 64 | 45 | 34 | 11 |
| Health and Sanitation | | | | |
| Services & Supplies | 929 | 755 | 755 | |
| Other Charges | 8 | 4 | 4 | |
| Capital Assets | 50 | | | |
| Appropriation for Contingencies | 53 | 56 | | 56 |
| Total Health and Sanitation | 1,040 | 815 | 759 | 56 |
| Public Ways and Facilities | | | | |
| Services & Supplies | 2,497 | 1,844 | 1,843 | 1 |
| Other Charges | 34 | 16 | 16 | |
| Appropriation for Contingencies | 244 | 255 | | 255 |
| Total Public Ways and Facilities | 2,775 | 2,115 | 1,859 | 256 |
| Total Expenditures | 3,879 | 2,975 | 2,652 | 323 |
| Excess (Deficiency) of Revenues over Expenditures | (1,126) | (162) | 581 | 743 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Operating Transfers Out | | | (16) | 16 |
| Total Other Financing Sources (Uses) | | | (16) | 16 |
| Net Changes in Fund Balances (Deficits) | (1,126) | (162) | 565 | 727 |
| Fund Balances, July 1, 2006 | 6,089 | 6,089 | 6,089 | |
| Fund Balances, June 30, 2007 | <u>\$ 4,963</u> | <u>\$ 5,927</u> | <u>\$ 6,654</u> | <u>\$ 727</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 3,233

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 2,652

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| EMERGENCY MEDICAL SERVICES | | | | |
|---|----------------------------|-------------------------|--|---------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUES: | | | | |
| Fines, Forfeitures and Penalties | \$ 2,008 | \$ 2,008 | \$ 1,795 | \$ (213) |
| Revenues from Use of Money and Property | 22 | 22 | 47 | 25 |
| Aid from Other Governmental Agencies | 204 | 204 | 252 | 48 |
| Other Revenues | | | | |
| Total Revenues | <u>2,234</u> | <u>2,234</u> | <u>2,094</u> | <u>(140)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Health and Sanitation Services & Supplies | <u>2,284</u> | <u>2,284</u> | <u>1,835</u> | <u>449</u> |
| Total Expenditures | <u>2,284</u> | <u>2,284</u> | <u>1,835</u> | <u>449</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(50)</u> | <u>(50)</u> | <u>259</u> | <u>309</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers Out | <u>(622)</u> | <u>(622)</u> | <u>(409)</u> | <u>213</u> |
| Total Other Financing Uses | <u>(622)</u> | <u>(622)</u> | <u>(409)</u> | <u>213</u> |
| Net Changes in Fund Balances (Deficits) | <u>(672)</u> | <u>(672)</u> | <u>(150)</u> | <u>522</u> |
| Fund Balances, (Deficits) June 30, 2006 | <u>654</u> | <u>654</u> | <u>654</u> | |
| Fund Balances, (Deficits) June 30, 2007 | <u>\$ (18)</u> | <u>\$ (18)</u> | <u>\$ 504</u> | <u>\$ 522</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 2,094

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 1,835

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

LOCAL PUBLIC SAFETY

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Aid from Other Governmental Agencies | \$ 51,741 | \$ 51,741 | \$ 54,907 | \$ 3,166 |
| Total Revenues | <u>51,741</u> | <u>51,741</u> | <u>54,907</u> | <u>3,166</u> |
| Excess of Revenues over Expenditures | <u>51,741</u> | <u>51,741</u> | <u>54,907</u> | <u>3,166</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers Out | <u>(55,042)</u> | <u>(55,042)</u> | <u>(54,246)</u> | <u>796</u> |
| Total Other Financing Uses | <u>(55,042)</u> | <u>(55,042)</u> | <u>(54,246)</u> | <u>796</u> |
| Net Changes in Fund Balances (Deficits) | (3,301) | (3,301) | 661 | 3,962 |
| Fund Balances,(Deficits) July 1, 2006 | <u>3,061</u> | <u>3,061</u> | <u>3,061</u> | |
| Fund Balances,(Deficits) July 1, 2007 | <u><u>\$ (240)</u></u> | <u><u>\$ (240)</u></u> | <u><u>\$ 3,722</u></u> | <u><u>\$ 3,962</u></u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 54,907

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | PLANNED LOCAL DRAINAGE | | | |
|---|-------------------------------|-------------------------|--|---------------------------------------|
| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
| REVENUES: | | | | |
| Licenses, Permits and Franchises | \$ | \$ | \$ 93 | \$ 93 |
| Revenues from Use of Money and Property | | | 60 | 60 |
| Total Revenues | | | <u>153</u> | <u>153</u> |
| Excess of Revenues over Expenditures | | | <u>153</u> | <u>153</u> |
| Net Changes in Fund Balances | | | 153 | 153 |
| Fund Balances, July 1, 2006 | <u>809</u> | <u>809</u> | <u>809</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 809</u> | <u>\$ 809</u> | <u>\$ 962</u> | <u>\$ 153</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 153

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

AUTOMATED COUNTY WARRANT SYSTEM

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Fines, Forfeitures and Penalties | \$ 100 | \$ 100 | \$ 90 | \$ (10) |
| Revenues from use of money and property | | | 1 | |
| Total Revenues | <u>100</u> | <u>100</u> | <u>91</u> | <u>(10)</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>100</u> | <u>100</u> | <u>91</u> | <u>(9)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers Out | <u>(110)</u> | <u>(110)</u> | <u>(109)</u> | <u>1</u> |
| Total Other Financing Uses | <u>(110)</u> | <u>(110)</u> | <u>(109)</u> | <u>1</u> |
| Net Changes in Fund Balances | (10) | (10) | (18) | (8) |
| Fund Balances,(Deficits) July 1, 2006 | <u>27</u> | <u>27</u> | <u>27</u> | |
| Fund Balances,(Deficits) July 1, 2007 | <u>\$ 17</u> | <u>\$ 17</u> | <u>\$ 9</u> | <u>\$ (8)</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

\$ 91

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | CRIMINAL JUSTICE FACILITY | | | |
|---|----------------------------------|-------------------------|--|---------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUES: | | | | |
| Fines, Forfeitures and Penalties | \$ 3,650 | \$ 3,650 | \$ 3,426 | \$ (224) |
| Total Revenues | <u>3,650</u> | <u>3,650</u> | <u>3,426</u> | <u>(224)</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>3,650</u> | <u>3,650</u> | <u>3,426</u> | <u>(224)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers Out | <u>(3,957)</u> | <u>(3,957)</u> | <u>(3,390)</u> | <u>567</u> |
| Total Other Financing Sources (Uses) | <u>(3,957)</u> | <u>(3,957)</u> | <u>(3,390)</u> | <u>567</u> |
| Net Changes in Fund Balances (Deficits) | (307) | (307) | 36 | 343 |
| Fund Balances, July 1, 2006 | <u>308</u> | <u>308</u> | <u>308</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 344</u> | <u>\$ 343</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 3,426

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

JUVENILE JUSTICE FACILITY

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Fines, Forfeitures and Penalties | \$ _____ | \$ _____ | \$ _____ 2 | \$ _____ 2 |
| Total Revenues | _____ | _____ | _____ 2 | _____ 2 |
| Excess of Revenues over Expenditures | _____ | _____ | _____ 2 | _____ 2 |
| Net Changes in Fund Balances | | | 2 | 2 |
| Fund Balances, July 1, 2006 | _____ 3 | _____ 3 | _____ 3 | _____ |
| Fund Balances, June 30, 2007 | \$ _____ 3 | \$ _____ 3 | \$ _____ 5 | \$ _____ 2 |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ _____ 2

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ _____

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | COURT CONSTRUCTION | | | |
|---|----------------------------|-------------------------|--|---------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUES: | | | | |
| Fines, Forfeitures and Penalties | \$ 47 | \$ 47 | \$ 71 | \$ 24 |
| Revenues from Use of Money and Property | | | 2 | 2 |
| Total Revenues | <u>47</u> | <u>47</u> | <u>73</u> | <u>26</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Protection | | | | |
| Total Expenditures | | | | |
| Excess of Revenues over Expenditures | <u>47</u> | <u>47</u> | <u>73</u> | <u>26</u> |
| Net Changes in Fund Balances | 47 | 47 | 73 | 26 |
| Fund Balances, July 1, 2006 | <u>125</u> | <u>125</u> | <u>125</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 172</u> | <u>\$ 172</u> | <u>\$ 198</u> | <u>\$ 26</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 73

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | AUTOMATED FINGERPRINT | | | |
|---|------------------------------|-------------------------|--|---------------------------------------|
| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
| REVENUES: | | | | |
| Fines, Forfeitures and Penalties | \$ 354 | \$ 354 | \$ 332 | \$ (22) |
| Revenues from Use of Money and Property | | | 78 | 78 |
| Total Revenues | <u>354</u> | <u>354</u> | <u>410</u> | <u>56</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>354</u> | <u>354</u> | <u>410</u> | <u>56</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers Out | <u>(200)</u> | <u>(200)</u> | <u>(267)</u> | <u>(67)</u> |
| Total Other Financing Sources (Uses) | <u>(200)</u> | <u>(200)</u> | <u>(267)</u> | <u>(67)</u> |
| Net Changes in Fund Balances | 154 | 154 | 143 | (11) |
| Fund Balances, July 1, 2006 | <u>1,022</u> | <u>1,022</u> | <u>1,022</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 1,176</u> | <u>\$ 1,176</u> | <u>\$ 1,165</u> | <u>\$ (11)</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 410

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| DOMESTIC VIOLENCE | | | | |
|---|----------------------------|-------------------------|--|---------------------------------------|
| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
| REVENUES: | | | | |
| Licenses, Permits and Franchises | \$ 120 | \$ 120 | \$ 109 | \$ (11) |
| Fines, Forfeitures and Penalties | 15 | 15 | 94 | 79 |
| Revenues from Use of Money and Property | | | 2 | 2 |
| Total Revenues | 135 | 135 | 205 | 70 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Protection | | | 3 | (3) |
| Other Charges | | | | |
| Total Expenditures | | | 3 | (3) |
| Excess of Revenues over Expenditures | 135 | 135 | 202 | 67 |
| OTHER FINANCING USES: | | | | |
| Transfers Out | (140) | (140) | (140) | |
| Total Other Financing Uses | (140) | (140) | (140) | |
| Net Changes in Fund Balances (Deficits) | (5) | (5) | 62 | 67 |
| Fund Balances, July 1, 2006 | 115 | 115 | 115 | |
| Fund Balances, June 30, 2007 | <u>\$ 110</u> | <u>\$ 110</u> | <u>\$ 177</u> | <u>\$ 67</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

| | |
|---|---------------|
| Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | \$ <u>205</u> |
|---|---------------|

Expenditures

| | |
|---|------|
| Actual amount budgetary basis from the budgetary comparison schedule | \$ 3 |
| Differences - Budget to GAAP | (3) |
| Encumbrances for supplies and services ordered but not received within the recognition period | |

| | |
|---|----------------------|
| Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | \$ <u> </u> |
|---|----------------------|

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

RECORDERS FEE

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Revenues from Use of Money and Property | \$ | \$ | \$ 76 | \$ 76 |
| Charges for Current Services | 1,950 | 1,950 | 1,705 | (245) |
| Total Revenues | <u>1,950</u> | <u>1,950</u> | <u>1,781</u> | <u>(169)</u> |
| Excess of Revenues over Expenditures | <u>1,950</u> | <u>1,950</u> | <u>1,781</u> | <u>(169)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | | | 160 | 160 |
| Transfers Out | (1,584) | (1,584) | (1,384) | 200 |
| Total Other Financing Sources (Uses) | <u>(1,584)</u> | <u>(1,584)</u> | <u>(1,224)</u> | <u>360</u> |
| Net Changes in Fund Balances | 366 | 366 | 557 | 191 |
| Fund Balances, July 1, 2006 | <u>3,692</u> | <u>3,692</u> | <u>3,692</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 4,058</u> | <u>\$ 4,058</u> | <u>\$ 4,249</u> | <u>\$ 191</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 1,781

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| MICRO GRAPHICS | | | | |
|--|----------------------------|-------------------------|--|---------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUES: | | | | |
| Revenues from Use of Money and Property | \$ | \$ | \$ 30 | \$ 30 |
| Charges for Current Services | <u>388</u> | <u>388</u> | <u>335</u> | <u>(53)</u> |
| Total Revenues | <u>388</u> | <u>388</u> | <u>365</u> | <u>(23)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Protection | | | 25 | (25) |
| Other Charges | | | | |
| Total Expenditures | | | <u>25</u> | <u>(25)</u> |
| Excess of Revenues over Expenditures | <u>388</u> | <u>388</u> | <u>340</u> | <u>(48)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers Out | <u>(696)</u> | <u>(696)</u> | <u>(696)</u> | |
| Total Other Financing Uses | <u>(696)</u> | <u>(696)</u> | <u>(696)</u> | |
| Net Changes in Fund Deficits | <u>(308)</u> | <u>(308)</u> | <u>(356)</u> | <u>(48)</u> |
| Fund Balances, July 1, 2006 | <u>1,068</u> | <u>1,068</u> | <u>1,068</u> | |
| Fund Balances,(Deficits) July 1, 2007 | <u>\$ 760</u> | <u>\$ 760</u> | <u>\$ 712</u> | <u>\$ (48)</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 365

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 25
Differences - Budget to GAAP (25)

Encumbrances for supplies and services ordered but not received within the recognition period

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ _____

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | RANGE IMPROVEMENT | | | |
|---|----------------------------|-------------------------|--|---------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUES: | | | | |
| Revenues from Use of Money and Property | \$ 2 | \$ 2 | \$ 6 | \$ 4 |
| Aid from Other Governmental Agencies | <u>10</u> | <u>10</u> | <u>12</u> | <u>2</u> |
| Total Revenues | <u>12</u> | <u>12</u> | <u>18</u> | <u>6</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Protection Services & Supplies | <u>72</u> | <u>72</u> | <u>12</u> | <u>60</u> |
| Total Expenditures | <u>72</u> | <u>72</u> | <u>12</u> | <u>60</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(60)</u> | <u>(60)</u> | <u>6</u> | <u>66</u> |
| Net Changes in Fund Balances (Deficits) | (60) | (60) | 6 | 66 |
| Fund Balances, July 1, 2006 | <u>74</u> | <u>74</u> | <u>74</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 14</u> | <u>\$ 14</u> | <u>\$ 80</u> | <u>\$ 66</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 18

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 12

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

WILDLIFE RESOURCES

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Fines, Forfeitures and Penalties | \$ 22 | \$ 22 | \$ 14 | \$ (8) |
| Revenues from Use of Money and Property | | | 1 | 1 |
| Other Revenues | | | | |
| Total Revenues | <u>22</u> | <u>22</u> | <u>15</u> | <u>(7)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public Protection | | | | |
| Services & Supplies | 4 | 4 | | 4 |
| Other Charges | 22 | 22 | 16 | 6 |
| Total Expenditures | <u>26</u> | <u>26</u> | <u>16</u> | <u>10</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(4)</u> | <u>(4)</u> | <u>(1)</u> | <u>3</u> |
| Net Changes in Fund Balances (Deficits) | (4) | (4) | (1) | 3 |
| Fund Balances, July 1, 2006 | <u>51</u> | <u>51</u> | <u>51</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 47</u> | <u>\$ 47</u> | <u>\$ 50</u> | <u>\$ 3</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 15

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 16
 Differences - Budget to GAAP (8)
 Encumbrances for supplies and services ordered but not received within the recognition period
 Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 8

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

ALCOHOL PROGRAM

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Fines, Forfeitures and Penalties | \$ 146 | \$ 146 | \$ 139 | \$ (7) |
| Revenues from Use of Money and Property | | | 21 | 21 |
| Total Revenues | <u>146</u> | <u>146</u> | <u>160</u> | <u>14</u> |
| Excess of Revenues over Expenditures | <u>146</u> | <u>146</u> | <u>160</u> | <u>14</u> |
| OTHER FINANCING USES: | | | | |
| Transfers Out | <u>(90)</u> | <u>(90)</u> | <u>(90)</u> | |
| Total Other Financing Uses | <u>(90)</u> | <u>(90)</u> | <u>(90)</u> | |
| Net Changes in Fund Balances | 56 | 56 | 70 | 14 |
| Fund Balances, July 1, 2006 | <u>296</u> | <u>296</u> | <u>296</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 352</u> | <u>\$ 352</u> | <u>\$ 366</u> | <u>\$ 14</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 160

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

ALCOHOL ABUSE

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Fines, Forfeitures and Penalties | \$ 131 | \$ 131 | \$ 117 | \$ (14) |
| Revenues from Use of Money and Property | | | 1 | 1 |
| Total Revenues | <u>131</u> | <u>131</u> | <u>118</u> | <u>(13)</u> |
| Excess of Revenues over Expenditures | <u>131</u> | <u>131</u> | <u>118</u> | <u>(13)</u> |
| OTHER FINANCING USES: | | | | |
| Transfers Out | <u>(78)</u> | <u>(78)</u> | <u>(114)</u> | <u>(36)</u> |
| Total Other Financing Uses | <u>(78)</u> | <u>(78)</u> | <u>(114)</u> | <u>(36)</u> |
| Net Changes in Fund Balances (Deficits) | 53 | 53 | 4 | (49) |
| Fund Balances, July 1, 2006 | <u>12</u> | <u>12</u> | <u>12</u> | |
| Fund Balances,(Deficits) July 1, 2007 | <u>\$ 65</u> | <u>\$ 65</u> | <u>\$ 16</u> | <u>\$ (49)</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 118

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

DRUG PROGRAM

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Fines, Forfeitures and Penalties | \$ 11 | \$ 11 | \$ 47 | \$ 36 |
| Revenues from Use of Money and Property | | | 14 | 14 |
| Total Revenues | <u>11</u> | <u>11</u> | <u>61</u> | <u>50</u> |
| | | | | |
| Excess of Revenues over Expenditures | <u>11</u> | <u>11</u> | <u>61</u> | <u>50</u> |
| OTHER FINANCING USES: | | | | |
| Transfers Out | <u>(22)</u> | <u>(22)</u> | <u>(22)</u> | |
| Total Other Financing Uses | <u>(22)</u> | <u>(22)</u> | <u>(22)</u> | |
| | | | | |
| Net Changes in Fund Balances (Deficits) | (11) | (11) | 39 | 50 |
| Fund Balances, July 1, 2006 | <u>195</u> | <u>195</u> | <u>195</u> | |
| Fund Balances, June 30, 2007 | <u>\$ 184</u> | <u>\$ 184</u> | <u>\$ 234</u> | <u>\$ 50</u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 61

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

LITTER CLEANUP

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Fines, Forfeitures and Penalties | \$ 5 | \$ 5 | \$ 4 | \$ (1) |
| Total Revenues | <u>5</u> | <u>5</u> | <u>4</u> | <u>(1)</u> |
| Excess of Revenues over Expenditures | <u>5</u> | <u>5</u> | <u>4</u> | <u>(1)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers Out | <u>(5)</u> | <u>(5)</u> | <u>(4)</u> | <u>1</u> |
| Total Other Financing Uses | <u>(5)</u> | <u>(5)</u> | <u>(4)</u> | <u>1</u> |
| Net Changes in Fund Balances | | | | |
| Fund Balances, July 1, 2006 | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Fund Balances, June 30, 2007 | <u>\$ </u> | <u>\$ </u> | <u>\$ </u> | <u>\$ </u> |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 4

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$



NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS DESCRIPTIONS

The capital projects funds serve as depositories for revenues received from the sale of real property and such other revenue as designated by the Board of Supervisors. The Board of Supervisors generally appropriates these funds for capital outlay.

Master Lease - This fund accounts for proceeds from the Master Lease financing for the acquisition and installation of the emergency computer aided dispatch (CAD) system for the Sheriff and Fire departments, and the Sheriff's Lerdo Facility retrofitting and the election voting system for the Elections Department.

Accumulated Capital Outlay - Road - This fund accounts for proceeds from the sale of real property, which are used for capital outlay purposes.

Separation of Grade – This fund accounts for the proceeds from various participating entities such as the State of California, City of Bakersfield, and Union Pacific Railroad for the Oak Creek and Calloway Road Separation of Grade construction projects.

**COUNTY OF KERN
 COMBINING BALANCE SHEET
 NON-MAJOR CAPITAL PROJECT FUNDS
 JUNE 30, 2007 (IN THOUSANDS)**

| | <u>TOTAL</u> | <u>MASTER LEASE</u> | <u>CERTIFICATES OF PARTICIPATION</u> | <u>SEPARATION OF GRADE</u> |
|---|-----------------|-------------------------|--|--------------------------------|
| <u>ASSETS</u> | | | | |
| Pooled Cash and Investments | \$ 7,047 | \$ | \$ | \$ 7,047 |
| Interest Receivable | <u>101</u> | <u></u> | <u></u> | <u>101</u> |
| Total Assets | <u>\$ 7,148</u> | <u>\$</u> | <u>\$</u> | <u>\$ 7,148</u> |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ | \$ | \$ | \$ |
| Total Liabilities | <u></u> | <u></u> | <u></u> | <u></u> |
| Fund Balances: | | | | |
| Unreserved: | | | | |
| Undesignated | <u>7,148</u> | <u></u> | <u></u> | <u>7,148</u> |
| Total Fund Balances | <u>7,148</u> | <u></u> | <u></u> | <u>7,148</u> |
| Total Liabilities and Fund Balances | <u>\$ 7,148</u> | <u>\$</u> | <u>\$</u> | <u>\$ 7,148</u> |

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (DEFICITS)
NON-MAJOR CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>TOTAL</u> | <u>MASTER LEASE</u> | <u>CERTIFICATES OF PARTICIPATION</u> | <u>SEPARATION OF GRADE</u> |
|---|-----------------|-------------------------|--|--------------------------------|
| REVENUES: | | | | |
| Revenues From Use of Money | \$ 277 | \$ | \$ | \$ 277 |
| Aid From Other Governments | 2,278 | 2,278 | | |
| Other Revenues | 6,001 | | | 6,001 |
| Total Revenues | 8,556 | 2,278 | | 6,278 |
| EXPENDITURES: | | | | |
| Capital Outlay | 2,131 | | | 2,131 |
| Total Expenditures | 2,131 | | | 2,131 |
| Excess (Deficiency) of Revenues over Expenditures | 6,425 | 2,278 | | 4,147 |
| OTHER FINANCING: | | | | |
| Transfers Out | (2,121) | (2,121) | | |
| Total Other Financing Sources | (2,121) | (2,121) | | |
| Net Changes In Fund Balances | 4,304 | 157 | | 4,147 |
| Fund Balances (Deficits), July 1, 2006 | 2,829 | (157) | (15) | 3,001 |
| Prior Period Adjustment | 15 | | 15 | |
| Fund Balances, June 30, 2007 | \$ 7,148 | \$ | \$ | \$ 7,148 |

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 TOBACCO SECURITIZATION PROCEEDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Revenues from Use of Money and Property | \$ _____ | \$ _____ | \$ 2,061 | \$ 2,061 |
| Total Revenues | _____ | _____ | 2,061 | 2,061 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General Government | | | | |
| Capital Outlay | _____ | 33,867 | 147 | 33,720 |
| Total Expenditures | _____ | 34,127 | 147 | 33,460 |
| Excess (Deficiency) of Revenues over Expenditures | _____ | (34,127) | 1,914 | 36,041 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers Out | _____ | _____ | (750) | (750) |
| Total Other Financing Uses | _____ | _____ | (750) | (750) |
| Net Changes in Fund Balances (Deficits) | | (34,127) | 1,164 | 35,291 |
| Fund Balances, July 1, 2005 | _____ | 54,250 | 54,250 | _____ |
| Fund Balances, June 30, 2006 | \$ _____ | \$ 20,123 | \$ 55,414 | \$ 35,291 |

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

| | |
|---|-----------------|
| Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | \$ <u>2,061</u> |
|---|-----------------|

Expenditures

| | |
|---|---------------|
| Actual amount budgetary basis from the budgetary comparison schedule | \$ 147 |
| Differences - Budget to GAAP | |
| Capital Outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources | <u>(6)</u> |
| Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances | \$ <u>141</u> |

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR CAPITAL PROJECT FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | MASTER LEASE | | | |
|---|----------------------------|-------------------------|--|---------------------------------------|
| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
| REVENUES: | | | | |
| Revenues From Use of Money | \$ | \$ | \$ | \$ |
| Aid From Other Governments | | | 2,278 | 2,278 |
| Other Revenues | | | | |
| Total Revenues | | | <u>2,278</u> | <u>2,278</u> |
| EXPENDITURES: | | | | |
| General Government | | | | |
| Capital Outlay | 8,669 | 8,669 | | 8,669 |
| Total Expenditures | <u>8,669</u> | <u>8,669</u> | | <u>8,669</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(8,669)</u> | <u>(8,669)</u> | <u>2,278</u> | <u>10,947</u> |
| Net Changes in Fund Balances (Deficits) | (8,669) | (8,669) | 2,278 | 10,947 |
| Fund Deficits, July 1, 2006 | (157) | (157) | (157) | |
| Fund Balance (Deficits,) June 30, 2007 | <u>\$ (8,826)</u> | <u>\$ (8,826)</u> | <u>\$ 2,121</u> | <u>\$ 10,947</u> |

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR CAPITAL PROJECT FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | SEPARATION OF GRADE | | | |
|---|----------------------------|-------------------------|--|---------------------------------------|
| | Original Budget | Final Budget | Actual on Budgetary Basis | Variance with Final Budget |
| REVENUES: | | | | |
| Revenues From Use of Money | \$ | \$ | \$ 277 | \$ 277 |
| Aid From Other Governments | 19,336 | 19,336 | 6,001 | (13,336) |
| Other Revenues | 2,572 | 2,572 | | (2,572) |
| Total Revenues | 21,908 | 21,908 | 6,278 | (15,631) |
| EXPENDITURES: | | | | |
| General Government | | | | |
| Capital Outlay | 24,909 | 24,909 | 2,131 | 22,778 |
| Total Expenditures | 24,909 | 24,909 | 2,131 | 22,778 |
| Excess (Deficiency) of Revenues over Expenditures | (3,001) | (3,001) | 4,147 | 7,148 |
| Net Changes in Fund Balances (Deficits) | (3,001) | (3,001) | 4,147 | 7,148 |
| Fund Balance July 1, 2006 | 3,001 | 3,001 | 3,001 | |
| Fund Balances June 30, 2007 | \$ | \$ | \$ 7,148 | \$ 7,148 |

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS DESCRIPTIONS

Debt service funds account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

Accumulated Capital Outlay - General and Accumulated Capital Outlay - Fire - These funds provide the funding of lease payments, consisting of both interest and principal, on the Certificates of Participation issued by the County to finance the construction of various County facilities.

County of Kern Tobacco Funding Corporation - This is a nonprofit public benefit corporation established to insure and otherwise protect against the risk of a substantial decline in tobacco revenues and to assure a source of funding for County programs.

County of Kern Asset Leasing - This is a nonprofit public benefit corporation established to assist the County of Kern by acquiring equipment and facilities financed from the proceeds of borrowings and leasing such equipment and facilities to the County.

Pension Obligation Bond Trustee – This fund administers the debt service payments related to the County's Pension Obligation Bond.

Public Health Facility Loan Trustee – This fund administers the debt service payments related to the public health facility loan.

**COUNTY OF KERN
 COMBINING BALANCE SHEET
 NON-MAJOR DEBT SERVICE FUNDS
 JUNE 30, 2007 (IN THOUSANDS)**

| | <u>TOTAL</u> | <u>ACCUMULATIVE CAPITAL OUTLAY GENERAL</u> | <u>ACCUMULATIVE CAPITAL OUTLAY FIRE</u> | <u>KERN COUNTY TOBACCO FUNDING CORP.</u> |
|---|------------------|--|---|--|
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 7,225 | \$ 6,987 | \$ 238 | |
| Cash and Investments Deposited with Trustee | 15,238 | | | 10,936 |
| Interest Receivable | 95 | 92 | 3 | |
| Advances to Other Funds | 6,986 | 6,986 | | |
| Total Assets | <u>\$ 29,544</u> | <u>\$ 14,065</u> | <u>\$ 241</u> | <u>\$ 10,936</u> |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ _____ | \$ _____ | \$ _____ | \$ _____ |
| Total Liabilities | _____ | _____ | _____ | _____ |
| Fund Balances: | | | | |
| Reserved | 29,544 | 14,065 | 241 | 10,936 |
| Total Fund Balances | <u>29,544</u> | <u>14,065</u> | <u>241</u> | <u>10,936</u> |
| Total Liabilities and Fund Balances | <u>\$ 29,544</u> | <u>\$ 14,065</u> | <u>\$ 241</u> | <u>\$ 10,936</u> |

| KERN ASSET LEASING | PENSION OBLIGATION BOND TRUSTEE | PUBLIC HEALTH FACILITY LOAN TRUSTEE |
|-------------------------------|--|--|
| \$ 3,994 | \$ 308 | \$ |
| <u>\$ 3,994</u> | <u>\$ 308</u> | <u>\$</u> |
| \$ | \$ | \$ |
| <u>3,994</u> | <u>308</u> | <u></u> |
| <u>3,994</u> | <u>308</u> | <u></u> |
| <u>\$ 3,994</u> | <u>\$ 308</u> | <u>\$</u> |

ASSETS

Pooled Cash and Investments
Cash and Investments Deposited with Trustee
Interest Receivable
Advances to Other Funds

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities:
Accounts Payable

Total Liabilities

Fund Balances:
Reserved

Total Fund Balances

Total Liabilities and Fund Balances

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>TOTAL</u> | <u>ACCUMULATIVE CAPITAL OUTLAY GENERAL</u> | <u>ACCUMULATIVE CAPITAL OUTLAY FIRE</u> | <u>KERN COUNTY TOBACCO FUNDING CORP.</u> |
|---|------------------|--|---|--|
| REVENUES: | | | | |
| Revenues from Use of Money and Property | \$ 1,633 | \$ 934 | \$ 16 | \$ 479 |
| Tobacco Settlement | 6,871 | | | 6,871 |
| Other Revenues | 28,713 | | | |
| Total Revenues | <u>37,217</u> | <u>934</u> | <u>16</u> | <u>7,350</u> |
| EXPENDITURES: | | | | |
| General Government | 28 | | | 28 |
| Debt Service: | | | | |
| Principal | 11,790 | | | 1,150 |
| Interest | 28,580 | | | 6,295 |
| Total Expenditures | <u>40,398</u> | | | <u>7,473</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>(3,181)</u> | <u>934</u> | <u>16</u> | <u>(123)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer In | 4,354 | | | |
| Transfer Out | (200) | | | |
| Total Other Financing Sources (Uses) | <u>4,154</u> | | | |
| Net Changes in Fund Balances | <u>973</u> | <u>934</u> | <u>16</u> | <u>(123)</u> |
| Fund Balances, July 1, 2006 | <u>28,571</u> | <u>13,131</u> | <u>225</u> | <u>11,059</u> |
| Fund Balances, June 30, 2007 | <u>\$ 29,544</u> | <u>\$ 14,065</u> | <u>\$ 241</u> | <u>\$ 10,936</u> |

| <u>KERN ASSET LEASING</u> | <u>PENSION OBLIGATION BOND TRUSTEE</u> | <u>PUBLIC HEALTH FACILITY LOAN TRUSTEE</u> | |
|-------------------------------|--|--|---|
| \$ 204 | \$ | \$ | REVENUES: |
| | <u>28,713</u> | | Revenues from Use of Money and Property |
| | | | Tobacco Settlement |
| <u>204</u> | <u>28,713</u> | | Other Revenues |
| | | | Total Revenues |
| | | | EXPENDITURES: |
| 2,460 | 7,100 | 1,080 | General Government |
| 810 | <u>21,173</u> | <u>302</u> | Debt Service: |
| | | | Principal |
| | | | Interest |
| <u>3,270</u> | <u>28,273</u> | <u>1,382</u> | Total Expenditures |
| <u>(3,066)</u> | <u>440</u> | <u>(1,382)</u> | Excess (Deficiency) of Revenues over Expenditures |
| 2,972 | | 1,382 | OTHER FINANCING SOURCES (USES): |
| <u>(2)</u> | <u>(198)</u> | | Transfer In |
| | | | Transfer Out |
| <u>2,970</u> | <u>(198)</u> | <u>1,382</u> | Total Other Financing Sources (Uses) |
| <u>(96)</u> | <u>242</u> | | Net Changes in Fund Balances |
| <u>4,090</u> | <u>66</u> | | Fund Balances, July 1, 2006 |
| <u>\$ 3,994</u> | <u>\$ 308</u> | <u>\$</u> | Fund Balances, June 30, 2007 |

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

ACCUMULATIVE CAPITAL OUTLAY - GENERAL

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Revenues from Use of Money or Property | \$ | \$ | \$ 934 | \$ 934 |
| Total Revenues | <u> </u> | <u> </u> | <u>934</u> | <u>934</u> |
| EXPENDITURES: | | | | |
| General Government | | | | |
| Services and Supplies | 677 | | | |
| Appropriation for Contingencies | 1,500 | | | |
| Total Expenditures | <u>2,177</u> | | | |
| Excess (Deficiency) of Revenues over Expenditures | <u>(2,177)</u> | | 934 | 934 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers In | | | | |
| Transfers Out | (9,946) | | | |
| Total Other Financing Sources (Uses) | <u>(9,946)</u> | | | |
| Net Changes in Fund Balances (Deficits) | (12,123) | | 934 | 934 |
| Fund Balances, July 1, 2006 | <u>13,131</u> | <u>13,131</u> | <u>13,131</u> | |
| Fund Balances (Deficits), June 30, 2007 | <u>\$ 1,009</u> | <u>\$ 13,131</u> | <u>\$ 14,065</u> | <u>\$ 934</u> |

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

ACCUMULATIVE CAPITAL OUTLAY - FIRE

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual on Budgetary Basis</u> | <u>Variance with Final Budget</u> |
|---|----------------------------|-------------------------|--|---------------------------------------|
| REVENUES: | | | | |
| Revenues from Use of Money or Property | \$ | \$ | \$ 16 | \$ 16 |
| Total Revenues | | | 16 | 16 |
| EXPENDITURES: | | | | |
| Public Protection | | | | |
| Services and Supplies | 111 | | | |
| Appropriation for Contingencies | 200 | | | |
| Total Expenditures | 311 | | | |
| Excess (Deficiency) of Revenues over Expenditures | (311) | | 16 | 16 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfer In | | | | |
| Transfers Out | (1,624) | | | |
| Total Other Financing Sources (Uses) | (1,624) | | | |
| Net Changes in Fund Balances (Deficits) | (1,934) | | 16 | 16 |
| Fund Balances, July 1, 2006 | 225 | 225 | 225 | |
| Fund Balances (Deficits), June 30, 2007 | \$ (1,710) | \$ 225 | \$ 241 | \$ 16 |





**NON-MAJOR
ENTERPRISE FUNDS**



NON-MAJOR ENTERPRISE FUNDS

FUNDS DESCRIPTIONS

Enterprise funds are used to account for operations: (a) that are financed and operated in a similar manner to private business (where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges) or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

County Sanitation Districts - These funds consist of two sanitation districts, Kern Sanitation Authority and Ford City-Taft Heights. These funds are administered by the Waste Management Department, which is responsible for the planning, design, construction, operations, and maintenance of the County's sanitation districts.

Golf Course - This fund is used to finance new capital improvements and replace existing capital improvements as necessary. Revenues are generated primarily from a percentage of user fees collected by lessee.

Public Transportation - This fund is administered by the Roads Department and provides for the planning, development and management of public transportation for intercity routes and unincorporated areas of Kern County.

Universal Collection - This fund is administered by the Waste Management Department and segregates the revenues and expenses related to waste pick-up and disposal within the universal collection area that encompasses the more densely populated unincorporated areas of metropolitan Bakersfield, South Taft and Lost Hills.

**COUNTY OF KERN
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2007 (IN THOUSANDS)**

| | TOTAL | COUNTY SANITATION DISTRICTS | GOLF COURSE | PUBLIC TRANSPORTATION | UNIVERSAL COLLECTION |
|---|------------------|--|------------------------|----------------------------------|---------------------------------|
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Pooled Cash and Investments | \$ 13,171 | \$ 7,050 | \$ 1,592 | \$ 1,122 | \$ 3,407 |
| Interest Receivable | 168 | 90 | 18 | 14 | 46 |
| Accounts Receivable - Net | 14 | 14 | | | |
| Accrued Revenue | 979 | 5 | | 974 | |
| Net Pension Asset | 125 | | | 125 | |
| Total Current Assets | 14,457 | 7,159 | 1,610 | 2,235 | 3,453 |
| Non-Current Assets: | | | | | |
| Cash and Investments Deposited with Trustee | 719 | | 719 | | |
| Taxes Receivable - Net | 1,978 | 458 | | | 1,520 |
| Investment in Joint Venture | 1,700 | 1,700 | | | |
| Capital Assets: | | | | | |
| Non-Depreciable: | | | | | |
| Land | 668 | 603 | 65 | | |
| Construction In Progress | 1 | 1 | | | |
| Depreciable: | | | | | |
| Structures and Improvements | 15,129 | 8,539 | 6,483 | 107 | |
| Equipment | 8,042 | 870 | | 7,172 | |
| Intangible Assets | 48 | 48 | | | |
| Subsurface Lines | 7,841 | 7,841 | | | |
| Accumulated Depreciation and Amortization | (14,919) | (8,878) | (1,889) | (4,152) | |
| Total Non-Current Assets | 21,207 | 11,182 | 5,378 | 3,127 | 1,520 |
| Total Assets | 35,664 | 18,341 | 6,988 | 5,362 | 4,973 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts Payable | 1,158 | 510 | 71 | 577 | |
| Salaries and Employee Benefits Payable | 69 | 54 | | 15 | |
| Due to Other Funds | 1 | 1 | | | |
| Current Portion of Long Term Debt | 241 | | 235 | 6 | |
| Interest Payable - Current | 44 | | 40 | 4 | |
| Compensated Absences - Current | 5 | | | 5 | |
| Deferred Income | 1,320 | | | 1,320 | |
| Total Current Liabilities | 2,838 | 565 | 346 | 1,927 | |
| Non-Current Liabilities: | | | | | |
| Advances Payable | 2,500 | | | | 2,500 |
| Compensated Absences Payable | 15 | | | 15 | |
| Long Term Debt - Certificates of Participation | 2,750 | | 2,750 | | |
| Long Term Debt - Pension Obligation Bonds | 243 | | | 243 | |
| Interest Payable - Pension Obligation Bonds | 40 | | | 40 | |
| Total Non-Current Liabilities | 5,548 | | 2,750 | 298 | 2,500 |
| Total Liabilities | 8,386 | 565 | 3,096 | 2,225 | 2,500 |
| NET ASSETS | | | | | |
| Invested in Capital Assets, Net of Related Debt | 13,825 | 9,024 | 1,674 | 3,127 | |
| Restricted | 719 | | 719 | | |
| Unrestricted | 12,734 | 8,752 | 1,499 | 10 | 2,473 |
| Total Net Assets | \$ 27,278 | \$ 17,776 | \$ 3,892 | \$ 3,137 | \$ 2,473 |

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>TOTAL</u> | <u>COUNTY SANITATION DISTRICTS</u> | <u>GOLF COURSE</u> | <u>PUBLIC TRANSPORTATION</u> | <u>UNIVERSAL COLLECTION</u> |
|--|------------------|--|------------------------|----------------------------------|---------------------------------|
| OPERATING REVENUES: | | | | | |
| Charges for Current Services | \$ 6,568 | \$ 690 | \$ 5,274 | \$ 604 | |
| Revenues from Use of Property | 123 | 85 | | 38 | |
| Other Operating Revenues | 3 | 3 | | | |
| Total Operating Revenues | 6,694 | 778 | 5,274 | 642 | |
| OPERATING EXPENSES: | | | | | |
| Salaries and Employee Benefits | 1,347 | 1,063 | | 284 | |
| Services and Supplies | 19,812 | 1,706 | 4,697 | 4,935 | 8,474 |
| Other Charges | 57 | 36 | | 21 | |
| Depreciation | 1,291 | 389 | 148 | 754 | |
| Total Operating Expenses | 22,507 | 3,194 | 4,845 | 5,994 | 8,474 |
| Operating Income (Loss) | (15,813) | (2,416) | 429 | (5,352) | (8,474) |
| NON-OPERATING REVENUES (EXPENSES): | | | | | |
| Taxes and Assessments | 15,132 | 2,549 | | 3,708 | 8,875 |
| Fines, Forfeitures and Penalties | 137 | 42 | | | 95 |
| Licenses, Permits and Franchises | 12 | 12 | | | |
| Interest on Bank Deposits and Investments | 848 | 445 | 130 | 66 | 207 |
| Aid from Other Governmental Agencies | 1,641 | | | 1,641 | |
| Interest Expense | (305) | | (166) | (19) | (120) |
| Other Non-Operating Revenues | 55 | 38 | | 17 | |
| Gain (Loss) on Sale of Fixed Assets | 1 | | | 1 | |
| Total Non-Operating Revenues (Expenses) | 17,521 | 3,086 | (36) | 5,414 | 9,057 |
| Change in Net Assets | 1,708 | 670 | 393 | 62 | 583 |
| Net Assets, July 1, 2006 | 25,587 | 17,106 | 3,499 | 3,092 | 1,890 |
| Prior Period Adjustments | (17) | | | (17) | |
| Net Assets, June 30, 2007 | \$ 27,278 | \$ 17,776 | \$ 3,892 | \$ 3,137 | \$ 2,473 |

**COUNTY OF KERN
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>TOTAL</u> | <u>COUNTY SANITATION DISTRICTS</u> | <u>GOLF COURSE</u> | <u>PUBLIC TRANSPORTATION</u> | <u>UNIVERSAL COLLECTION</u> |
|--|--------------------|--|------------------------|----------------------------------|---------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Cash Received for Current Services | \$ 6,531 | \$ 615 | \$ 5,274 | \$ 642 | \$ |
| Cash Received for Use of Property | 85 | 85 | | | |
| Cash Received for Other Operations | 39 | 39 | | | |
| Cash Received as Fines, Forfeitures, and Penalties | 137 | 42 | | | 95 |
| Cash Received as Licenses and Permits | 12 | 12 | | | |
| Cash Paid for Salaries and Benefits | (1,338) | (1,060) | | (278) | |
| Cash Paid for Services and Supplies | (19,525) | (1,410) | (4,828) | (4,813) | (8,474) |
| Cash Paid for Interfund Services and Supplies | (233) | (194) | | (39) | |
| Cash Paid for Other Charges | (57) | (36) | | (21) | |
| Net Cash Provided (Used) by Operating Activities | (14,349) | (1,907) | 446 | (4,509) | (8,379) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | | |
| Cash Received From Other Funds | 16 | | | 16 | |
| Payment of Postclosure Liability | | | | | |
| Taxes and Special Assessments | 14,909 | 2,505 | | 3,708 | 8,696 |
| Aid from Other Governmental Agencies | 1,823 | | | 1,823 | |
| Payment of Long Term Debt - Pension Obligation Bond | (4) | | | (4) | |
| Interest Paid | (132) | | | (12) | (120) |
| Net Cash Provided by Non-Capital Financing Activities | 16,612 | 2,505 | | 5,531 | 8,576 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Proceeds from Disposal of Capital Assets | 1 | | | 1 | |
| Acquisition or Construction of Capital Assets | (1,091) | (250) | | (841) | |
| Payment of Long Term Debt - Certificates of Participation | (225) | | (225) | | |
| Interest Paid on Long Term Debt | (169) | | (169) | | |
| Net Cash Used by Capital and Related Financing Activities | (1,484) | (250) | (394) | (840) | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Interest on Bank Deposits and Investments | 883 | 494 | 125 | 66 | 198 |
| Net Cash Provided by Investing Activities | 883 | 494 | 125 | 66 | 198 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,662 | 842 | 177 | 248 | 395 |
| Cash and Cash Equivalents, July 1, 2006 | 12,228 | 6,208 | 2,134 | 874 | 3,012 |
| Cash and Cash Equivalents, June 30, 2007 | \$ 13,890 | \$ 7,050 | \$ 2,311 | \$ 1,122 | \$ 3,407 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | | |
| Operating Income (Loss) | \$ (15,813) | \$ (2,416) | \$ 429 | \$ (5,352) | \$ (8,474) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | | |
| Other Non-Operating Revenues | 116 | 21 | | | 95 |
| Depreciation | 1,291 | 389 | 148 | 754 | |
| Changes in Assets and Liabilities: | | | | | |
| (Increase) Decrease in Accounts Receivable | (6) | (6) | | | |
| (Increase) Decrease in Accrued Revenue | (5) | (5) | | | |
| (Increase) Decrease in Net Pension Asset | 5 | | | 5 | |
| (Increase) Decrease in Investment in Joint Venture | (116) | (116) | | | |
| Increase (Decrease) in Accrued Expenses | 375 | 229 | (131) | 277 | |
| Increase (Decrease) in Due to Others | (200) | (6) | | (194) | |
| Increase (Decrease) in Salaries & Benefits Payable | 4 | 3 | | 1 | |
| Increase (Decrease) in Compensated Absences Payable | | | | | |
| Total Adjustments | 1,464 | 509 | 17 | 843 | 95 |
| Net Cash Provided (Used) by Operating Activities | \$ (14,349) | \$ (1,907) | \$ 446 | \$ (4,509) | \$ (8,379) |

INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS DESCRIPTIONS

Internal service funds accounts for services furnished to other County departments and are financed primarily by charges for such services. Because the internal service funds are separated from the regular County operations, they are free to employ commercial accounting techniques and are often used in situations where a more accurate determination of costs is desired.

General Liability - This fund provides for the funding, administration and operation of a self-insured system to meet the county's legal liability for damages to persons and/or property arising out of the County's general and automotive activities.

General Services - Garage - This fund provides funding for purchase and maintenance service for vehicles assigned operationally to County departments, excluding those departments that maintain and operate their own vehicle fleets (Parks, Fire, Roads, Airports, and Sheriffs Lerdo Facility).

Group Health - This fund provides for the funding, administration and operation of the County employees' health and dental insurance plans. This fund is administered by the County Administrative Office and is financed through charges to the operating departments and special districts enrolled in the program.

Retiree Group Health - This fund provides for the County's contributions to the Retired Employees Health Insurance and the Retiree Premium Support Program.

Unemployment Compensation - This fund provides for the funding, administration, and operation of the Unemployment Compensation Program to meet the County's obligation of providing unemployment benefits to former employees eligible under State law.

Workers' Compensation - This fund provides for the funding, administration and operation of the self-insured system to meet the County's statutory obligation to compensate its employees for work related injuries and illnesses.

**COUNTY OF KERN
COMBINING STATEMENT OF NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS
JUNE 30, 2007 (IN THOUSANDS)**

| | <u>TOTAL</u> | <u>GENERAL LIABILITY</u> | <u>GENERAL SERVICES- GARAGE</u> | <u>GROUP HEALTH</u> |
|---|--------------------|------------------------------|---|-------------------------|
| ASSETS | | | | |
| Current Assets: | | | | |
| Pooled Cash and Investments | \$ 24,136 | \$ 4,269 | \$ 2,304 | \$ 20 |
| Interest Receivable | 335 | 65 | 25 | 5 |
| Accounts Receivable | 2,083 | | | 2,083 |
| Accrued Revenue | 135 | | | |
| Due from Other Funds | 33 | | 33 | |
| Advances Receivable | 5,460 | | | |
| Prepaid Items | 12 | | | |
| Net Pension Asset | 184 | | 184 | |
| Inventory- Materials and Supplies | 70 | | 70 | |
| Total Current Assets | <u>32,448</u> | <u>4,334</u> | <u>2,616</u> | <u>2,108</u> |
| Non-Current Assets: | | | | |
| Deposits with Others | 114 | | | 114 |
| Equipment (Net of Accumulated Depreciation) | 5,080 | | 5,080 | |
| Total Non-Current Assets | <u>5,194</u> | | <u>5,080</u> | <u>114</u> |
| Total Assets | <u>37,642</u> | <u>4,334</u> | <u>7,696</u> | <u>2,222</u> |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 6,058 | | 17 | 6,041 |
| Salaries and Employee Benefits Payable | 33 | | 33 | |
| Advances Payable | 5,460 | | | 5,460 |
| Long Term Debt - Current | 22 | | 22 | |
| Interest Payable - Current | 11 | | 11 | |
| Compensated Absences - Current | 48 | | 48 | |
| Liability for Self-Insurance - Current | 21,951 | 873 | | 5,500 |
| Total Current Liabilities | <u>33,583</u> | <u>873</u> | <u>131</u> | <u>17,001</u> |
| Non-Current Liabilities | | | | |
| Compensated Absences Payable | 41 | | 41 | |
| Liability for Self-Insurance - Long Term | 59,274 | 9,683 | | |
| Interest Payable - Long-term - Pension Obligation Bonds | 150 | | 150 | |
| Long Term Debt - Pension Obligation Bonds | 618 | | 618 | |
| Total Non-Current Liabilities | <u>60,083</u> | <u>9,683</u> | <u>809</u> | |
| Total Liabilities | <u>93,666</u> | <u>10,556</u> | <u>940</u> | <u>17,001</u> |
| NET ASSETS (DEFICITS) | | | | |
| Invested in Capital Assets, Net of Related Debt | 5,080 | | 5,080 | |
| Restricted | 114 | | | 114 |
| Unrestricted | (61,218) | (6,222) | 1,676 | (14,893) |
| Total Net Assets (Deficits) | <u>\$ (56,024)</u> | <u>\$ (6,222)</u> | <u>\$ 6,756</u> | <u>\$ (14,779)</u> |

| RETIREE GROUP HEALTH | UNEMPLOYMENT COMPENSATION | WORKERS' COMPENSATION | ASSETS | |
|-------------------------------------|--------------------------------------|----------------------------------|---|--|
| \$ 13,532 | \$ 844 | \$ 3,167 | Current Assets: | |
| 150 | 15 | 75 | Pooled Cash and Investments | |
| 135 | | | Interest Receivable | |
| 5,460 | | | Accounts Receivable | |
| | | | Accrued Revenue | |
| | | | Due from Other Funds | |
| | | | Advances Receivable | |
| | | 12 | Prepaid Items | |
| | | | Net Pension Asset | |
| | | | Inventory- Materials and Supplies | |
| <u>19,277</u> | <u>859</u> | <u>3,254</u> | Total Current Assets | |
| | | | Non-Current Assets: | |
| | | | Deposits with Others | |
| | | | Equipment (Net of Accumulated Depreciation) | |
| | | | Total Non-Current Assets | |
| <u>19,277</u> | <u>859</u> | <u>3,254</u> | Total Assets | |
| | | | LIABILITIES | |
| | | | Current Liabilities: | |
| | | | Accounts Payable | |
| | | | Salaries and Employee Benefits Payable | |
| | | | Advances Payable | |
| | | | Long Term Debt -Current | |
| | | | Interest Payable - Current | |
| | | | Compensated Absences - Current | |
| | | | Liability for Self-Insurance- Current | |
| | <u>1,235</u> | <u>14,343</u> | Total Current Liabilities | |
| | <u>1,235</u> | <u>14,343</u> | Non-Current Liabilities | |
| | | | Compensated Absences Payable | |
| | | 49,591 | Liability for Self-Insurance- Long Term | |
| | | | Interest Payable - Long-term - Pension Obligation Bonds | |
| | | | Long Term Debt - Pension Obligation Bonds | |
| | | <u>49,591</u> | Total Non-Current Liabilities | |
| | <u>1,235</u> | <u>63,934</u> | Total Liabilities | |
| | | | NET ASSETS (DEFICITS) | |
| | | | Invested in Capital Assets, Net of Related Debt | |
| | | | Restricted | |
| | | | Unrestricted | |
| <u>19,277</u> | <u>(376)</u> | <u>(60,680)</u> | Total Net Assets (Deficits) | |
| \$ <u>19,277</u> | \$ <u>(376)</u> | \$ <u>(60,680)</u> | | |

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>TOTAL</u> | <u>GENERAL LIABILITY</u> | <u>GENERAL SERVICES- GARAGE</u> | <u>GROUP HEALTH</u> |
|--|--------------------|------------------------------|---|-------------------------|
| OPERATING REVENUES: | | | | |
| Charges for Current Services | \$ 132,158 | \$ 4,450 | \$ 2,132 | \$ 101,957 |
| Total Operating Revenues | <u>132,158</u> | <u>4,450</u> | <u>2,132</u> | <u>101,957</u> |
| OPERATING EXPENSES: | | | | |
| Salaries and Employee Benefits | 5,601 | | 675 | |
| Services and Supplies | 15,786 | 3,055 | 680 | 7,362 |
| Claims Incurred | 110,748 | 207 | | 99,462 |
| Other Charges | 971 | 11 | | 213 |
| Depreciation Expense | 666 | | 666 | |
| Total Operating Expenses | <u>133,772</u> | <u>3,273</u> | <u>2,021</u> | <u>107,037</u> |
| Operating Income (Loss) | <u>(1,614)</u> | <u>1,177</u> | <u>111</u> | <u>(5,080)</u> |
| NON-OPERATING REVENUES (EXPENSES): | | | | |
| Interest on Bank Deposits and Investments | 2,418 | 292 | 196 | 29 |
| Other Revenues | 579 | 9 | 83 | 4 |
| Aid from Other Governmental Agencies | 302 | | | |
| Interest Expense | (22) | | (22) | |
| Loss on Sale of Fixed Assets | (127) | | (127) | |
| Total Non-Operating Revenue | <u>3,150</u> | <u>301</u> | <u>130</u> | <u>33</u> |
| Income (Loss) before Transfers | <u>1,536</u> | <u>1,478</u> | <u>241</u> | <u>(5,047)</u> |
| Transfers In | 460 | | 460 | |
| Change in Net Assets (Deficits) | 1,996 | 1,478 | 701 | (5,047) |
| Net Assets (Deficits), July 1, 2006 (as previously reported) | <u>(57,995)</u> | <u>(7,700)</u> | <u>6,080</u> | <u>(9,732)</u> |
| Prior Period Adjustments | (25) | | (25) | |
| Net Assets (Deficits), June 30, 2007 | <u>\$ (56,024)</u> | <u>\$ (6,222)</u> | <u>\$ 6,756</u> | <u>\$ (14,779)</u> |

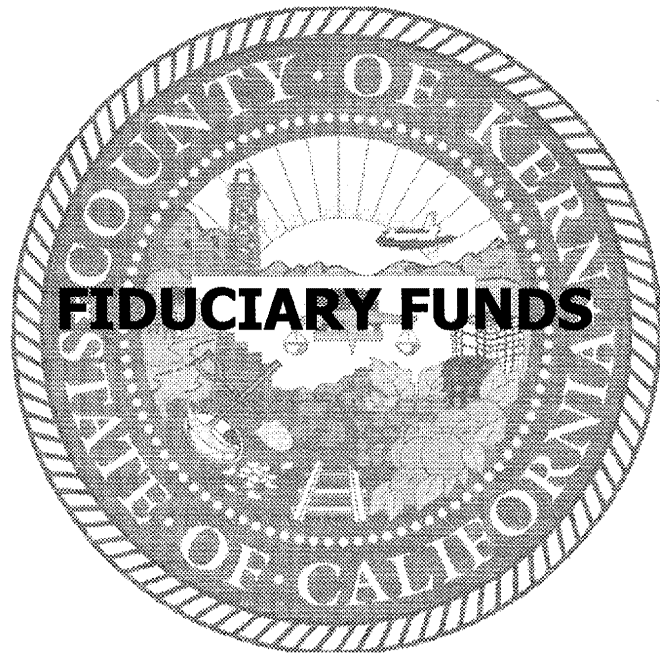
| RETIREE GROUP HEALTH | UNEMPLOYMENT COMPENSATION | WORKERS' COMPENSATION | |
|-------------------------------------|--------------------------------------|----------------------------------|--|
| \$ 6,174 | \$ 1,271 | \$ 16,174 | OPERATING REVENUES: |
| | | | Charges for Current Services |
| 6,174 | 1,271 | 16,174 | Total Operating Revenues |
| | | | OPERATING EXPENSES: |
| 4,926 | | | Salaries and Employee Benefits |
| 313 | 14 | 4,362 | Services and Supplies |
| | 2,536 | 8,543 | Claims Incurred |
| 175 | 31 | 541 | Other Charges |
| | | | Depreciation Expense |
| 5,414 | 2,581 | 13,446 | Total Operating Expenses |
| 760 | (1,310) | 2,728 | Operating Income (Loss) |
| | | | NON-OPERATING REVENUES (EXPENSES): |
| 1,321 | 145 | 435 | Interest on Bank Deposits and Investments |
| | | 483 | Other Revenues |
| | | 302 | Aid from Other Governmental Agencies |
| | | | Interest Expense |
| | | | Gain (Loss) on Sale of Fixed Assets |
| 1,321 | 145 | 1,220 | Total Non-Operating Revenue |
| 2,081 | (1,165) | 3,948 | Income (Loss) before Transfers |
| | | | Transfers In |
| 2,081 | (1,165) | 3,948 | Change in Net Assets (Deficits) |
| 17,196 | 789 | (64,628) | Net Assets (Deficits), July 1, 2006 (as previously reported) |
| | | | Prior Period Adjustments |
| \$ 19,277 | \$ (376) | \$ (60,680) | Net Assets (Deficits), June 30, 2007 |

**COUNTY OF KERN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | <u>TOTAL</u> | <u>GENERAL LIABILITY</u> | <u>GENERAL SERVICES- GARAGE</u> | <u>GROUP HEALTH</u> |
|---|-------------------|------------------------------|---|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash Received for Current Services | \$ 131,568 | \$ 4,450 | \$ 2,143 | \$ 101,399 |
| Cash Received for Other Operations | 581 | 9 | 84 | 4 |
| Cash Paid for Salaries and Benefits | (5,583) | | (657) | |
| Cash Paid for Services and Supplies | (17,057) | (3,055) | (691) | (8,212) |
| Cash Paid for Reported Claims | (115,819) | (797) | | (98,663) |
| Cash Paid for Other Charges | (972) | (11) | | (213) |
| Deposits with others | 21 | | | 21 |
| Net Cash Provided (Used) by Operating Activities | <u>(7,261)</u> | <u>596</u> | <u>879</u> | <u>(5,664)</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: | | | | |
| Advances from Other Funds | 5,460 | | | 5,460 |
| Advances to Other Funds | (5,460) | | | |
| Aid from Other Governmental Agencies | 302 | | | |
| Pension Obligation Bond Principal Paid | (17) | | (17) | |
| Pension Obligation Bond Interest Paid | (33) | | (33) | |
| Net Cash Provided (Used) by Non-Capital Financing Activities | <u>252</u> | | <u>(50)</u> | <u>5,460</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | |
| Proceeds From Sale of Capital Assets | 102 | | 102 | |
| Acquisition or Construction of Capital Assets | (1,549) | | (1,549) | |
| Net Cash Used by Capital and Related Financing Activities | <u>(1,447)</u> | | <u>(1,447)</u> | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Interest on Bank Deposits and Investments | 2,461 | 271 | 200 | 32 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (5,995) | 867 | (418) | (172) |
| Beginning Cash and Cash Equivalents at July 1, 2006 | 30,131 | 3,402 | 2,722 | 192 |
| Ending Cash and Cash Equivalents at June 30, 2007 | <u>\$ 24,136</u> | <u>\$ 4,269</u> | <u>\$ 2,304</u> | <u>\$ 20</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | |
| Operating Income (Loss) | \$ (1,614) | \$ 1,177 | \$ 111 | \$ (5,080) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | | | |
| Other Non-Operating Revenues | 581 | 9 | 84 | 4 |
| Depreciation | 666 | | 666 | |
| Changes in Assets and Liabilities: | | | | |
| (Increase) Decrease in Inventory | (11) | | (11) | |
| (Increase) Decrease in Accounts Receivable | (559) | | | (559) |
| (Increase) Decrease in Accrued Revenue | (42) | | | |
| (Increase) Decrease in Due from Others | 11 | | 11 | |
| (Increase) Decrease in Deposits with Others | 21 | | | 21 |
| (Increase) Decrease in Net Pension Asset | 10 | | 10 | |
| (Increase) Decrease in Retirement Pre-payment | (12) | | | |
| Increase (Decrease) in Accrued Expenses | (850) | | | (850) |
| Increase (Decrease) in Compensated Absences Payable | 8 | | 8 | |
| Increase (Decrease) in Provision for Liability Claims | (5,470) | (590) | | 800 |
| Total Adjustments | <u>(5,647)</u> | <u>(581)</u> | <u>768</u> | <u>(584)</u> |
| Net Cash Provided (Used) by Operating Activities | <u>\$ (7,261)</u> | <u>\$ 596</u> | <u>\$ 879</u> | <u>\$ (5,664)</u> |
| NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | |
| Net Transfers of Capital Assets (To) From Other Funds | \$ (242) | | \$ (242) | |
| Total Non-cash Investing, Capital, and Financing Activities | <u>\$ (242)</u> | | <u>\$ (242)</u> | |

| <u>RETIREE GROUP HEALTH</u> | <u>UNEMPLOYMENT COMPENSATION</u> | <u>WORKERS' COMPENSATION</u> | |
|-------------------------------------|--------------------------------------|----------------------------------|--|
| \$ 6,132 | \$ 1,271 | \$ 16,173 | CASH FLOWS FROM OPERATING ACTIVITIES: |
| (4,926) | | 484 | Cash Received for Current Services |
| (313) | (14) | (4,772) | Cash Received for Other Operations |
| (175) | (2,330) | (14,029) | Cash Paid for Salaries and Benefits |
| | (32) | (541) | Cash Paid for Services and Supplies |
| | | | Cash Paid for Reported Claims |
| | | | Cash Paid for Other Charges |
| | | | Deposits with others |
| <u>718</u> | <u>(1,105)</u> | <u>(2,685)</u> | Net Cash Provided (Used) by Operating Activities |
| | | | CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES: |
| (5,460) | | 302 | Advances from Other Funds |
| | | | Repayment of Advances from Other Funds |
| | | | Aid from Other Governmental Agencies |
| | | | Pension Obligation Bond Principal Paid |
| | | | Pension Obligation Bond Interest Paid |
| <u>(5,460)</u> | | <u>302</u> | Net Cash Provided (Used) by Non-Capital Financing Activities |
| | | | CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: |
| | | | Proceeds From Sale of Capital Assets |
| | | | Acquisition or Construction of Capital Assets |
| | | | Net Cash Used by Capital and Related Financing Activities |
| | | | CASH FLOWS FROM INVESTING ACTIVITIES: |
| <u>1,333</u> | <u>152</u> | <u>473</u> | Interest on Bank Deposits and Investments |
| (3,409) | (953) | (1,910) | Net Increase (Decrease) in Cash and Cash Equivalents |
| <u>16,941</u> | <u>1,797</u> | <u>5,077</u> | Beginning Cash and Cash Equivalents at July 1, 2006 |
| <u>\$ 13,532</u> | <u>\$ 844</u> | <u>\$ 3,167</u> | Ending Cash and Cash Equivalents at June 30, 2007 |
| | | | RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: |
| \$ <u>760</u> | \$ <u>(1,310)</u> | \$ <u>2,728</u> | Operating Income (Loss) |
| | | | Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: |
| | | 484 | Other Non-Operating Revenues |
| | | | Depreciation |
| | | | Changes in Assets and Liabilities: |
| | | | (Increase) Decrease in Inventory |
| | | | (Increase) Decrease in Accounts Receivable |
| (42) | | | (Increase) Decrease in Accrued Revenue |
| | | | (Increase) Decrease in Due from Others |
| | | | (Increase) Decrease in Deposits with Others |
| | | (12) | (Increase) Decrease in Retirement Pre-payment |
| | | | Increase (Decrease) in Accrued Expenses |
| | 205 | (5,885) | Increase (Decrease) in Compensated Absences Payable |
| | | | Increase (Decrease) in Provision for Liability Claims |
| <u>(42)</u> | <u>205</u> | <u>(5,413)</u> | Total Adjustments |
| <u>\$ 718</u> | <u>\$ (1,105)</u> | <u>\$ (2,685)</u> | Net Cash Provided (Used) by Operating Activities |
| | | | NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: |
| \$ _____ | \$ _____ | \$ _____ | Net Transfers of Capital Assets (To) From Other Funds |
| <u>\$ _____</u> | <u>\$ _____</u> | <u>\$ _____</u> | Total Non-cash Investing, Capital, and Financing Activities |





FIDUCIARY FUNDS



FIDUCIARY FUNDS DESCRIPTIONS

Agency Funds - Agency funds are funds under the control of individual County officers who use them for the deposit of various types of receipts and to accumulate resources for specific purposes. Unapportioned funds are used for recording the collection and distribution of property taxes and interest on bank deposits. Disbursements are made from these funds by warrants issued by the Auditor-Controller-County Clerk upon the requisition of the responsible officer.

**COUNTY OF KERN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

Page 1 of 2

| | <u>BALANCE JULY 1, 2006</u> | <u>ADDITIONS</u> | <u>DEDUCTIONS</u> | <u>BALANCE JUNE 30, 2007</u> |
|---------------------------------------|---------------------------------|---------------------|---------------------|----------------------------------|
| <u>TOTAL AGENCY FUNDS</u> | | | | |
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 132,307 | \$ 5,183,213 | \$ 5,177,494 | \$ 138,026 |
| Investments | | 1,753 | 1,753 | |
| Accounts Receivable | 64 | 1,288 | 1,266 | 86 |
| Interest Receivable | 996 | 1,603 | 987 | 1,612 |
| Loans Receivable | 84 | 90 | 34 | 140 |
| Taxes Receivable | 59,621 | 1,034,290 | 1,010,804 | 83,107 |
| Due from Other Funds | 21 | 468 | 470 | 19 |
| Due from Other Agencies | 4,295 | 16,370 | 12,000 | 8,665 |
| Total Assets | <u>\$ 197,388</u> | <u>\$ 6,239,075</u> | <u>\$ 6,204,808</u> | <u>\$ 231,655</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 12 | \$ 243,755 | \$ 243,523 | \$ 244 |
| Warrants Payable | 32,752 | 2,503,754 | 2,515,890 | 20,616 |
| Interest Payable | 5,008 | 7,929 | 6,624 | 6,313 |
| Due to Other Agencies | 159,296 | 2,876,437 | 2,831,571 | 204,162 |
| Unapportioned Installment Redemptions | 320 | | | 320 |
| Total Liabilities | <u>\$ 197,388</u> | <u>\$ 5,631,875</u> | <u>\$ 5,597,608</u> | <u>\$ 231,655</u> |
| <u>CLEARING FUNDS</u> | | | | |
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 2,178 | \$ 1,030,822 | \$ 1,029,591 | \$ 3,409 |
| Investments | | 1,753 | 1,753 | |
| Accounts Receivable | 15 | 46 | 60 | 1 |
| Total Assets | <u>\$ 2,193</u> | <u>\$ 1,032,621</u> | <u>\$ 1,031,404</u> | <u>\$ 3,410</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 614 | \$ 174,390 | \$ 174,390 | \$ 180,943 |
| Warrant Payable | | 180,329 | 180,943 | |
| Due to Other Agencies | 1,579 | 1,020,664 | 1,018,833 | 3,410 |
| Total Liabilities | <u>\$ 2,193</u> | <u>\$ 1,375,383</u> | <u>\$ 1,374,166</u> | <u>\$ 3,410</u> |
| <u>WARRANT CLEARANCE FUNDS</u> | | | | |
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 32,138 | \$ 2,254,880 | \$ 2,266,402 | \$ 20,616 |
| Total Assets | <u>\$ 32,138</u> | <u>\$ 2,254,880</u> | <u>\$ 2,266,402</u> | <u>\$ 20,616</u> |
| LIABILITIES | | | | |
| Warrants Payable | \$ 32,138 | \$ 2,254,880 | \$ 2,266,402 | \$ 20,616 |
| Due to Other Agencies | | 2 | 2 | |
| Total Liabilities | <u>\$ 32,138</u> | <u>\$ 2,254,882</u> | <u>\$ 2,266,404</u> | <u>\$ 20,616</u> |

**COUNTY OF KERN
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| | BALANCE JULY 1, 2006 | ADDITIONS | DEDUCTIONS | BALANCE JUNE 30, 2007 |
|---------------------------------------|-------------------------|---------------------|---------------------|--------------------------|
| STATE FUNDS | | | | |
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 6,310 | \$ 32,832 | \$ 33,083 | \$ 6,059 |
| Interest Receivable | 17 | 2 | 3 | 16 |
| Total Assets | <u>\$ 6,327</u> | <u>\$ 32,834</u> | <u>\$ 33,086</u> | <u>\$ 6,075</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ | \$ 31,584 | \$ 31,584 | \$ |
| Warrant Payable | | 31,584 | | |
| Due to Other Agencies | 6,327 | 31,767 | 32,019 | 6,075 |
| Total Liabilities | <u>\$ 6,327</u> | <u>\$ 94,935</u> | <u>\$ 95,187</u> | <u>\$ 6,075</u> |
| OTHER FUNDS | | | | |
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 75,909 | \$ 768,564 | \$ 748,947 | \$ 95,526 |
| Accounts Receivable | 49 | 1,242 | 1,206 | 85 |
| Interest Receivable | 573 | 791 | 578 | 786 |
| Loans Receivable | 84 | 90 | 34 | 140 |
| Taxes Receivable | | 1 | 1 | |
| Due from Other Agencies | 4,295 | 16,370 | 12,000 | 8,665 |
| Total Assets | <u>\$ 80,910</u> | <u>\$ 787,058</u> | <u>\$ 762,766</u> | <u>\$ 105,202</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 12 | \$ 37,781 | \$ 37,549 | \$ 244 |
| Warrant Payable | | 36,961 | | |
| Due to Other Agencies | 80,898 | 673,624 | 649,564 | 104,958 |
| Total Liabilities | <u>\$ 80,910</u> | <u>\$ 748,366</u> | <u>\$ 724,074</u> | <u>\$ 105,202</u> |
| UNAPPORTIONED FUNDS | | | | |
| ASSETS | | | | |
| Pooled Cash and Investments | \$ 15,772 | \$ 1,096,115 | \$ 1,099,471 | \$ 12,416 |
| Interest Receivable | 406 | 810 | 406 | 810 |
| Taxes Receivable | 59,621 | 1,034,289 | 1,010,803 | 83,107 |
| Due from Other Funds | 21 | 468 | 470 | 19 |
| Total Assets | <u>\$ 75,820</u> | <u>\$ 2,131,682</u> | <u>\$ 2,111,150</u> | <u>\$ 96,352</u> |
| LIABILITIES | | | | |
| Interest Payable | \$ 5,008 | \$ 7,929 | \$ 6,624 | \$ 6,313 |
| Due to Other Agencies | 70,492 | 1,150,380 | 1,131,153 | 89,719 |
| Unapportioned Installment Redemptions | 320 | | | 320 |
| Total Liabilities | <u>\$ 75,820</u> | <u>\$ 1,158,309</u> | <u>\$ 1,137,777</u> | <u>\$ 96,352</u> |





**COUNTY OF KERN
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE OF FUNCTION AND ACTIVITY
JUNE 30, 2007 (IN THOUSANDS)**

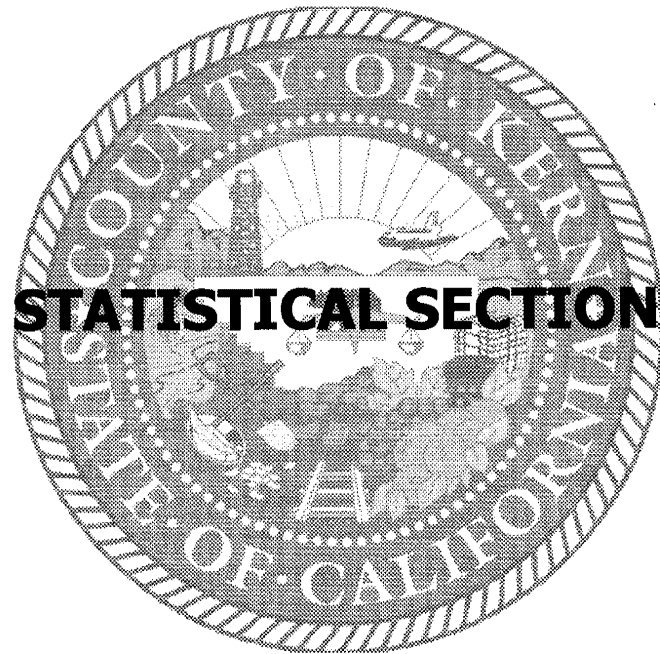
| Function & Activity | Department # | Land | Structures & Improvements | Equipment | Construction In Progress | Infrastructure | Total |
|--------------------------------------|--------------|------------------|---------------------------|-------------------|--------------------------|-------------------|-------------------|
| General Activity | | | | | | | |
| Board of Supervisors - Dist #1 | 1011 | \$ | \$ | \$ 70 | \$ | \$ | 70 |
| Board of Supervisors - Dist #2 | 1012 | | | 91 | | | 91 |
| Board of Supervisors - Dist #5 | 1015 | | | 24 | | | 24 |
| County Administrative Office | 1020 | | | 85 | | | 85 |
| Clerk of the Board | 1030 | | | 68 | | | 68 |
| Auditor-Controller | 1110 | | | 169 | | | 169 |
| Treasurer | 1120 | | | 819 | | | 819 |
| Assessor | 1130 | 9 | 1,072 | 51 | | | 1,132 |
| Assessor - Property Tax | 1140 | | | 91 | | | 91 |
| General Services - Mail Services | 1151 | | | 58 | | | 58 |
| Reprographics | 1153 | | | 184 | | | 184 |
| Information Systems | 1160 | | | 2,877 | | | 2,877 |
| County Counsel | 1210 | | 48 | 113 | 725 | | 886 |
| Personnel | 1310 | | | 43 | | | 43 |
| Elections - County Clerk | 1420 | | | 6,128 | | | 6,128 |
| Communications | 1510 | | 22,798 | 13,580 | 281 | | 36,659 |
| General Services** | 1610 | 2,422 | 74,214 | 2,922 | 106 | | 79,664 |
| General Services - Construction | 1640 | | | 19 | | | 19 |
| Board of Trade | 1812 | | 139 | 99 | | | 238 |
| Engineering & Survey Services | 1900 | | 2,382 | 891 | 399 | 15,249 | 18,921 |
| Risk Management | 1910 | | | 26 | | | 26 |
| Separation of Grade | 1955 | | | | 2,132 | | 2,132 |
| Total General Activity | | <u>2,431</u> | <u>100,653</u> | <u>28,408</u> | <u>3,643</u> | <u>15,249</u> | <u>150,384</u> |
| Public Safety | | | | | | | |
| Superior Court | 2115 | 401 | 40,987 | | | | 41,388 |
| District Attorney | 2180 | | | 1,429 | | | 1,429 |
| Children Support Services | 2183 | | | 1,442 | | | 1,442 |
| Public Defender | 2190 | | 3,809 | 319 | | | 4,128 |
| DA Forensic | 2200 | | 139 | 2,229 | | | 2,368 |
| Sheriff | 2210 | 7,105 | 56,371 | 28,746 | 4 | | 92,226 |
| Probation | 2340 | 219 | 20,289 | 4,465 | 20,166 | | 45,139 |
| Fire | 2415 | 4,022 | 29,285 | 38,210 | 187 | | 71,704 |
| Dept. of Ag & Measure Standard | 2610 | 317 | 2,591 | 379 | 54 | | 3,341 |
| Code Compliance | 2620 | | | 133 | | | 133 |
| Building Inspection | 2625 | | | 997 | | | 997 |
| Recorder | 2705 | | | 1,027 | | | 1,027 |
| Resource Management Agency | 2730 | | | 283 | | | 283 |
| Planning | 2750 | | | 63 | | | 63 |
| Animal Control | 2760 | 443 | 556 | 295 | | | 1,294 |
| Total Public Safety | | <u>12,507</u> | <u>154,027</u> | <u>80,017</u> | <u>20,411</u> | | <u>266,962</u> |
| Public Ways | | | | | | | |
| Road | 3000 | 2,885 | 6,623 | 12,051 | 36 | 400,727 | 422,322 |
| Total Public Ways | | <u>2,885</u> | <u>6,623</u> | <u>12,051</u> | <u>36</u> | <u>400,727</u> | <u>422,322</u> |
| Health | | | | | | | |
| Public Health | 4110 | 209 | 14,002 | 587 | 11 | | 14,809 |
| Environmental Health | 4113 | | 1,294 | 439 | | | 1,733 |
| Mental Health | 4120 | | 2,481 | 882 | | | 3,363 |
| Mental Health - Substance Abuse | 4123 | | | 25 | | | 25 |
| Emergency Medical Services | 4200 | | | 227 | | | 227 |
| California Children's Services | 4300 | | | 17 | | | 17 |
| Total Health | | <u>209</u> | <u>17,777</u> | <u>2,177</u> | <u>11</u> | | <u>20,174</u> |
| Public Assistance | | | | | | | |
| Human Services | 5120 | 6 | 2,201 | 6,418 | | | 8,625 |
| Veterans Services | 5510 | | 228 | | | | 228 |
| Aging & Adult Services | 5610 | | 240 | 188 | | | 428 |
| Employers Training Resources | 5923 | | | 1,353 | | | 1,353 |
| Community Development Program Agency | 5940 | | | 39 | 7 | | 46 |
| Total Public Assistance | | <u>6</u> | <u>2,669</u> | <u>7,998</u> | <u>7</u> | | <u>10,680</u> |
| Education | | | | | | | |
| Library | 6210 | 2,112 | 25,362 | 1,116 | 138 | | 28,728 |
| Farm & Home Advisor | 6310 | | | 6 | 4 | | 10 |
| Experimental Farm | 6320 | | 506 | | | | 506 |
| Total Education | | <u>2,112</u> | <u>25,868</u> | <u>1,122</u> | <u>142</u> | | <u>29,244</u> |
| Parks & Recreation | | | | | | | |
| Parks | 7100 | 3,770 | 38,798 | 5,799 | 263 | | 48,630 |
| Total Parks & Recreation | | <u>3,770</u> | <u>38,798</u> | <u>5,799</u> | <u>263</u> | | <u>48,630</u> |
| Total Governmental Funds | | \$ <u>23,920</u> | \$ <u>346,415</u> | \$ <u>137,572</u> | \$ <u>24,513</u> | \$ <u>415,976</u> | \$ <u>948,396</u> |

**General Services accounts for a large portion of the governmental activity because there are several county buildings, such as the Administration building located at 1115 Truxtun and the Public Services building located at Golden State, that are being occupied by departments that have different functions.

**COUNTY OF KERN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2007 (IN THOUSANDS)**

| Function & Activity | Department # | Governmental Funds | | | Governmental Funds |
|-------------------------------------|--------------|------------------------------|-------------------|------------------|-----------------------------|
| | | Capital Assets 6/30/2006* | Additions | Deductions | Capital Assets 6/30/2007 |
| General Activity | | | | | |
| Board of Supervisors - Dist #1 | 1011 | \$ 70 | \$ | \$ | 70 |
| Board of Supervisors - Dist #2 | 1012 | 91 | | | 91 |
| Board of Supervisors - Dist #5 | 1015 | 24 | | | 24 |
| County Administrative Office | 1020 | 85 | | | 85 |
| Clerk of the Board | 1030 | 31 | 37 | | 68 |
| Auditor-Controller | 1110 | 169 | | | 169 |
| Treasurer | 1120 | 708 | 111 | | 819 |
| Assessor | 1130 | 1,132 | 18 | 18 | 1,132 |
| Assessor - Property Tax | 1140 | 125 | | 33 | 91 |
| Purchasing | 1150 | | 21 | 21 | |
| General Services - Mail Services | 1151 | 58 | | | 58 |
| Reprographics | 1153 | 226 | | 42 | 184 |
| Information Systems | 1160 | 2,786 | 106 | 15 | 2,877 |
| County Counsel | 1210 | 141 | 793 | 48 | 886 |
| Personnel | 1310 | 98 | | 55 | 43 |
| Elections - County Clerk | 1420 | 6,128 | | | 6,128 |
| Communications | 1510 | 36,977 | 323 | 641 | 36,659 |
| General Services | 1610 | 76,820 | 4,231 | 1,387 | 79,664 |
| General Services - Construction | 1640 | 19 | | | 19 |
| Board of Trade | 1812 | 188 | 88 | 38 | 238 |
| Engineering & Survey Services | 1900 | 15,532 | 4,917 | 1,529 | 18,921 |
| Risk Management | 1910 | 38 | 14 | 26 | 26 |
| Separation of Grade | 1955 | | 2,132 | | 2,132 |
| Total General Activity | | <u>141,446</u> | <u>12,791</u> | <u>3,853</u> | <u>150,384</u> |
| Public Safety | | | | | |
| Superior Court | 2115 | 41,388 | | | 41,388 |
| District Attorney | 2180 | 1,483 | 66 | 120 | 1,429 |
| Children Support Services | 2183 | 1,436 | 56 | 50 | 1,442 |
| Public Defender | 2190 | 4,115 | 13 | | 4,128 |
| DA Forensic | 2200 | 2,605 | 29 | 266 | 2,368 |
| Sheriff | 2210 | 91,328 | 1,873 | 975 | 92,226 |
| Probation | 2340 | 44,427 | 799 | 87 | 45,139 |
| Fire | 2415 | 63,366 | 13,241 | 4,903 | 71,704 |
| Agricultural Commissioner | 2610 | 3,289 | 121 | 69 | 3,341 |
| Code Compliance | 2620 | 182 | 60 | 109 | 133 |
| Building Inspection | 2625 | 925 | 209 | 137 | 997 |
| Recorder | 2705 | 1,098 | 61 | 132 | 1,027 |
| Resource Management Agency | 2730 | 116 | 185 | 18 | 283 |
| Planning | 2750 | 63 | | | 63 |
| Animal Control | 2760 | 658 | 636 | | 1,294 |
| Total Public Safety | | <u>256,479</u> | <u>17,349</u> | <u>6,866</u> | <u>266,962</u> |
| Public Ways | | | | | |
| Road | 3000 | 346,921 | 76,400 | 999 | 422,322 |
| Total Public Ways | | <u>346,921</u> | <u>76,400</u> | <u>999</u> | <u>422,322</u> |
| Health | | | | | |
| Public Health | 4110 | 14,833 | 11,602 | 11,626 | 14,809 |
| Environmental Health | 4113 | 1,727 | 6 | | 1,733 |
| Mental Health | 4120 | 3,388 | 376 | 401 | 3,363 |
| Mental Health - Substance Abuse | 4123 | 25 | | | 25 |
| Emergency Medical Services | 4200 | 213 | 14 | | 227 |
| California Children's Services | 4300 | 25 | | 8 | 17 |
| Total Health | | <u>20,211</u> | <u>11,998</u> | <u>12,035</u> | <u>20,174</u> |
| Public Assistance | | | | | |
| Human Services | 5120 | 8,052 | 698 | 125 | 8,625 |
| Veterans Services | 5510 | 228 | | | 228 |
| Aging & Adult Services | 5610 | 405 | 104 | 81 | 428 |
| Employers Training Resources | 5923 | 1,270 | 180 | 97 | 1,353 |
| Community Deveopment Program Agency | 5940 | 46 | | | 46 |
| Total Public Assistance | | <u>10,001</u> | <u>982</u> | <u>303</u> | <u>10,680</u> |
| Education | | | | | |
| Library | 6210 | 28,592 | 141 | 5 | 28,728 |
| Farm & Home Advisor | 6310 | 36 | 3 | 29 | 10 |
| Experimental Farm | 6320 | 506 | | | 506 |
| Total Education | | <u>29,134</u> | <u>144</u> | <u>34</u> | <u>29,244</u> |
| Parks & Recreation | | | | | |
| Parks | 7100 | 47,995 | 1,952 | 1,317 | 48,630 |
| Total Parks & Recreation | | <u>47,995</u> | <u>1,952</u> | <u>1,317</u> | <u>48,630</u> |
| Total Governmental Funds | | <u>\$ 852,187</u> | <u>\$ 121,616</u> | <u>\$ 25,407</u> | <u>\$ 948,396</u> |

* As restated see note II. A.
Note: Additions and Deductions included transfers between functions



STATISTICAL SECTION

CONTENTS

| | PAGE |
|---|-------------|
| Financial Trends | 182 |
| <p>The financial trend schedules contain trend information to assist the reader in understanding how the County's financial performance and well-being have changed over time and to help the reader follow the direction the County's economic condition is heading. These schedules also provide information to assist the user in comprehending how spending priorities and funding sources have changed from year to year.</p> | |
| Revenue Capacity | 189 |
| <p>The revenue capacity schedules contain information to help the reader assess the factors affecting the County's ability to generate its most significant revenue source, property taxes. The schedules have information to help the user assess the tax burden on the taxpayers. Information is provided to help the user evaluate whether the County is disproportionately dependent on a single taxpayer.</p> | |
| Debt Capacity | 195 |
| <p>The debt capacity schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. Information is provided to give users an idea of the burden of debt on the taxpayers, both the direct burden and the portion of debt issued by other governmental entities for which the County's taxpayers are responsible.</p> | |
| Demographic and Economic Information | 201 |
| <p>The demographic and economic information schedules offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place and to help make comparisons over time and with other governments.</p> | |
| Operating Information | 204 |
| <p>The operating information schedules contain information about the county's operations and resources to help the reader understand how the county's financial information relates to the services the county provides and the activities it performs. The schedules provide information to give the user a sense of the size of the County, the types of services it provides, the volume of these services and the non-financial resources used to provide those services.</p> | |

Sources: Unless otherwise noted, the information in the statistical schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant years.



COUNTY OF KERN
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS (IN THOUSANDS)
 (ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Governmental Activities: | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 217,758 | \$ 258,993 | \$ 309,886 | \$ 417,677 | \$ 494,591 |
| Restricted | 27,478 | 35,816 | 35,653 | 15,349 | 15,352 |
| Unrestricted (deficit) | 46,970 | (111,616) | (141,419) | (122,898) | (74,478) |
| Total Governmental Activities Net Assets | <u>\$ 292,206</u> | <u>\$ 183,193</u> | <u>\$ 204,120</u> | <u>\$ 310,128</u> | <u>\$ 435,465</u> |
| Business-type Activities: | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 92,288 | \$ 92,994 | \$ 94,418 | \$ 124,631 | \$ 140,235 |
| Restricted | 7,623 | 9,701 | 9,724 | 8,428 | 12,060 |
| Unrestricted (deficit) | (34,857) | (39,612) | (37,436) | (52,275) | (79,592) |
| Total Business-type Activities Net Assets | <u>\$ 65,054</u> | <u>\$ 63,083</u> | <u>\$ 66,706</u> | <u>\$ 80,784</u> | <u>\$ 72,703</u> |
| Primary Government: | | | | | |
| Invested in Capital Assets, Net of Related Debt | \$ 310,046 | \$ 351,987 | \$ 404,304 | \$ 542,308 | \$ 634,826 |
| Restricted | 35,101 | 45,517 | 45,377 | 23,777 | 27,412 |
| Unrestricted (deficit) | 12,113 | (151,228) | (178,855) | (175,173) | (154,070) |
| Total Primary Government Net Assets | <u>\$ 357,260</u> | <u>\$ 246,276</u> | <u>\$ 270,826</u> | <u>\$ 390,912</u> | <u>\$ 508,168</u> |

COUNTY OF KERN
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS (IN THOUSANDS)
 (ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | |
|---|------------------|--------------------|------------------|------------------|-------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Governmental Activities: | | | | | |
| Expenses: | | | | | |
| General Government | \$ 86,271 | \$ 67,409 | \$ 78,057 | \$ 82,788 | \$ 76,033 |
| Public Protection | 311,333 | 325,240 | 342,347 | 374,303 | 377,961 |
| Public Ways and Facilities | 36,774 | 29,721 | 22,146 | 38,348 | (8,116) |
| Health and Sanitation | 158,830 | 180,518 | 194,836 | 126,815 | 127,676 |
| Public Assistance | 354,479 | 349,772 | 369,097 | 381,836 | 364,684 |
| Education | 10,697 | 8,596 | 8,852 | 9,002 | 10,143 |
| Culture and Recreation | 7,790 | 4,923 | 12,915 | 10,556 | 13,459 |
| Interest on Short and Long-term Debt | 14,396 | 38,204 | 39,428 | 41,864 | 42,788 |
| Total Expenses | 980,570 | 1,004,383 | 1,067,678 | 1,065,512 | 1,004,628 |
| Program Revenues: | | | | | |
| Charges for Services: | | | | | |
| General Government | 54,658 | 49,552 | 55,580 | 53,668 | 42,294 |
| Public Protection | 75,771 | 81,960 | 85,930 | 87,368 | 74,051 |
| Health and Sanitation | 89,824 | 110,355 | 120,522 | 48,041 | 29,760 |
| Other | 13,466 | 13,281 | 17,186 | 18,310 | (141) |
| Operating Grants and Contributions | 616,677 | 596,585 | 595,660 | 606,855 | 638,729 |
| Capital Grants and Contributions | 5,619 | 10,037 | 9,165 | 6,564 | 15,149 |
| Total Program Revenues | 856,015 | 861,770 | 884,043 | 820,806 | 799,842 |
| Total Governmental Activities, Net Program Expenses | (124,555) | (142,613) | (183,635) | (244,706) | (204,786) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property Taxes | 139,434 | 109,176 | 148,204 | 181,729 | 213,535 |
| Vehicle License Taxes ^a | | | 43,739 | 61,061 | 77,620 |
| Aircraft Taxes | 175 | 247 | 150 | 156 | 170 |
| Sales and Use Taxes | 22,808 | 22,804 | 27,423 | 33,182 | 35,602 |
| Transient Occupancy Tax | 1,172 | 1,300 | 1,338 | 1,414 | 1,688 |
| Transfer Taxes | 2,780 | 3,612 | 5,909 | 7,402 | 5,334 |
| Other Taxes | 963 | 942 | 590 | 795 | 864 |
| Grants and Contributions not Restricted to Specific Programs: | | | | | |
| Unrestricted Investment Earnings | 12,312 | 8,819 | 10,502 | 14,682 | 28,310 |
| Miscellaneous | 2,413 | 1,244 | 3,041 | 20,488 | 6,578 |
| Gain on Sale of Capital Assets | | | | | |
| Special Items | | | | | |
| Transfers | (31,767) | (25,520) | (30,166) | (36,337) | (40,607) |
| Total General Revenues and Transfers | 150,290 | 122,624 | 210,730 | 284,572 | 329,094 |
| Total Governmental Activities Change in Net Assets | \$ 25,735 | \$ (19,989) | \$ 27,095 | \$ 39,866 | \$ 124,308 |

Notes:

^a Due to a change in the State's method of distribution, beginning in fiscal year 04-05, vehicle license fees of \$43,739 are reported separately as vehicle license taxes. In prior years, they were reported under operating grants and contributions.

| | Fiscal Year | | | | |
|---|--------------------|--------------------|------------------|------------------|-------------------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| Business-type Activities: | | | | | |
| Expenses: | | | | | |
| Airports | \$ 3,888 | \$ 4,427 | \$ 5,608 | \$ 6,223 | \$ 5,962 |
| County Sanitation Districts | 2,328 | 2,778 | 3,061 | 3,429 | 3,199 |
| Golf Course | 4,555 | 4,438 | 4,400 | 4,725 | 5,011 |
| Kern Medical Center | 167,710 | 188,031 | 192,186 | 240,742 | 246,210 |
| Public Transportation | 5,153 | 5,174 | 5,376 | 5,652 | 6,014 |
| Universal Collection | 5,962 | 6,710 | 7,557 | 7,930 | 8,594 |
| Waste Management | 28,514 | 28,295 | 26,631 | 36,237 | 40,305 |
| Total Expenses | 218,110 | 239,853 | 244,819 | 304,938 | 315,295 |
| Revenues: | | | | | |
| Charges for Services: | | | | | |
| Airports | 2,548 | 2,480 | 2,905 | 3,396 | 3,705 |
| County Sanitation Districts | 2,510 | 2,463 | 3,124 | 3,580 | 3,381 |
| Golf Course | 4,492 | 4,340 | 4,368 | 4,937 | 5,274 |
| Kern Medical Center | 93,626 | 106,453 | 153,310 | 205,985 | 192,987 |
| Public Transportation | 3,865 | 3,230 | 5,009 | 4,567 | 4,350 |
| Universal Collection | 5,926 | 7,434 | 7,853 | 8,390 | 8,970 |
| Waste Management | 23,234 | 29,725 | 31,236 | 32,960 | 32,603 |
| Operating Grants and Contributions | 34,275 | 49,654 | 686 | 1,853 | 7,324 |
| Capital Grants and Contributions | 1,283 | 5,626 | 4,505 | 9,674 | |
| Total Revenues | 171,759 | 211,405 | 212,996 | 275,342 | 258,594 |
| Total Business-type Activities, Net Program Expenses | (46,351) | (28,448) | (31,823) | (29,596) | (56,701) |
| General Revenues: | | | | | |
| Grants and Contributions not Restricted to Specific Programs: | | | | | |
| Unrestricted Investment Earnings | 1,929 | 797 | 1,294 | 1,404 | 8,432 |
| Miscellaneous | 2,441 | 2,895 | 3,575 | 3,593 | 2,470 |
| Gain on Sale of Capital Assets | | | 52 | (4) | |
| Transfers | 31,767 | 25,520 | 30,166 | 36,337 | 40,607 |
| Total General Revenues and Transfers | 36,137 | 29,212 | 35,087 | 41,330 | 51,509 |
| Total Business-type Activities Change in Net Assets | \$ (10,214) | \$ 764 | \$ 3,264 | \$ 11,734 | \$ (5,192) |
| Total Primary Government Change in Net Assets | \$ 15,521 | \$ (19,225) | \$ 30,359 | \$ 51,600 | \$ 119,116 |

COUNTY OF KERN
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (IN THOUSANDS)
 (ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | |
|--|------------------|-------------------|-------------------|-------------------|-------------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| General Fund Balances: | | | | | |
| Reserved | \$ 36,109 | \$ 49,558 | \$ 33,233 | \$ 42,637 | \$ 55,027 |
| Unreserved | 21,517 | 7,452 | 28,665 | 25,340 | 37,246 |
| Total General Fund Balances | <u>\$ 57,626</u> | <u>\$ 57,010</u> | <u>\$ 61,898</u> | <u>\$ 67,977</u> | <u>\$ 92,273</u> |
| All Other Governmental Fund Balances: | | | | | |
| Reserved | \$ 58,738 | \$ 69,039 | \$ 97,060 | \$ 95,641 | \$ 107,531 |
| Unreserved, reported in: | | | | | |
| Special Revenue Funds | 2,410 | (10,050) | 12,971 | 36,916 | 23,954 |
| Capital Project Funds | 209 | (2,627) | (18,120) | (6,320) | 80,321 |
| Debt Service | 38,169 | 46,379 | 44,718 | 33,186 | - |
| Total All Other Governmental Fund Balances | <u>\$ 99,526</u> | <u>\$ 102,741</u> | <u>\$ 136,629</u> | <u>\$ 159,423</u> | <u>\$ 211,806</u> |

| Fiscal Year | | | | |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| 2003 | 2004 | 2005 | 2006 | 2007 |
| \$ 67,965 | \$ 27,552 | \$ 22,892 | \$ 45,409 | \$ 85,976 |
| 30,349 | 46,148 | 56,413 | 80,986 | 89,163 |
| <u>\$ 98,314</u> | <u>\$ 73,700</u> | <u>\$ 79,305</u> | <u>\$ 126,395</u> | <u>\$ 175,139</u> |
| | | | | |
| \$ 100,131 | \$ 101,974 | \$ 56,889 | \$ 45,301 | \$ 50,273 |
| 43,386 | 33,151 | 69,451 | 69,210 | 64,416 |
| 66,646 | 64,662 | 60,930 | 57,068 | 62,562 |
| - | - | - | - | - |
| <u>\$ 210,163</u> | <u>\$ 199,787</u> | <u>\$ 187,270</u> | <u>\$ 171,579</u> | <u>\$ 177,251</u> |

General Fund Balances:

Reserved

Unreserved

Total General Fund Balances

All Other Governmental Fund Balances:

Reserved

Unreserved, reported in:

Special Revenue Funds

Capital Project Funds

Debt Service

Total All Other Governmental Fund Balances

COUNTY OF KERN
CHANGES IN FUND BALANCES
LAST TEN FISCAL YEARS (IN THOUSANDS)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

| | Fiscal Year | | | | |
|---|------------------|------------------|------------------|------------------|-------------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| REVENUES: | | | | | |
| Taxes | \$ 138,034 | \$ 132,131 | \$ 139,328 | \$ 143,060 | \$ 158,277 |
| Licenses, Permits and Franchises | 8,582 | 9,710 | 9,492 | 12,293 | 13,609 |
| Fines, Forfeitures and Penalties | 12,697 | 13,926 | 17,248 | 17,618 | 23,787 |
| Revenues from Use of Money and Property | 11,840 | 12,061 | 13,038 | 19,543 | 13,466 |
| Aid from Other Governmental Agencies | 440,414 | 464,590 | 521,590 | 577,078 | 621,690 |
| Charges for Current Services | 88,679 | 105,232 | 116,471 | 132,038 | 129,066 |
| Other Revenues | 73,467 | 107,422 | 88,256 | 78,482 | 146,829 |
| Total Revenues | 773,713 | 845,072 | 905,423 | 980,112 | 1,106,724 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General Government | 57,246 | 66,343 | 66,461 | 69,040 | 76,860 |
| Public Protection | 245,748 | 251,602 | 264,142 | 300,742 | 316,154 |
| Health and Sanitation | 120,616 | 136,385 | 157,362 | 152,334 | 144,518 |
| Public Assistance | 251,601 | 281,877 | 309,570 | 334,562 | 370,226 |
| Education | 7,663 | 7,365 | 7,449 | 8,377 | 8,909 |
| Recreation and Cultural Services | 9,010 | 9,397 | 9,440 | 9,843 | 10,591 |
| Public Ways and Facilities | 24,295 | 24,138 | 24,194 | 36,632 | 27,533 |
| Capital Outlay | 14,038 | 7,411 | 8,478 | 17,455 | 10,363 |
| Debt Service: | | | | | |
| Principal | 6,962 | 7,406 | 8,079 | 9,816 | 11,724 |
| Interest | 14,759 | 13,620 | 13,590 | 14,139 | 15,215 |
| Total Expenditures | 751,938 | 805,544 | 868,765 | 952,940 | 992,093 |
| Excess (deficiency) of Revenues over Expenditures | 21,775 | 39,528 | 36,658 | 27,172 | 114,631 |
| Other Financing Sources (Uses): | | | | | |
| Transfers In | 29,822 | 25,654 | 8,029 | 27,137 | 108,943 |
| Transfers Out | (45,765) | (43,040) | (24,791) | (46,387) | (128,124) |
| Proceeds from Long-term Debt | 1,400 | | 16,815 | | |
| Inception of Capital Leases | 5,211 | 3,658 | 2,365 | 3,600 | 5,496 |
| Proceeds from Pension Obligation Bonds | | | | | |
| Proceeds from Issuance of Certificates of Participation | | | | | |
| Total Other Financing Sources (Uses) | (9,332) | (13,728) | 2,418 | (15,650) | (13,685) |
| Net Changes in Fund Balances (Deficits) | \$ 12,443 | \$ 25,800 | \$ 39,076 | \$ 11,522 | \$ 100,946 |
| Debt Service as a Percentage of Non-Capital Expenditures | 3.01% | 2.87% | 2.56% | 2.61% | 2.85% |

| Fiscal Year | | | | | |
|-------------|-------------|------------|------------|------------|--|
| 2003 | 2004 | 2005 | 2006 | 2007 | |
| \$ 168,142 | \$ 138,075 | \$ 226,259 | \$ 282,594 | \$ 340,224 | REVENUES: |
| 11,988 | 13,276 | 15,084 | 14,786 | 15,052 | Taxes |
| 17,878 | 21,009 | 23,026 | 22,058 | 20,387 | Licenses, Permits and Franchises |
| 13,246 | 8,540 | 10,549 | 15,403 | 31,470 | Fines, Forfeitures and Penalties |
| 624,447 | 603,631 | 604,825 | 613,417 | 646,381 | Revenues from Use of Money and Property |
| 124,171 | 135,431 | 142,872 | 151,193 | 148,274 | Aid from Other Governmental Agencies |
| 91,856 | 105,810 | 119,878 | 42,073 | 54,386 | Charges for Current Services |
| 1,051,728 | 1,025,772 | 1,142,493 | 1,141,524 | 1,256,174 | Other Revenues |
| | | | | | Total Revenues |
| | | | | | EXPENDITURES: |
| | | | | | Current: |
| 87,676 | 85,318 | 77,566 | 82,454 | 93,611 | General Government |
| 321,502 | 327,726 | 347,724 | 378,004 | 418,472 | Public Protection |
| 161,553 | 180,341 | 196,003 | 127,005 | 136,085 | Health and Sanitation |
| 355,787 | 350,059 | 368,630 | 381,301 | 386,087 | Public Assistance |
| 10,258 | 8,055 | 8,313 | 8,610 | 10,151 | Education |
| 10,268 | 11,231 | 12,489 | 12,168 | 13,720 | Recreation and Cultural Services |
| 28,380 | 29,337 | 30,649 | 43,419 | 50,344 | Public Ways and Facilities |
| 11,808 | 24,264 | 7,284 | 9,878 | 4,598 | Capital Outlay |
| | | | | | Debt Service: |
| 13,277 | 16,197 | 32,933 | 20,563 | 11,790 | Principal |
| 14,356 | 27,290 | 31,905 | 33,646 | 35,700 | Interest |
| 1,014,865 | 1,059,818 | 1,113,496 | 1,097,048 | 1,160,558 | Total Expenditures |
| 36,863 | (34,046) | 28,997 | 44,476 | 95,616 | Excess (deficiency) of Revenues over Expenditures |
| | | | | | Other Financing Sources (Uses): |
| 115,710 | 105,977 | 122,073 | 124,528 | 127,530 | Transfers In |
| (147,412) | (131,018) | (152,352) | (161,174) | (168,137) | Transfers Out |
| | 3,943 | | | | Proceeds from Long-term Debt |
| 786 | 12,762 | 539 | 6,110 | 2,326 | Inception of Capital Leases |
| | | | | | Proceeds from Pension Obligation Bonds |
| | | | | | Proceeds from Issuance of Certificates of Participation |
| (30,916) | (8,336) | (29,740) | (30,536) | (38,281) | Total Other Financing Sources (Uses) |
| \$ 5,947 | \$ (42,382) | \$ (743) | \$ 13,940 | \$ 57,335 | Net Changes in Fund Balances (Deficits) |
| 2.83% | 4.50% | 6.16% | 5.31% | 4.45% | Debt Service as a Percentage of Non-Capital Expenditures |

**COUNTY OF KERN
 ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY (UNAUDITED)
 LAST TEN FISCAL YEARS (IN THOUSANDS)**

| Fiscal Year | Secured^a | Unsecured^b | Unitary^c | Exempt^d | Total Taxable Assessed Value^e | Total Direct Tax Rate |
|--------------------|----------------------------|------------------------------|----------------------------|---------------------------|---|----------------------------------|
| 1997 - 98 | 35,522,963 | 1,543,468 | 58,310 | (693,904) | 36,430,837 | 1.00000% |
| 1998 - 99 | 33,661,268 | 1,581,815 | 69,813 | (695,812) | 34,617,084 | 1.00000% |
| 1999 - 2000 | 37,362,205 | 1,704,021 | 67,276 | (697,820) | 38,435,682 | 1.00000% |
| 2000 - 01 | 39,848,255 | 1,883,311 | 64,469 | (698,741) | 41,097,294 | 1.00000% |
| 2001 - 02 | 42,508,854 | 1,992,752 | 66,134 | (701,819) | 43,865,921 | 1.00000% |
| 2002 - 03 | 41,247,985 | 1,967,394 | 62,346 | (709,555) | 42,568,170 | 1.00000% |
| 2003 - 04 | 41,703,496 | 1,994,348 | 1,881,874 | (716,482) | 44,863,236 | 1.00000% |
| 2004 - 05 | 45,389,639 | 2,065,833 | 1,686,769 | (722,479) | 48,419,762 | 1.00000% |
| 2005 - 06 | 53,029,946 | 2,196,607 | 1,614,145 | (731,138) | 56,109,560 | 1.00000% |
| 2006 - 07 | 65,301,400 | 2,443,549 | 1,709,410 | (722,336) | 68,732,023 | 1.00000% |

Notes:

- ^a Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- ^b Unsecured property is generally personal property including machinery, equipment, office tools and supplies.
- ^c Unitary properties are railroads and utilities crossing the county and are assessed by the State Board of Equalization.
- ^d Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- ^e Due to 1978 passage of the property tax initiative Proposition 13 (Prop 13) the County does not track the estimated actual value of all County properties. Under Prop. 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

Source: Auditor - Controller - County Clerk, County of Kern



**COUNTY OF KERN
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(RATE PER \$1,000 OF ASSESSED VALUE)**

| | Fiscal Year | | | | |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| County of Kern | | | | | |
| Total County Rate | 1.00000% | 1.00000% | 1.00000% | 1.00000% | 1.00000% |
| Range of Overlapping Rates | | | | | |
| Total City Rate | | | | | |
| City of Bakersfield | 0% to 0.04242% | N/A | N/A | N/A | N/A |
| Total School District Rate | .00643% to .14203% | .00422% to .18550% | .01124% to .16148% | .01009% to .20786% | .00564% to .17094% |
| Total Special District Rate | .00573% to .31250% | .00368% to .31250% | .00506% to .31250% | .00458% to .31250% | .00402% to .31250% |

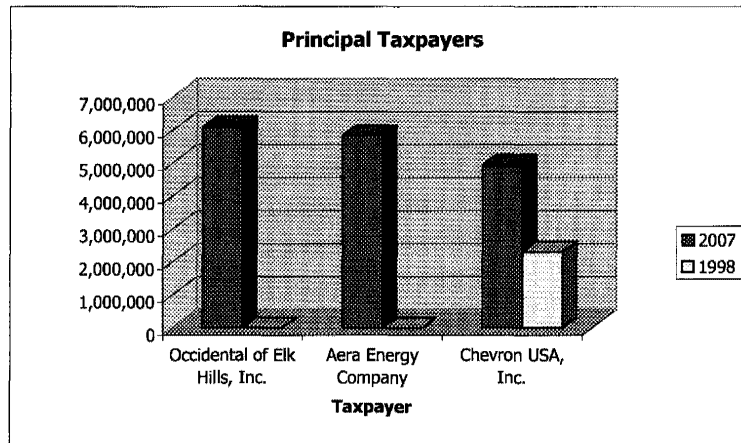
Note: N/A - For the fiscal years 1999 to 2007, there was no City Rate for the City of Bakersfield.

Source: Auditor-Controller-County Clerk, County of Kern

| Fiscal Year | | | | | |
|--------------------|--------------------|--------------------|--------------------|---------------|---|
| 2003 | 2004 | 2005 | 2006 | 2007 | |
| 1.00000% | 1.00000% | 1.00000% | 1.00000% | 1.00000% | County of Kern Total County Rate |
| N/A | N/A | N/A | N/A | N/A | Range of Overlapping Rates Total City Rate City of Bakersfield |
| .01358% to .18265% | .00618% to .18853% | .00497% to .09654% | .00064% to .09683% | 0% to .10913% | Total School District Rate |
| .00545% to .31250% | .00609% to .31250% | .00585% to .31250% | .00279% to .31250% | 0% to .15321% | Total Special District Rate |

**COUNTY OF KERN
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2007 (IN THOUSANDS)**

| TAXPAYER | 2007 | | | | 1998 | | | |
|---------------------------------------|------------------------|------|-------------------|--|------------------------|------|-------------------|--|
| | TAXABLE ASSESSED VALUE | RANK | TOTAL TAX | PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE | TAXABLE ASSESSED VALUE | RANK | TOTAL TAX | PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE |
| Occidental of Elk Hills, Inc. | \$ 6,090,433 | 1 | \$ 64,517 | 9.68% | \$ - | - | \$ - | - |
| Aera Energy Company | 5,831,697 | 2 | 59,898 | 9.27% | - | - | - | - |
| Chevron USA, Inc. | 4,929,679 | 3 | 52,337 | 7.84% | 2,301,468 | 3 | 24,084 | 6.66% |
| Plains Exploration Production Company | 934,796 | 4 | 9,699 | 1.49% | 358,513 | 8 | 3,663 | 1.04% |
| La Paloma Generating Company, LLC. | 588,700 | 5 | 6,073 | 0.94% | - | - | - | - |
| Pacific Gas & Electric Company | 479,273 | 6 | 5,978 | 0.76% | 451,729 | 7 | 5,177 | 1.31% |
| Berry Petroleum Company | 395,774 | 7 | 4,258 | 0.63% | 288,478 | 10 | 2,942 | 0.83% |
| Sunrise Power Company, LLC | 395,900 | 8 | 4,144 | 0.63% | - | - | - | - |
| Pastoria Energy Facility, LLC. | 370,800 | 9 | 4,111 | 0.59% | - | - | - | - |
| US Borax, Inc. | 354,726 | 10 | 3,817 | 0.56% | - | - | - | - |
| Texaco Production / Co-Generation | - | - | - | - | 2,798,649 | 1 | 30,274 | 8.10% |
| Calresources, LLC. | - | - | - | - | 2,695,436 | 2 | 27,654 | 7.80% |
| Mobile Oil / West Coast Pipeline | - | - | - | - | 1,588,582 | 4 | 16,383 | 4.60% |
| Monterey Resources / South Belridge | - | - | - | - | 949,599 | 5 | 9,754 | 2.75% |
| Atlantic Richfield Company | - | - | - | - | 688,078 | 6 | 7,064 | 1.99% |
| Nuevo Engineering / Vintage Petroleum | - | - | - | - | 358,513 | 8 | 3,664 | 1.04% |
| Pacific Bell | - | - | - | - | 262,614 | 9 | 3,009 | 0.76% |
| Total | \$ 20,371,778 | | \$ 214,832 | 32.38% | \$ 12,741,659 | | \$ 133,668 | 36.87% |



Source: The principal property taxpayers for June 30, 1998 was obtained from the "1998 - 1999 Tax Rates and Assessed Valuations Report." The 2007 information was obtained from the "2006 - 2007 Tax Rates and Assessed Valuations Report."



**COUNTY OF KERN
PROPERTY TAX LEVIES AND COLLECTIONS
JUNE 30, 2007 (IN THOUSANDS)**

| | Fiscal Year | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 1998 ^a | 1999 ^a | 2000 ^a | 2001 ^a | 2002 ^b |
| Original Levy | \$ 486,580 | \$ 477,029 | \$ 520,759 | \$ 543,023 | \$ 596,411 |
| Adjustments to Original Levy | N/A | N/A | (21,886) | (5,128) | (5,160) |
| Taxes Levied | N/A | N/A | 498,873 | 537,895 | 591,251 |
| Collected within the Fiscal Year of the Levy: ^c | | | | | |
| Amount | \$ 467,703 | \$ 457,245 | \$ 489,164 | \$ 527,763 | \$ 569,461 |
| Percentage of Adjusted Levy | N/A | N/A | 98.05% | 98.12% | 96.31% |
| Collections in subsequent years | 5,845 | 6,277 | 6,384 | (2,974) | 13,129 |
| Total Collections to Date: | | | | | |
| Amount | \$ 465,608 | \$ 460,202 | \$ 495,549 | \$ 524,789 | \$ 582,590 |
| Percentage of Adjusted Levy | N/A | N/A | 99.33% | 97.56% | 98.54% |

Notes:

^a Denotes only Secured and Unsecured Property Taxes.

^b Denotes Secured, Unsecured and Supplemental Property Taxes.

^c The above amounts do not include any penalties collected or any penalties due with delinquency amount.

N/A - Adjusted levy information is not available during this period.

Source: Auditor - Controller - County Clerk, County of Kern

| Fiscal Year | | | | | |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|--|
| 2003^b | 2004^b | 2005^b | 2006^b | 2007^b | |
| \$ 599,911 | \$ 638,344 | \$ 698,397 | \$ 808,644 | \$ 979,872 | Original Levy |
| 19,541 | (4,780) | (1,546) | (1,372) | (2,564) | Adjustments to Original Levy |
| 619,452 | 633,564 | 696,851 | 807,272 | 977,308 | Taxes Levied |
| | | | | | |
| \$ 600,525 | \$ 611,060 | \$ 669,983 | \$ 763,771 | \$ 915,429 | Collected within the Fiscal Year of the Levy: ^c Amount |
| 96.94% | 96.45% | 96.14% | 94.61% | 93.67% | Percentage of Adjusted Levy |
| 17,231 | 16,621 | 18,461 | 17,938 | 20,545 | Collections in subsequent years |
| | | | | | |
| Total Collections to Date: | | | | | |
| \$ 617,756 | \$ 627,680 | \$ 688,444 | \$ 781,709 | \$ 935,974 | Amount |
| 99.73% | 99.07% | 98.79% | 96.83% | 95.77% | Percentage of Adjusted Levy |

COUNTY OF KERN
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITIA)

| | Fiscal Year | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Governmental Activities: | | | | | |
| Capital Leases | \$ 7,150 | \$ 7,441 | \$ 6,788 | \$ 6,738 | \$ 8,728 |
| Certificates of Participation | 106,360 | 99,000 | 97,785 | 88,745 | 78,970 |
| Bonds Payable | - | 255 | 240 | 225 | 225 |
| Loans Payable | 2,118 | 671 | 10,000 | 9,250 | 8,455 |
| Pension Obligation Bonds | 193,187 | 185,461 | 185,462 | 185,621 | 184,548 |
| Total Governmental Activities | <u>308,815</u> | <u>292,828</u> | <u>300,275</u> | <u>290,579</u> | <u>280,926</u> |
| Business-type Activities: | | | | | |
| Capital Leases | 115 | 36 | 70 | 70 | 48 |
| Certificates of Participation | 37,945 | 31,775 | 45,430 | 42,115 | 52,790 |
| Landfill Closure / Post-closure Costs | - | - | - | - | - |
| Pension Obligation Bonds | 34,443 | 34,317 | 33,836 | 33,777 | 33,582 |
| Total Business-type Activities | <u>72,503</u> | <u>66,128</u> | <u>79,336</u> | <u>75,962</u> | <u>86,420</u> |
| Total Primary Government | <u>\$ 381,318</u> | <u>\$ 358,956</u> | <u>\$ 379,611</u> | <u>\$ 366,541</u> | <u>\$ 367,346</u> |
| Percentage of Personal Income ^a | 2.98% | 2.74% | 2.73% | 2.49% | 2.34% |
| Per Capita ^b | 597 | 555 | 574 | 544 | 532 |

Notes:

^a Refer to the "Demographic and Economic Statistics" for the personal income figures.

^b Refer to the "Demographic and Economic Statistics" for the population figures. This ratio is calculated using population for the latest calendar year for each corresponding fiscal year.

Source: Auditor - Controller - County Clerk, County of Kern

| | | Fiscal Year | | | | | |
|--|----|-------------|------------|------------|------------|------------|--|
| | | 2003 | 2004 | 2005 | 2006 | 2007 | |
| | \$ | 6,336 | \$ 8,337 | \$ 5,364 | \$ 7,103 | \$ 5,419 | Governmental Activities: |
| | | 68,515 | 56,865 | 30,320 | 16,565 | 14,105 | Capital Leases |
| | | 225 | 104,720 | 103,290 | 102,640 | 101,490 | Certificates of Participation |
| | | 9,390 | 11,868 | 10,307 | 8,380 | 6,001 | Bonds Payable |
| | | 470,802 | 467,929 | 463,987 | 458,849 | 407,365 | Loans Payable |
| | | 555,268 | 649,719 | 613,268 | 593,537 | 534,380 | Pension Obligation Bonds |
| | | | | | | | Total Governmental Activities |
| | | 25 | 17 | 3 | 2 | | Business-type Activities: |
| | | 49,125 | 58,525 | 54,530 | 50,580 | 46,465 | Capital Leases |
| | | - | 60,411 | 58,337 | 64,241 | 71,417 | Certificates of Participation |
| | | 33,232 | 32,709 | 31,992 | 31,056 | 64,813 | Landfill Closure / Post-closure Costs |
| | | 82,382 | 151,662 | 144,862 | 145,879 | 182,695 | Pension Obligation Bonds |
| | | \$ 637,650 | \$ 801,381 | \$ 758,130 | \$ 739,416 | \$ 717,075 | Total Business-type Activities |
| | | | | | | | Total Primary Government |
| | | 3.89% | 4.69% | 4.21% | 3.91% | 3.26% | Percentage of Personal Income ^a |
| | | 898 | 1,094 | 1,007 | 960 | 875 | Per Capita ^b |

**COUNTY OF KERN
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITIA)**

| | Fiscal Year | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Governmental Activities: | | | | | |
| Certificates of Participation | \$ 106,360 | \$ 99,000 | \$ 97,785 | \$ 88,745 | \$ 78,970 |
| Capital Leases | 7,150 | 7,441 | 6,789 | 6,738 | 8,728 |
| Notes Payable | 2,118 | 671 | 10,622 | 9,250 | 8,455 |
| Bonds Payable | 193,187 | 185,716 | 185,701 | 185,846 | 184,773 |
| Total Governmental Activities | 308,815 | 292,828 | 300,897 | 290,579 | 280,926 |
| Business-type Activities: | | | | | |
| Certificates of Participation | 37,945 | 31,775 | 45,430 | 42,115 | 52,790 |
| Capital Leases | 115 | 36 | 70 | 70 | 48 |
| Bonds Payable | 34,443 | 34,317 | 33,836 | 33,777 | 33,582 |
| Total Business-type Activities | 72,503 | 66,128 | 79,336 | 75,962 | 86,420 |
| Total Primary Government | <u>\$ 381,318</u> | <u>\$ 358,956</u> | <u>\$ 380,233</u> | <u>\$ 366,541</u> | <u>\$ 367,346</u> |
| Percentage of Assessed Value ^a | 1.05% | 1.04% | 0.99% | 0.89% | 0.84% |
| Per Capita ^b | 597 | 555 | 575 | 544 | 532 |

Notes:

^a Refer to the "Assessed Value of Taxable Property and Actual Value of Property" table for total taxable assessed value.

^b Refer to the "Demographic and Economic Statistics" table for the population figures.

| Fiscal Year | | | | | |
|--------------------|-------------------|-------------------|-------------------|-------------------|---|
| 2003 | 2004 | 2005 | 2006 | 2007 | |
| \$ 68,515 | \$ 56,865 | \$ 30,320 | \$ 16,565 | \$ 14,105 | Governmental Activities: |
| 6,336 | 8,337 | 5,364 | 7,103 | 5,419 | Certificates of Participation |
| 9,390 | 11,868 | 10,307 | 8,380 | 6,001 | Capital Leases |
| <u>471,027</u> | <u>572,649</u> | <u>567,277</u> | <u>561,489</u> | <u>508,855</u> | Loans Payable |
| 555,268 | 649,719 | 613,268 | 593,537 | 534,380 | Bonds Payable |
| | | | | | Total Governmental Activities |
| | | | | | Business-type Activities: |
| 49,125 | 58,525 | 54,530 | 50,580 | 46,465 | Certificates of Participation |
| 25 | 17 | 3 | 3 | | Capital Leases |
| <u>33,232</u> | <u>32,709</u> | <u>31,992</u> | <u>31,056</u> | <u>64,813</u> | Bonds Payable |
| <u>82,382</u> | <u>91,251</u> | <u>86,525</u> | <u>81,639</u> | <u>111,278</u> | Total Business-type Activities |
| <u>\$ 637,650</u> | <u>\$ 740,970</u> | <u>\$ 699,793</u> | <u>\$ 675,176</u> | <u>\$ 645,658</u> | Total Primary Government |
| 1.50% | 1.65% | 1.45% | 1.20% | 0.94% | Percentage of Assessed Value ^a |
| 898 | 1,012 | 929 | 876 | 788 | Per Capita ^b |

**COUNTY OF KERN
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2007 (IN THOUSANDS)**

| | |
|---|----------------------|
| 2006 - 2007 Assessed Value (includes unitary utility valuation) | \$ 71,052,250 |
| Redevelopment Incremental Valuation ^a | <u>2,506,363</u> |
| Adjusted Assessed Valuation | <u>\$ 68,545,887</u> |

| | <u>Debt 05/01/07</u> | <u>Percentage Applicable</u> |
|---|---------------------------------|----------------------------------|
| Overlapping Tax and Assessment Debt | | |
| Kern Community College Safety, Repair and Improvement District | \$ 97,641 | 91.780 |
| Antelope Valley Joint Community College District and West Kern Community College District | 28,701 | 3.609 & 100. |
| Mojave Unified School District School Facilities Improvement District No. 1 | 14,995 | 100. |
| Tehachapi Unified School District | 22,175 | 100. |
| Other Unified School Districts | 54,109 | 100. |
| Kern High School District | 197,640 | 100. |
| Other Union High School District | 36,779 | 71.198 - 100. |
| Bakersfield School District | 55,015 | 100. |
| Delano Union School District | 37,880 | 100. |
| Fruitvale School District | 20,380 | 100. |
| Richland School District | 12,815 | 100. |
| Taft School District | 19,304 | 100. |
| Other School Districts | 111,055 | 100. |
| Water Districts | 2,884 | Various |
| Water Storage Districts | 15,155 | 100. |
| Tehachapi Valley Healthcare District | 12,595 | 100. |
| Bear Valley Community Services District, I.D. No. 2 | 5,650 | 100. |
| Community Facilities Districts | 81,395 | 100. |
| 1915 Act Bonds (Estimated) | <u>124,747</u> | 100. |
| Total Gross Overlapping Tax and Assessment Debt | <u>\$ 950,915</u> | |
| Less: | | |
| Water Storage Districts (100% self-supporting) | <u>7,555</u> | |
| Total Net Overlapping Tax and Assessment Debt | <u>\$ 943,360</u> | |
| Overlapping General Fund Debt | | |
| Kern County Board of Education Certificates of Participation | \$ 57,490 | 100. |
| Community College District Certificates of Participation | 90,809 | Various |
| Kern High School District Certificates of Participation | 115,200 | 100. |
| Other High School Certificates of Participation | 669 | Various |
| Unified School District General Fund Obligations | 20,124 | Various |
| School District General Fund Obligations | 43,675 | 100. |
| City of Bakersfield General Fund Obligations | 33,560 | 100. |
| City of Ridgecrest Certificates of Participation | 9,535 | 100. |
| Other City General Fund Obligations | <u>1,585</u> | 100. |
| Total Overlapping General Fund Debt | <u>\$ 372,647</u> | |
| Total Net Overlapping Debt | <u>\$ 1,316,007</u> | |
| Direct General Fund Debt | | |
| Kern County Certificates of Participation | \$ 54,735 ^b | 100. |
| Kern County Pension Obligations | <u>481,611^b</u> | 100. |
| Total Direct General Fund Debt | 536,346 | |
| Total Gross Direct and Overlapping Debt | <u>\$ 1,859,908^c</u> | |
| Total Net Direct and Overlapping Debt | <u>\$ 1,852,353</u> | |

Ratios to 2006 - 2007 Assessed Valuation:

| | |
|---|-------|
| Total Gross Overlapping Tax and Assessment Debt | 1.34% |
| Total Net Overlapping Tax and Assessment Debt | 1.33% |

Ratios to Adjusted Assess Valuation:

| | |
|---|--------------|
| Combined Direct Debt (\$536,346) | 0.78% |
| Gross Combined Total Debt | 2.71% |
| Net Combined Total Debt | 2.70% |

Notes:

^a Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment. Base year assessed value is the agreed upon value of a property at the time.

^b Excludes tax and revenue anticipation notes to be sold.

^c Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: 2007 - 2008 TRAN

**COUNTY OF KERN
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2007 (IN THOUSANDS)**

Legislation does not mandate a debt limit for County of Kern.

**COUNTY OF KERN
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

| | Year ^a | | | | |
|---|-------------------|------------|------------|------------|------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Population ^b | 638,200 | 647,000 | 661,645 | 673,625 | 690,599 |
| Personal Income (in Thousands) ^b | 12,800,334 | 13,091,618 | 13,891,434 | 14,704,822 | 15,684,043 |
| Per Capita Personal Income ^b | 20,057 | 20,234 | 20,995 | 21,829 | 22,711 |
| Unemployment Rate County of Kern ^c | 13.1% | 12.2% | 10.8% | 11.4% | 10.8% |
| School Enrollment ^d | 141,619 | 143,671 | 146,097 | 147,988 | 150,790 |

Notes:

^a Calendar year

^b Population as of January 1, source U.S. Census Bureau; all others estimated by California Department of Finance.

For years 2005, 2006 and 2007, estimated by California Department of Transportation for Kern County Economic Forecast.

^c Labor Market Information, California Employment Development Department

^d Educational Demographics Unit, California Department of Education

| Year ^a | | | | | |
|-------------------|------------|------------|------------|------------|---|
| 2003 | 2004 | 2005 | 2006 | 2007 | |
| 710,064 | 732,401 | 753,070 | 770,424 | 819,157 | Population ^b |
| 16,371,293 | 17,100,000 | 18,000,000 | 18,900,000 | 22,000,000 | Personal Income (in Thousands) ^b |
| 23,056 | 23,348 | 22,483 | 22,704 | 25,977 | Per Capita Personal Income ^b |
| 12.2% | 12.4% | 9.1% | 7.6% | 7.6% | Unemployment Rate County of Kern ^c |
| 154,913 | 160,157 | 165,817 | 170,362 | 171,585 | School Enrollment ^d |

**COUNTY OF KERN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

June 30, 2007

| EMPLOYER | EMPLOYEES | RANK | PERCENTAGE OF TOTAL COUNTY EMPLOYMENT | INDUSTRY |
|--------------------------------------|------------------|-------------|--|--|
| Kern County Public Schools | 27,000 | 1 | 9.36% | Education |
| Edwards Air Force Base | 11,285 | 2 | 3.91% | Federal Government - National Security |
| San Joaquin Community Hospital | 11,000 | 3 | 3.81% | Hospital |
| County of Kern | 9,339 | 4 | 3.24% | County Government |
| Grimmway Enterprises | 6,300 | 5 | 2.18% | Agriculture |
| China Lake Naval Air Weapons Station | 6,192 | 6 | 2.15% | Federal Government - National Security |
| Giumarra Vineyards | 4,000 | 7 | 1.39% | Agriculture |
| Esparza Enterprises | 3,600 | 8 | 1.25% | Agriculture Labor |
| Catholic Healthcare West | 2,952 | 9 | 1.02% | Health Care |
| William Bolthouse Farms, Inc. | 2,350 | 10 | 0.81% | Agriculture |
| Total | 84,018 | | 29.13% | |

June 30, 1998

| EMPLOYER^a | EMPLOYEES^a | RANK | PERCENTAGE OF TOTAL COUNTY EMPLOYMENT | INDUSTRY |
|--------------------------------------|------------------------------|-------------|--|--|
| Edwards Air Force Base | 18,978 | 1 | 7.97% | Federal Government - National Security |
| Kern County Public Schools | 14,972 | 2 | 6.29% | Education |
| County of Kern | 5,132 | 3 | 2.15% | County Government |
| China Lake Naval Air Weapons Station | 5,683 | 4 | 2.39% | Federal Government - National Security |
| Grimmway Enterprises | 5,348 | 5 | 2.25% | Farms |
| Giumarra Vineyards | 4,278 | 6 | 1.80% | Farms |
| Esparza Enterprises | 3,851 | 7 | 1.62% | Agriculture Labor |
| Catholic Healthcare West | 1,981 | 8 | 0.83% | Health Care |
| William Bolthouse Farms, Inc. | 2,514 | 9 | 1.06% | Farms |
| Sunview Vineyards | 2,139 | 10 | 0.90% | Farms |
| Total | 64,876 | | 27.24% | |

Note:

^a The information for 1998 was not available. An estimate was obtained using information from the Kern Employment Development Department.

Sources:

Kern Economic Development Corporation, Labor Market Information Division
Kern Employment Development Department



**COUNTY OF KERN
FULL - TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

| Function / Program | FULL - TIME EQUIVALENT EMPLOYEES AS OF JUNE 30 | | | | |
|--------------------------------------|---|---------------------|---------------------|---------------------|---------------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| General Government: | | | | | |
| Assessor | 94 | 93 | 92 | 95 | 93 |
| Information Technology | 59 | 60 | 58 | 58 | 63 |
| County Counsel | 54 | 56 | 55 | 61 | 61 |
| Other | 393 | 402 | 398 | 424 | 416 |
| Public Protection: | | | | | |
| District Attorney | 161 | 160 | 165 | 195 | 214 |
| Public Defender | 73 | 72 | 72 | 76 | 78 |
| Sheriff - Coroner | 947 | 1,018 | 1,019 | 1,072 | 1,081 |
| Probation | 361 | 380 | 394 | 406 | 433 |
| Fire Department | 482 | 476 | 487 | 507 | 537 |
| Other | 684 | 714 | 705 | 720 | 464 |
| Public Ways & Facilities: | | | | | |
| Roads | 145 | 144 | 150 | 150 | 160 |
| Health and Sanitation: | | | | | |
| Public Health | 199 | 198 | 204 | 227 | 257 |
| Mental Health Services | 272 | 331 | 362 | 374 | 409 |
| Other | 134 | 153 | 173 | 182 | 189 |
| Public Assisstance: | | | | | |
| Human Services | 994 | 1,063 | 1,076 | 1,223 | 1,280 |
| Other | 131 | 165 | 259 | 268 | 288 |
| Education: | | | | | |
| Library | 97 | 97 | 98 | 98 | 156 |
| Other | 6 | 6 | 6 | 6 | 6 |
| Culture & Recreation | 123 | 121 | 121 | 121 | 116 |
| Airports | 19 | 21 | 20 | 19 | 19 |
| Kern Medical Center | 898 | 943 | 970 | 1,059 | 1,358 |
| Public Transportation | 3 | 3 | 3 | 3 | 4 |
| Waste Management | 80 | 82 | 81 | 80 | 82 |
| Total Full - Time Employees | <u>6,409</u> | <u>6,758</u> | <u>6,968</u> | <u>7,424</u> | <u>7,764</u> |

Source: Auditor - Controller - County Clerk - COLD System

FULL - TIME EQUIVALENT EMPLOYEES AS OF JUNE 30

| 2003 | 2004 | 2005 | 2006 | 2007 | Function / Program |
|--------------|--------------|--------------|--------------|--------------|-----------------------------|
| | | | | | General Government: |
| 89 | 90 | 85 | 86 | 85 | Assessor |
| 62 | 61 | 60 | 56 | 59 | Information Technology |
| 67 | 66 | 68 | 73 | 48 | County Counsel |
| 399 | 368 | 357 | 362 | 432 | Other |
| | | | | | Public Protection: |
| 206 | 195 | 185 | 423 | 210 | District Attorney |
| 78 | 76 | 77 | 81 | 82 | Public Defender |
| 1,059 | 1,044 | 1,050 | 1,084 | 1,100 | Sheriff - Coroner |
| 421 | 444 | 435 | 456 | 490 | Probation |
| 530 | 532 | 537 | 552 | 574 | Fire Department |
| 476 | 460 | 441 | 200 | 443 | Other |
| | | | | | Public Ways & Facilities: |
| 154 | 161 | 147 | 156 | 164 | Roads |
| | | | | | Health and Sanitation: |
| 265 | 257 | 260 | 298 | 260 | Public Health |
| 394 | 396 | 409 | 453 | 482 | Mental Health Services |
| 189 | 154 | 166 | 123 | 181 | Other |
| | | | | | Public Assistance: |
| 1,184 | 1,217 | 1,309 | 1,375 | 1,375 | Human Services |
| 263 | 255 | 247 | 242 | 228 | Other |
| | | | | | Education: |
| 149 | 141 | 138 | 131 | 137 | Library |
| 5 | 5 | 6 | 6 | 6 | Other |
| 111 | 109 | 109 | 106 | 117 | Culture & Recreation |
| 18 | 17 | 18 | 22 | 22 | Airports |
| 1,328 | 1,336 | 1,310 | 1,398 | 1,516 | Kern Medical Center |
| 4 | 3 | 3 | 3 | 3 | Public Transportation |
| 84 | 106 | 107 | 110 | 115 | Waste Management |
| <u>7,535</u> | <u>7,493</u> | <u>7,524</u> | <u>7,796</u> | <u>8,129</u> | Total Full - Time Employees |

**COUNTY OF KERN
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS**

Page 1 of 2

| Function / Program | Fiscal Year | | | | |
|--|-------------|---------|---------|--------------------|--------------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Governmental Activities: | | | | | |
| General Government | | | | | |
| Assessor - Recorder | | | | | |
| Recorded documents | 191,073 | 211,954 | 185,879 | 196,690 | 233,710 |
| County Counsel | | | | | |
| Litigated & administrative hearings | N/A | N/A | N/A | N/A | N/A |
| Attorneys | N/A | N/A | N/A | N/A | N/A |
| Attorneys per capita | N/A | N/A | N/A | N/A | N/A |
| Personnel | | | | | |
| Applications received | 13,377 | 13,213 | 12,952 | 15,740 | 14,643 |
| County Clerk - Elections | | | | | |
| Marriage certificates issued | 3,082 | 3,552 | 3,750 | 4,320 | 3,893 |
| Marriage licenses | 3,920 | N/A | 4,227 | 4,713 | 3,960 |
| Wedding ceremonies | 941 | N/A | 1,021 | 1,251 | 1,279 |
| Fictitious business names | 3,447 | N/A | 4,245 | 4,552 | 4,829 |
| Public Protection | | | | | |
| District Attorney | | | | | |
| Misdemeanors cases filed | 26,966 | 26,416 | 27,304 | 29,587 | 29,666 |
| Felony cases filed | 5,791 | 5,015 | 5,195 | 5,252 | 5,830 |
| Information filed | 1,642 | 1,982 | 1,789 | 1,493 | 1,534 |
| Cases with juries | 334 | 312 | 162 | 249 | 228 |
| Public Defender | | | | | |
| Public defense cases accepted/received | N/A | N/A | N/A | 22,637 | 23,112 |
| Public defense cases opened | N/A | N/A | N/A | 18,381 | 18,762 |
| Public defense cases closed | N/A | N/A | N/A | 32,594 | 19,823 |
| Public defense cases closed within 12 months | N/A | N/A | N/A | 32,594 | 19,823 |
| Sheriff - Coroner | | | | | |
| Dispatched calls for service | 168,691 | 183,458 | 196,153 | 217,681 | 246,849 |
| Violent crimes: | 3,733 | 3,418 | 3,240 | 3,275 | 3,371 |
| Homicide | 55 | 52 | 37 | 39 | 51 |
| Forcible rape | 167 | 134 | 175 | 191 | 220 |
| Robbery | 924 | 741 | 658 | 741 | 779 |
| Aggravated assault | 2,587 | 2,491 | 2,370 | 2,304 | 2,321 |
| Property crimes | 14,475 | 11,958 | 11,757 | 12,337 | 13,903 |
| Total larceny - theft | 15,994 | 14,412 | 13,773 | 15,221 | 15,842 |
| Bookings | N/A | 38,778 | 40,741 | 42,547 | 42,235 |
| Fingerprints | N/A | N/A | N/A | N/A | N/A |
| Fire Department | | | | | |
| Total incident calls | N/A | N/A | N/A | 23,057 | 28,823 |
| Fire calls | N/A | N/A | N/A | 2,712 | 3,134 |
| Fireworks explosion (no fire) calls | N/A | N/A | N/A | 5 | 16 |
| Illegal fireworks complaint calls | N/A | N/A | N/A | 1 | 282 |
| EMS / rescue calls | N/A | N/A | N/A | 14,842 | 17,214 |
| Hazardous condition calls | N/A | N/A | N/A | 1,680 | 1,904 |
| Public service calls | N/A | N/A | N/A | 1,368 ^a | 2,663 ^a |
| False calls | N/A | N/A | N/A | 806 | 1,770 |

Source: County of Kern

Notes:

N/A - Information was not available.

^a Information was updated from prior year report

| Fiscal Year | | | | | Function / Program |
|---------------------------------|--------------------|--------------------|--------------------|----------|--|
| 2003 | 2004 | 2005 | 2006 | 2007 | |
| Governmental Activities: | | | | | |
| General Government | | | | | |
| Assessor - Recorder | | | | | |
| 280,713 | 345,906 | 397,341 | 410,684 | 339,822 | Recorded documents |
| County Counsel | | | | | |
| N/A | N/A | 1,964 | 2,325 | 2,254 | Litigated & administrative hearings |
| N/A | N/A | 28 | 28 | 29 | Attorneys |
| N/A | N/A | 0.000037 | 0.000037 | 0.000037 | Attorneys per capita |
| Personnel | | | | | |
| 12,075 | 12,517 | 17,300 | 19,531 | 27,955 | Applications received |
| County Clerk - Elections | | | | | |
| 4,288 | 4,388 | 4,435 | 4,484 | N/A | Marriage certificates issued |
| 3,877 | 4,321 | 4,382 | 4,484 | 4,745 | Marriage licenses |
| 1,389 | 1,756 | 1,836 | 1,944 | 2,091 | Wedding ceremonies |
| 5,701 | 6,428 | 7,551 | 6,993 | 7,460 | Fictitious business names |
| Public Protection | | | | | |
| District Attorney | | | | | |
| 32,574 | 34,775 | 33,419 | 34,158 | 35,947 | Misdemeanors cases filed |
| 5,950 | 6,195 | 6,579 | 6,992 | 7,294 | Felony cases filed |
| 1,444 | 1,195 | 1,532 | 1,661 | 1,788 | Felony information filed |
| 237 | 235 | 169 | 170 | 141 | Felony cases with juries |
| Public Defender | | | | | |
| 25,698 | 31,152 | 35,768 | 34,153 | 36,084 | Public defense cases accepted/received |
| 19,710 | 20,731 | 20,131 | 21,262 | 22,188 | Public defense cases opened |
| 20,466 | 22,330 | 23,699 | 29,990 | 31,115 | Public defense cases closed |
| 20,466 | 22,330 | 23,699 | 29,990 | 31,115 | Public defense cases closed within 12 months |
| Sheriff - Coroner | | | | | |
| 257,998 | 255,326 | 253,986 | 125,803 | 266,988 | Dispatched calls for service |
| 3,742 | N/A | N/A | N/A | 3,930 | Violent crimes: |
| 46 | N/A | N/A | N/A | 31 | Homicide |
| 203 | N/A | N/A | N/A | 108 | Forcible rape |
| 784 | 286 ^a | 337 ^a | 398 ^a | 342 | Robbery |
| 2,709 | N/A | N/A | N/A | 3,449 | Aggravated assault |
| 15,961 | 5,508 ^a | 4,770 ^a | 5,389 ^a | 4,402 | Property crimes |
| 17,743 | 5,159 | 6,838 | 6,705 | 6,053 | Total larceny - theft |
| 42,514 | 41,709 | 45,362 | 48,127 | 22,631 | Bookings |
| 4,607 | 5,505 | 6,769 | 2,850 | 4,710 | Fingerprints |
| Fire Department | | | | | |
| 29,960 | 33,292 | 34,192 | 30,510 | 38,421 | Total incident calls |
| 3,193 | 3,498 | 3,667 | 3,239 | 4,153 | Fire calls |
| 27 | 49 | 59 | 22 | N/A | Fireworks explosion (no fire) calls |
| 497 | 640 | 802 | 596 | N/A | Illegal fireworks complaint calls |
| 17,421 | 19,850 | 20,840 | 17,786 | 21,729 | EMS / rescue calls |
| 1,705 | 1,656 | 1,755 | 1,465 | 1,816 | Hazardous condition calls |
| 3,219 ^a | 3,118 ^a | 1,945 ^a | 1,435 ^a | 1,823 | Public service calls |
| 1,821 | 1,985 | 1,927 | 1,365 | 1,898 | False calls |

**COUNTY OF KERN
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS**

Page 2 of 2

| Function / Program | Fiscal Year | | | | |
|--|-------------|------------|------------|------------|------------|
| | 1998 | 1999 | 2000 | 2001 | 2002 |
| Building Inspection | | | | | |
| Building permits issued | 6,674 | 6,719 | 6,556 | 6,795 | 8,124 |
| Animal Control | | | | | |
| Received calls for response | N/A | N/A | N/A | N/A | N/A |
| Animals impounded | 23,524 | 24,494 | 25,360 | 22,381 | 20,763 |
| Animals redeemed | 706 | 581 | 752 | 651 | 643 |
| Animals adopted | 923 | 1,645 | 2,171 | 2,522 | 2,118 |
| Animals euthanized | 21,159 | 19,266 | 19,512 | 16,443 | 14,380 |
| Public Ways & Facilities | | | | | |
| Roads | | | | | |
| Maintained road lanes (in miles) | 6,635.70 | 6,635.70 | 6,629.64 | 6,791.50 | 6,635.70 |
| Health and Sanitation | | | | | |
| Mental Health Services | | | | | |
| Unique clients served | 15,935 | 17,064 | 18,435 | 19,620 | 19,771 |
| Unique clients served with outpatient services | 15,094 | 16,580 | 17,713 | 18,781 | 19,529 |
| Unique clients served with intensive services | 1,415 | 1,396 | 1,642 | 1,618 | 1,517 |
| Public Assistance | | | | | |
| Aging & Adult Services | | | | | |
| Senior Nutrition participation: | | | | | |
| Congregate senior participants | N/A | N/A | 6,938 | 6,719 | 4,590 |
| Congregate meals | 219,561 | 228,508 | 218,336 | 207,612 | 206,135 |
| Home delivered senior participants | N/A | N/A | 2,699 | 2,682 | 2,302 |
| Home delivered meals | 274,599 | 290,962 | 301,199 | 295,449 | 303,918 |
| Human Services | | | | | |
| Number of Children Admitted to Jamison: | | | | | |
| Protective Custody/New Intakes | N/A | N/A | N/A | 2,458 | 2,769 |
| Change of Placement | N/A | N/A | N/A | 359 | 419 |
| Children released from Jamison | N/A | N/A | N/A | 2,716 | 3,223 |
| Average day stay in Jamison | N/A | N/A | N/A | N/A | 14.7 |
| Admissions - Breakdown by Age: | | | | | |
| Newborn - 5 years | N/A | N/A | N/A | 1,105 | 1,156 |
| 6 - 12 years | N/A | N/A | N/A | 1,000 | 1,207 |
| 13 - 18 years | N/A | N/A | N/A | 715 | 834 |
| Culture, Education & Recreation | | | | | |
| Parks & Recreation | | | | | |
| Annual Boat Permits | N/A | N/A | 10,539 | 6,444 | 4,669 |
| Day Use Boat Fees | N/A | N/A | 20,352 | 23,937 | 23,239 |
| Business - type Activities: | | | | | |
| Waste Management | | | | | |
| Landfill capacity in cubic yards | 59,127,257 | 59,127,257 | 59,127,257 | 97,633,607 | 94,757,759 |

Source: County of Kern

Notes:

N/A - Information was not available.

^a Information was updated from prior year report

| Fiscal Year | | | | | Function / Program |
|-------------|------------|------------|-------------|------------|--|
| 2003 | 2004 | 2005 | 2006 | 2007 | |
| 8,390 | 10,280 | 11,122 | 12,515 | 6,808 | Building Inspection Building permits issued |
| N/A | N/A | 22,186 | 21,251 | 21,668 | Animal Control Received calls for response |
| 27,615 | 28,979 | N/A | N/A | N/A | Animals impounded |
| 982 | 1,138 | 1,174 | 1,417 | 1,596 | Animals returned to owner |
| 2,143 | 2,564 | 2,772 | 3,054 | 3,147 | Animals adopted |
| 21,649 | 21,958 | 18,171 | 16,904 | 16,743 | Animals euthanized |
| | | | | | Public Ways & Facilities |
| | | | | | Roads Maintained road lanes (in miles) |
| | | | | | Health and Sanitation |
| | | | | | Mental Health Services Unique clients served |
| 18,967 | 18,928 | 19,210 | 18,392 | 20,563 | Unique clients served with outpatient services |
| 18,841 | 18,805 | 19,104 | 18,211 | 16,380 | Unique clients served with intensive services |
| 1,590 | 1,482 | 1,551 | 1,539 | 4,183 | |
| | | | | | Public Assistance |
| | | | | | Aging & Adult Services Senior Nutrition participation: |
| 5,678 | 5,319 | 5,123 | 4,398 | 4,239 | Congregate senior participants |
| 206,097 | 186,322 | 186,857 | 177,675 | 180,754 | Congregate meals |
| 2,657 | 2,223 | 2,269 | 2,122 | 2,185 | Home delivered senior participants |
| 285,509 | 272,905 | 280,422 | 245,042 | 258,222 | Home delivered meals |
| | | | | | Human Services Number of Children Admitted to Jamison: |
| 2,908 | 2,713 | 5,191 | 2,626 | | Protective Custody/New Intakes |
| 2,581 | 2,263 | 4,353 | 2,341 | 2,399 | Change of Placement |
| 347 | 450 | 838 | 452 | 238 | Children released from Jamison |
| 2,895 | N/A | N/A | N/A | 2,633 | Average day stay in Jamison |
| N/A | N/A | N/A | N/A | 4 | Admissions - Breakdown by Age: |
| 1,084 | 1,106 | 2,087 | 1,115 | 1,028 | Newborn - 5 years |
| 956 | 759 | 1,488 | 734 | 741 | 6 - 12 years |
| 833 | 817 | 1,556 | 873 | 847 | 13 - 18 years |
| | | | | | Culture, Education & Recreation |
| | | | | | Parks & Recreation Annual Boat Permits |
| 4,281 | 5,339 | 4,606 | 4,623 | 4,170 | Day Use Boat Fees |
| 23,793 | 25,381 | 22,359 | 20,530 | 40,318 | |
| | | | | | Business - type Activities: |
| | | | | | Waste Management Landfill capacity in cubic yards |
| 95,100,966 | 95,459,239 | 98,948,413 | 110,042,325 | 98,576,606 | |

**COUNTY OF KERN
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

| Function / Program | Fiscal Year | | | | | | | | | | |
|----------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--|
| | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | |
| Education | | | | | | | | | | | |
| Public Library | | | | | | | | | | | |
| Main Library | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Branches | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | |
| Law Library | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| Parks and Land Use | | | | | | | | | | | |
| Number of Neighborhood Parks | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | 40 | |
| Number of Regional Parks | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | |
| County Golf Courses | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | |
| Public Works | | | | | | | | | | | |
| Centerline Miles of County Roads | 6,636 | 6,636 | 6,630 | 6,792 | 6,636 | 6,666 | 6,669 | 6,668 | 6,600 | 6,654 | |
| Public Safety | | | | | | | | | | | |
| Number of Sheriff Stations | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 14 | |
| Number of Fire Stations | 46 | 46 | 46 | 46 | 46 | 46 | 46 | 46 | 46 | 46 | |
| Airports | | | | | | | | | | | |
| Number of Runways | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | |

Source: County of Kern



APPENDIX C
KERN COUNTY
CASH FLOW STATEMENTS

**COUNTY OF KERN
CUMULATIVE CASH FLOW - ACTUAL
FISCAL YEAR 2006-07**

| | Actual July | Actual August | Actual September | Actual October | Actual November | Actual December |
|------------------------------|------------------------|--------------------------|-----------------------------|---------------------------|----------------------------|----------------------------|
| BEGINNING BALANCE | \$84,793,187 | \$82,427,179 | \$42,185,096 | \$27,357,152 | \$12,031,826 | \$34,025,508 |
| RECEIPTS | | | | | | |
| Current Property Taxes | \$2,244,567 | \$372,552 | \$6,679,811 | \$1,524,734 | \$10,793,549 | \$78,151,004 |
| Other Taxes | \$2,488,300 | \$3,395,291 | \$3,366,929 | \$2,612,651 | \$3,190,553 | \$42,927,425 |
| Licenses/Permits | \$939,009 | \$1,102,151 | \$332,253 | \$293,953 | \$565,133 | \$217,509 |
| Fines/Forfeits & Penalties | \$1,116,117 | \$881,737 | \$773,045 | \$790,989 | \$950,945 | \$824,377 |
| Revenue from Use of Money | \$11,045,607 | \$70,558 | \$1,235,141 | \$1,620,788 | \$89,558 | \$958,517 |
| Intergovernmental Revenues | \$10,518,199 | \$7,097,694 | \$8,234,928 | \$7,500,992 | \$14,473,740 | \$8,093,469 |
| Charges for Current Services | \$6,124,464 | \$8,170,420 | \$5,543,332 | \$9,213,770 | \$5,542,256 | \$7,638,086 |
| Other Revenue | \$196,744 | \$1,028,320 | \$398,789 | \$670,202 | \$161,318 | \$524,818 |
| Operating Transfers In | \$13,756,529 | \$30,355,782 | \$16,237,030 | \$14,099,648 | \$31,509,186 | \$7,293,806 |
| Notes Sold | \$160,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL RECEIPTS | \$208,429,536 | \$52,474,506 | \$42,801,256 | \$38,327,727 | \$67,276,238 | \$146,629,012 |
| DISBURSEMENTS | | | | | | |
| General Government | \$6,583,323 | \$7,395,372 | \$8,057,844 | \$7,706,233 | \$8,397,954 | \$8,592,350 |
| Public Protection | \$25,959,404 | \$30,348,080 | \$34,804,323 | \$34,085,843 | \$26,180,883 | \$35,877,813 |
| Health & Sanitation | \$3,780,167 | \$7,517,034 | \$5,053,962 | \$7,574,912 | \$4,718,897 | \$3,679,263 |
| Public Assistance | \$1,164,084 | \$1,375,622 | \$5,345,319 | \$1,047,775 | \$1,111,698 | \$3,853,110 |
| Education | \$626,030 | \$712,433 | \$807,672 | \$700,793 | \$853,573 | \$845,833 |
| Recreation & Culture | \$979,704 | \$1,228,748 | \$1,604,054 | \$1,141,010 | \$1,058,198 | \$1,035,110 |
| Debt Program | \$1,528,336 | \$0 | \$88,258 | \$431,382 | \$1,652,920 | \$5,075 |
| Other Expenses | \$152,485,910 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Operating Transfers Out | \$17,688,586 | \$44,139,300 | \$1,867,767 | \$965,105 | \$1,308,433 | \$5,665,123 |
| Note Repayment - Principal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Note Repayment - Interest | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL DISBURSEMENTS | \$210,795,544 | \$92,716,589 | \$57,629,200 | \$53,653,052 | \$45,282,556 | \$59,553,676 |
| ENDING BALANCE | \$82,427,179 | \$42,185,096 | \$27,357,152 | \$12,031,826 | \$34,025,508 | \$121,100,844 |

**COUNTY OF KERN
CUMULATIVE CASH FLOW - ACTUAL
FISCAL YEAR 2006-07**

| | Actual January | Actual February | Actual March | Actual April | Actual May | Actual June | Totals |
|------------------------------|---------------------------|----------------------------|-------------------------|-------------------------|-----------------------|------------------------|------------------------|
| BEGINNING BALANCE | \$121,100,844 | \$116,113,573 | \$63,337,595 | \$92,319,917 | \$104,527,168 | \$100,504,655 | |
| RECEIPTS | | | | | | | |
| Current Property Taxes | \$10,653,587 | \$4,724,164 | \$3,944,602 | \$75,006,512 | \$11,289,393 | \$9,373,113 | \$214,757,588 |
| Other Taxes | \$6,971,579 | \$3,012,637 | \$2,480,872 | \$40,914,685 | \$2,791,917 | \$3,557,253 | \$117,710,092 |
| Licenses/Permits | \$308,848 | \$616,393 | \$3,516,526 | \$1,776,716 | \$556,838 | \$181,242 | \$10,406,570 |
| Fines/Forfeits & Penalties | \$897,732 | \$6,234,551 | \$994,006 | \$1,089,051 | \$1,257,518 | (\$721,564) | \$15,088,505 |
| Revenue from Use of Money | \$1,507,011 | \$406,345 | \$956,740 | \$928,438 | \$790,675 | \$3,942,249 | \$23,551,627 |
| Intergovernmental Revenues | \$9,465,600 | \$13,519,507 | \$13,200,322 | \$9,099,868 | \$14,879,576 | \$14,759,710 | \$130,843,605 |
| Charges for Current Services | \$9,372,990 | \$7,165,115 | \$13,218,226 | \$11,261,768 | \$13,017,503 | \$10,198,879 | \$106,466,807 |
| Other Revenue | \$1,755,138 | \$346,749 | \$1,271,424 | (\$78,785) | \$781,485 | \$2,606,489 | \$9,662,692 |
| Operating Transfers In | \$27,520,639 | \$5,962,993 | \$40,129,813 | \$7,935,858 | \$46,311,967 | \$31,734,203 | \$272,847,455 |
| Notes Sold | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$160,000,000 |
| TOTAL RECEIPTS | \$68,453,124 | \$41,988,454 | \$79,712,531 | \$147,934,111 | \$91,676,872 | \$75,631,574 | \$1,061,334,940 |
| DISBURSEMENTS | | | | | | | |
| General Government | \$7,959,890 | \$6,347,176 | \$7,574,725 | \$6,692,125 | \$6,312,189 | \$5,656,900 | \$87,276,080 |
| Public Protection | \$38,887,930 | \$26,607,291 | \$32,117,509 | \$33,097,145 | \$29,878,302 | \$34,315,054 | \$382,159,576 |
| Health & Sanitation | \$7,633,710 | \$4,857,407 | \$4,640,031 | \$7,466,848 | \$5,346,958 | \$9,450,623 | \$71,719,813 |
| Public Assistance | \$1,361,641 | \$995,375 | \$1,924,267 | \$2,310,099 | \$1,156,801 | \$1,648,164 | \$23,293,957 |
| Education | \$955,254 | \$804,849 | \$1,303,389 | \$757,734 | \$730,264 | \$894,890 | \$9,992,714 |
| Recreation & Culture | \$1,369,167 | \$1,064,502 | \$968,764 | \$1,140,015 | \$998,140 | \$1,523,279 | \$14,110,690 |
| Debt Program | \$132,146 | \$0 | \$98,564 | \$130,857 | \$1,731 | \$24,787 | \$4,094,056 |
| Other Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$152,485,910 |
| Operating Transfers Out | \$15,140,656 | \$6,087,833 | \$2,102,960 | \$20,132,037 | \$3,275,000 | \$432,622 | \$118,805,421 |
| Note Repayment - Principal | \$0 | \$48,000,000 | \$0 | \$64,000,000 | \$48,000,000 | \$0 | \$160,000,000 |
| Note Repayment - Interest | \$0 | \$0 | \$0 | \$0 | \$0 | \$7,120,000 | \$7,120,000 |
| TOTAL DISBURSEMENTS | \$73,440,395 | \$94,764,432 | \$50,730,209 | \$135,726,860 | \$95,699,385 | \$61,066,319 | \$1,031,058,217 |
| ENDING BALANCE | \$116,113,573 | \$63,337,595 | \$92,319,917 | \$104,527,168 | \$100,504,655 | \$115,069,910 | |

**COUNTY OF KERN
CUMULATIVE CASH FLOW - ACTUAL/PROJECTED
FISCAL YEAR 2007-08**

| | Actual July | Actual August | Actual September | Actual October | Actual November | Actual December |
|------------------------------|------------------------|--------------------------|-----------------------------|---------------------------|----------------------------|----------------------------|
| BEGINNING BALANCE | \$121,032,077 | \$87,850,138 | \$25,905,355 | \$13,984,119 | \$11,309,082 | \$31,248,790 |
| RECEIPTS | | | | | | |
| Current Property Taxes | \$5,379,130 | \$1,267,579 | \$6,616,053 | \$2,384,740 | \$8,337,638 | \$98,229,759 |
| Other Taxes | \$2,497,556 | \$3,312,845 | \$3,217,528 | \$2,751,888 | \$3,455,865 | \$46,985,460 |
| Licenses/Permits | \$1,245,631 | \$1,002,336 | \$269,383 | \$378,286 | \$625,959 | \$214,352 |
| Fines/Forfeits & Penalties | \$1,318,913 | \$7,791,241 | \$3,581,147 | \$1,134,786 | \$857,654 | \$1,043,226 |
| Revenue from Use of Money | \$7,255,839 | \$80,544 | \$2,800,336 | \$105,822 | \$2,048,716 | \$971,805 |
| Intergovernmental Revenues | \$5,582,090 | \$5,448,876 | \$8,633,547 | \$8,121,726 | \$10,545,067 | \$12,752,246 |
| Charges for Current Services | \$9,117,286 | \$5,694,476 | \$7,945,224 | \$8,500,631 | \$7,588,271 | \$11,106,610 |
| Other Revenue | \$208,697 | \$2,005,832 | \$832,763 | \$2,205,716 | \$2,049,880 | \$2,036,323 |
| Operating Transfers In | \$18,499,211 | \$16,279,575 | \$17,782,256 | \$35,071,636 | \$37,872,132 | \$18,331,949 |
| Notes Sold | \$150,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL RECEIPTS | \$201,104,352 | \$42,883,304 | \$51,678,237 | \$60,655,231 | \$73,381,182 | \$191,671,732 |
| DISBURSEMENTS | | | | | | |
| General Government | \$6,008,515 | \$9,896,167 | \$8,138,749 | \$8,842,196 | \$9,624,794 | \$10,174,002 |
| Public Protection | \$28,198,335 | \$44,371,747 | \$41,594,549 | \$31,575,366 | \$31,348,900 | \$38,098,676 |
| Health & Sanitation | \$6,323,466 | \$6,282,798 | \$6,538,761 | \$8,611,319 | \$5,975,995 | \$5,939,222 |
| Public Assistance | \$1,011,353 | \$2,316,674 | \$2,435,780 | \$1,014,674 | \$3,436,492 | \$1,037,984 |
| Education | \$583,558 | \$1,047,260 | \$755,840 | \$708,754 | \$796,590 | \$744,385 |
| Recreation & Culture | \$484,252 | \$1,519,556 | \$1,758,053 | \$1,236,922 | \$1,247,541 | \$1,070,744 |
| Debt Program | \$1,565,512 | \$24,500 | \$73,041 | \$423,116 | \$130,529 | \$5,125 |
| Other Expenses | \$149,939,771 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Operating Transfers Out | \$40,171,529 | \$39,369,383 | \$2,304,699 | \$10,917,922 | \$880,632 | \$33,043,013 |
| Note Repayment - Principal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Note Repayment - Interest | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL DISBURSEMENTS | \$234,286,291 | \$104,828,087 | \$63,599,473 | \$63,330,269 | \$53,441,473 | \$90,113,151 |
| ENDING BALANCE | \$87,850,138 | \$25,905,355 | \$13,984,119 | \$11,309,082 | \$31,248,790 | \$132,807,371 |

Ending Balance 6/30/07-CF & TRAN Proj \$115,069,910
Beginning Balance 7/1/2007-CF Actual \$121,032,077
Difference \$5,962,167 (A)

(A) Represents inclusion of discretionary portion of Tax Loss Reserve (00264) to be reflected beginning in 07-08 for TRAN purposes per Kern County Auditor-Controller-County Clerk

**COUNTY OF KERN
CUMULATIVE CASH FLOW - ACTUAL/PRO.
FISCAL YEAR 2007-08**

| | Actual January | Actual February | Actual March | Actual April | Projected May | Projected June | Totals |
|------------------------------|---------------------------|----------------------------|-------------------------|-------------------------|--------------------------|---------------------------|-----------------|
| BEGINNING BALANCE | \$132,807,371 | \$106,906,646 | \$70,978,203 | \$62,641,132 | \$130,633,668 | \$108,047,110 | |
| RECEIPTS | | | | | | | |
| Current Property Taxes | \$10,652,494 | \$4,237,505 | \$2,783,534 | \$83,213,865 | \$7,607,449 | \$10,962,805 | \$241,672,550 |
| Other Taxes | \$2,336,129 | \$4,742,405 | \$4,340,102 | \$45,925,216 | \$3,129,715 | \$9,014,729 | \$131,709,438 |
| Licenses/Permits | \$255,625 | \$835,700 | \$3,280,808 | \$1,789,041 | \$546,395 | \$156,318 | \$10,599,833 |
| Fines/Forfeits & Penalties | \$1,158,456 | \$1,583,462 | \$954,967 | \$2,158,867 | \$1,036,802 | \$1,259,860 | \$23,879,381 |
| Revenue from Use of Money | \$1,601,681 | \$268,479 | \$1,303,796 | \$1,388,145 | \$1,145,160 | \$3,858,472 | \$22,828,795 |
| Intergovernmental Revenues | \$7,849,101 | \$11,757,288 | \$8,616,010 | \$13,410,166 | \$16,835,492 | \$26,894,372 | \$136,445,980 |
| Charges for Current Services | \$12,653,245 | \$10,892,956 | \$10,666,477 | \$8,719,447 | \$13,322,212 | \$13,107,337 | \$119,314,172 |
| Other Revenue | \$2,248,027 | \$1,146,522 | \$2,017,284 | \$4,723,190 | \$734,331 | \$129,500 | \$20,338,064 |
| Operating Transfers In | \$23,423,134 | \$27,686,667 | \$20,143,381 | \$13,332,736 | \$36,743,804 | \$28,607,141 | \$293,773,621 |
| Notes Sold | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$150,000,000 |
| TOTAL RECEIPTS | \$62,177,890 | \$63,150,983 | \$54,106,358 | \$174,660,673 | \$81,101,360 | \$93,990,534 | \$1,150,561,836 |
| DISBURSEMENTS | | | | | | | |
| General Government | \$12,299,586 | \$9,072,385 | \$8,786,921 | \$7,826,494 | \$9,878,069 | \$14,354,568 | \$114,902,447 |
| Public Protection | \$57,563,983 | \$33,523,720 | \$36,434,915 | \$37,827,672 | \$33,214,335 | \$42,737,884 | \$456,490,081 |
| Health & Sanitation | \$10,028,829 | \$5,000,035 | \$8,391,612 | \$6,020,108 | \$6,691,742 | \$7,520,198 | \$83,324,086 |
| Public Assistance | \$3,588,765 | \$991,418 | \$1,566,675 | \$2,896,993 | \$1,520,704 | \$1,547,280 | \$23,364,792 |
| Education | \$1,129,974 | \$1,131,400 | \$744,680 | \$733,077 | \$931,075 | \$975,861 | \$10,282,454 |
| Recreation & Culture | \$1,976,942 | \$1,185,441 | \$1,090,036 | \$1,050,829 | \$1,276,993 | \$1,175,620 | \$15,072,928 |
| Debt Program | \$111,229 | \$8,550 | \$107,773 | \$125,505 | \$12,500 | \$77,000 | \$2,664,382 |
| Other Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$149,939,771 |
| Operating Transfers Out | \$1,379,307 | \$3,166,477 | \$5,320,816 | (\$9,812,539) | \$5,162,500 | \$10,895,000 | \$142,798,738 |
| Note Repayment - Principal | \$0 | \$45,000,000 | \$0 | \$60,000,000 | \$45,000,000 | \$0 | \$150,000,000 |
| Note Repayment - Interest | \$0 | \$0 | \$0 | \$0 | \$0 | \$6,750,000 | \$6,750,000 |
| TOTAL DISBURSEMENTS | \$88,078,615 | \$99,079,426 | \$62,443,429 | \$106,668,138 | \$103,687,918 | \$86,033,410 | \$1,155,589,679 |
| ENDING BALANCE | \$106,906,646 | \$70,978,203 | \$62,641,132 | \$130,633,668 | \$108,047,110 | \$116,004,234 | |

**COUNTY OF KERN
CUMULATIVE CASH FLOW - PROJECTED
FISCAL YEAR 2008-09**

| | Projected July | Projected August | Projected September | Projected October | Projected November | Projected December |
|------------------------------|---------------------------|-----------------------------|--------------------------------|------------------------------|-------------------------------|-------------------------------|
| BEGINNING BALANCE | \$116,004,234 | \$75,246,800 | \$29,373,322 | \$22,430,342 | \$10,222,467 | \$21,134,566 |
| RECEIPTS | | | | | | |
| Current Property Taxes | \$5,459,816 | \$1,286,593 | \$6,715,294 | \$2,420,511 | \$8,462,703 | \$99,703,205 |
| Other Taxes | \$2,478,824 | \$3,287,998 | \$3,193,397 | \$2,731,249 | \$3,429,946 | \$46,633,069 |
| Licenses/Permits | \$1,258,087 | \$1,012,359 | \$272,077 | \$382,069 | \$632,218 | \$216,496 |
| Fines/Forfeits & Penalties | \$1,081,509 | \$6,388,818 | \$2,936,541 | \$930,525 | \$703,276 | \$855,445 |
| Revenue from Use of Money | \$6,094,905 | \$67,657 | \$2,352,282 | \$88,891 | \$1,720,921 | \$816,316 |
| Intergovernmental Revenues | \$5,191,344 | \$5,067,455 | \$8,029,199 | \$7,553,205 | \$9,806,912 | \$11,859,589 |
| Charges for Current Services | \$9,390,804 | \$5,865,311 | \$8,183,581 | \$8,755,650 | \$7,815,919 | \$11,439,809 |
| Other Revenue | \$192,001 | \$1,845,365 | \$766,142 | \$2,029,258 | \$1,885,890 | \$1,873,418 |
| Operating Transfers In | \$18,684,203 | \$23,442,370 | \$25,960,079 | \$27,422,352 | \$31,250,853 | \$18,515,269 |
| Notes Sold | \$155,000,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL RECEIPTS | \$204,831,493 | \$48,263,926 | \$58,408,590 | \$52,313,710 | \$65,708,639 | \$191,912,616 |
| DISBURSEMENTS | | | | | | |
| General Government | \$8,388,345 | \$7,198,244 | \$7,975,974 | \$8,665,352 | \$9,432,298 | \$9,970,522 |
| Public Protection | \$39,326,268 | \$36,146,617 | \$43,258,331 | \$32,638,381 | \$32,602,856 | \$39,622,623 |
| Health & Sanitation | \$6,560,596 | \$6,518,403 | \$6,783,965 | \$8,934,244 | \$6,200,095 | \$6,161,943 |
| Public Assistance | \$1,054,335 | \$2,415,133 | \$2,539,301 | \$1,057,798 | \$3,582,543 | \$1,082,098 |
| Education | \$560,216 | \$1,005,370 | \$725,606 | \$680,403 | \$764,727 | \$714,610 |
| Recreation & Culture | \$464,882 | \$1,458,774 | \$1,687,731 | \$1,187,445 | \$1,197,639 | \$1,027,915 |
| Debt Program | \$1,628,133 | \$25,480 | \$75,963 | \$440,041 | \$135,750 | \$5,330 |
| Other Expenses | \$147,434,624 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Operating Transfers Out | \$40,171,529 | \$39,369,383 | \$2,304,699 | \$10,917,922 | \$880,632 | \$32,043,013 |
| Note Repayment - Principal | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Note Repayment - Interest | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL DISBURSEMENTS | \$245,588,928 | \$94,137,404 | \$65,351,570 | \$64,521,585 | \$54,796,540 | \$90,628,053 |
| ENDING BALANCE | \$75,246,800 | \$29,373,322 | \$22,430,342 | \$10,222,467 | \$21,134,566 | \$122,419,129 |

**COUNTY OF KERN
CUMULATIVE CASH FLOW - PROJECTED
FISCAL YEAR 2008-09**

| | Projected January | Projected February | Projected March | Projected April | Projected May | Projected June | Totals |
|------------------------------|------------------------------|-------------------------------|----------------------------|----------------------------|--------------------------|---------------------------|-----------------|
| BEGINNING BALANCE | \$122,419,129 | \$95,317,641 | \$57,889,688 | \$50,416,008 | \$116,558,730 | \$87,319,539 | |
| RECEIPTS | | | | | | | |
| Current Property Taxes | \$10,812,281 | \$4,301,067 | \$2,825,287 | \$84,462,073 | \$7,721,561 | \$11,127,247 | \$245,297,639 |
| Other Taxes | \$2,318,608 | \$4,706,837 | \$4,307,552 | \$45,580,777 | \$3,106,242 | \$8,947,119 | \$130,721,617 |
| Licenses/Permits | \$258,181 | \$844,057 | \$3,313,616 | \$1,806,931 | \$551,859 | \$157,881 | \$10,705,831 |
| Fines/Forfeits & Penalties | \$949,934 | \$1,298,439 | \$783,073 | \$1,770,271 | \$850,178 | \$1,033,085 | \$19,581,093 |
| Revenue from Use of Money | \$1,345,412 | \$225,523 | \$1,095,189 | \$1,166,042 | \$961,934 | \$3,241,116 | \$19,176,188 |
| Intergovernmental Revenues | \$7,299,664 | \$10,934,278 | \$8,012,889 | \$12,471,454 | \$15,657,008 | \$25,011,766 | \$126,894,761 |
| Charges for Current Services | \$13,032,843 | \$11,219,744 | \$10,986,471 | \$8,981,030 | \$13,721,878 | \$13,500,557 | \$122,893,597 |
| Other Revenue | \$2,068,184 | \$1,054,800 | \$1,855,901 | \$4,345,335 | \$675,585 | \$119,140 | \$18,711,019 |
| Operating Transfers In | \$23,657,365 | \$27,963,534 | \$20,344,815 | \$13,466,063 | \$37,111,242 | \$28,893,212 | \$296,711,358 |
| Notes Sold | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$155,000,000 |
| TOTAL RECEIPTS | \$61,742,472 | \$62,548,278 | \$53,524,792 | \$174,049,977 | \$80,357,486 | \$92,031,124 | \$1,145,693,103 |
| DISBURSEMENTS | | | | | | | |
| General Government | \$12,053,595 | \$8,890,938 | \$8,611,183 | \$7,669,964 | \$9,680,508 | \$14,067,476 | \$112,604,398 |
| Public Protection | \$58,166,542 | \$34,664,669 | \$37,692,312 | \$36,940,779 | \$34,542,908 | \$44,047,399 | \$469,649,684 |
| Health & Sanitation | \$10,404,910 | \$5,187,536 | \$8,706,297 | \$6,245,862 | \$6,942,683 | \$7,802,205 | \$86,448,739 |
| Public Assistance | \$3,741,288 | \$1,033,554 | \$1,633,259 | \$3,020,115 | \$1,585,333 | \$1,613,040 | \$24,357,796 |
| Education | \$1,084,775 | \$1,086,144 | \$714,893 | \$703,753 | \$893,832 | \$936,826 | \$9,871,156 |
| Recreation & Culture | \$1,897,864 | \$1,138,023 | \$1,046,435 | \$1,008,796 | \$1,225,913 | \$1,128,595 | \$14,470,010 |
| Debt Program | \$115,678 | \$8,892 | \$112,084 | \$130,525 | \$13,000 | \$80,080 | \$2,770,957 |
| Other Expenses | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$147,434,624 |
| Operating Transfers Out | \$1,379,307 | \$1,466,477 | \$2,482,009 | (\$9,812,539) | \$3,562,500 | \$11,895,000 | \$136,659,931 |
| Note Repayment - Principal | \$0 | \$46,500,000 | \$0 | \$62,000,000 | \$46,500,000 | \$0 | \$155,000,000 |
| Note Repayment - Interest | \$0 | \$0 | \$0 | \$0 | \$4,650,000 | \$0 | \$4,650,000 |
| TOTAL DISBURSEMENTS | \$88,843,959 | \$99,976,232 | \$60,998,472 | \$107,907,255 | \$109,596,677 | \$81,570,622 | \$1,163,917,296 |
| ENDING BALANCE | \$95,317,641 | \$57,889,688 | \$50,416,008 | \$116,558,730 | \$87,319,539 | \$97,780,042 | |

APPENDIX D

FORM OF BOND COUNSEL OPINION

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

Upon issuance of the Notes, Stradling Yocca Carlson & Rauth, a Professional Corporation., Bond Counsel to the County, proposes to render its final opinion with respect to the Notes in substantially the following form:

July 1, 2008

Board of Supervisors of the
County of Kern
Bakersfield, California

Ladies and Gentlemen:

We have acted as Bond Counsel to the County of Kern, California (the "County") in connection with the issuance of its \$155,000,000 aggregate principal amount of 2008-09 Tax and Revenue Anticipation Notes (the "Notes"), issued pursuant to and by authority of Resolution No. 2008-191 of the Board of Supervisors of the County duly passed and adopted on May 27, 2008 (the "Note Resolution"), and under and by the authority of Article 7.6 chapter 4, part 1, Division 2, Title 5 of the California Government Code.

The Notes are dated the date hereof, mature on June 30, 2009, and bear interest at the rate of 3.00% per annum, payable at maturity. The Notes are issued in denominations of \$25,000 and integral multiples of \$5,000 in excess thereof. Payment of the Notes is secured by a pledge of and first lien and charge against certain moneys as provided in the Note Resolution.

In such connection, we have examined the Note Resolution, certain estimates, expectations and assumptions made by or on behalf of the County, originals, or copies identified to our satisfaction as being true copies, of such records and proceedings of the County and such other documents, including a certificate of the County relating to certain federal income tax matters (the "Tax Certificate") and an opinion of County Counsel, and other matters deemed necessary to render the opinions set forth herein. The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the County. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in

this paragraph. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents nor do we express any opinion with respect to the state or quality of title to or interest in any of the personal property described in or as subject to the lien of the Note Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. The opinions set forth herein are qualified to the extent that the enforceability of the Notes and the Note Resolution may be limited by bankruptcy, moratorium, insolvency or other laws affecting creditor's rights or remedies and is subject to general principles of equity (regardless of whether such enforceability is considered in equity or at law), to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities in the State of California.

Based on the foregoing, we are of the opinion that:

1. The County has lawful authority for the issuance of the Notes, and the Notes constitute the valid and binding obligations of the County. The principal of and interest on the Notes are payable from certain revenues received by the County for the General Fund of the County during or allocable to fiscal year 2008-09, and to the extent not so paid, are payable from any other moneys of the County lawfully available therefor, all as more fully described in the Note Resolution.

2. Under existing statutes, regulations, rulings and judicial decisions, interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals and corporations; however, it should be noted that, with respect to corporations, such interest may be included as an adjustment in the calculation of alternative minimum taxable income, which may affect the alternative minimum tax liability of corporations.

3. Interest on the Notes is exempt from personal income tax imposed by the State of California.

4. The amount by which a Note owner's original basis for determining loss on sale or exchange in the applicable Note (generally, the purchase price) exceeds the amount payable on maturity constitutes amortizable Note premium, which must be amortized under Section 171 of the Code; such amortizable Note premium reduces the Note owner's basis in the applicable Note (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Note premium may result in a Note owner realizing a taxable gain when a Note is sold by the Note owner for an amount equal to or less (under certain circumstances) than the original cost of the Note to the Note owner. Purchasers of the Notes should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Note premium.

The opinions expressed herein as to the exclusion from gross income of interest on the Notes are based upon certain representations of fact and certifications made by the County and others and are subject to the condition that the County and others comply with all requirements

of the Internal Revenue Code of 1986, as amended (the “Code”), that must be satisfied subsequent to the issuance of the Notes to assure that such interest will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. The County and others have covenanted to comply with all such requirements.

This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances, or any changes in law or in interpretations thereof, that may hereafter arise or occur, or for any other reason. We are admitted to the practice of law only in the State of California and our opinion is limited to matters governed by the laws of the State of California and federal law. We assume no responsibility with respect to the applicability or the effect of the laws of any other jurisdiction.

Respectfully submitted,