



**COUNTY OF KERN  
STATE OF CALIFORNIA**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2004**

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

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2004**



**COUNTY OF KERN**

**Supervisor Jon McQuiston ..... First District**  
**Supervisor Don Maben..... Second District**  
**Supervisor Barbara Patrick.....Third District**  
**Supervisor Ray Watson..... Fourth District**  
**Supervisor Peter H. Parra .....Fifth District**  
**Scott E. Jones – 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, 2004**  
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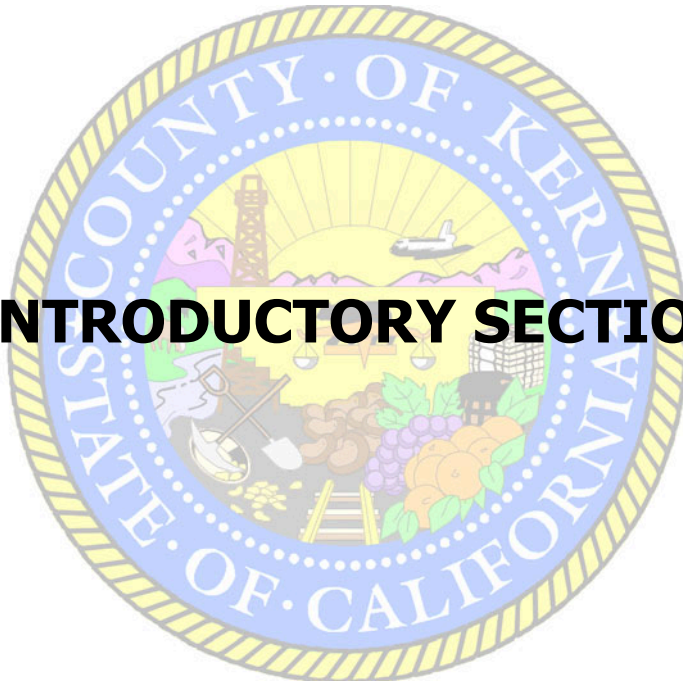
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# **INTRODUCTORY SECTION**



**ANN K. BARNETT**  
**Auditor-Controller-County Clerk**



December 17, 2004

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, 2004 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, Paulden, McCown, Starbuck & Keeter, 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, 2004 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, 2004 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 725,000 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 for 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 97 - 116 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 begins on page 132.



## 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. Four 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 70% of all the State's oil reserves.

The Assessor's total net assessed valuation roll at June 30, 2004, with oil and gas representing approximately 24% of the total, reflected a 5.02% increase in value, which increased available property taxes to the County in fiscal year 2003-04.

Agriculture continues to remain relatively stable, with the County being the fourth leading producer of agricultural products in the State. The unemployment rate increased slightly from 12.2% in 2002-03 to 12.4% in 2003-04. The population of the County increased by 3.13% from 702,905 to 724,940. 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 2, 2002 the County issued \$75,000,000 in Tax and Revenue Anticipation Notes that matured on July 2, 2003. On July 2, 2003, the County issued an additional \$75,000,000 in Tax and Revenue Anticipation Notes that matured on July 2, 2004, but were prepaid before June 30, 2004.

As of June 30, 2004, the County had outstanding certificates of participation in a principal amount of \$115,390,000. 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, 2004 includes (in thousands):

Description of Issue	Date Issued	Maturity	Principal Outstanding
Kern County Public Facilities Project, Series A, B, C and D	1986	2006	\$ 35,700
Kern Medical Center Emergency Facilities	1991	2006	3,750
Solid Waste Systems Improvements	1994	2009	8,800
Rosamond Library Project	1994	2014	1,360
Kern Medical Center Surgical Services Facility	1995	2005	1,310
Beale Memorial Library	1996	2007	6,335
Golf Course Capital Improvement	1996	2016	3,620
Fire Department	1997	2017	7,575
1999 Capital Improvement Projects	1999	2019	19,550
Airports Capital Improvements	2003	2023	13,225
Solid Waste Systems Improvements	2002	2017	14,165
Total:			<u>\$ 115,390</u>

In 1995 the County of Kern issued Taxable Pension Obligation Bonds in the amount of \$227,818,439. The courts and the Kern County Retirement Association were included in the original issuance of the bonds;

however, they are no longer part of the County. In 2003, the County issued additional Taxable Pension Obligation Bonds in an amount of \$288,177,067.

### **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, 2004 the Treasurer's Pooled Cash included cash and investments totaling \$1.564 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 contract for an annual investment program compliance audit, which is available from the Treasurer-Tax Collector. Earnings on Pooled Cash during fiscal year ended June 30, 2004 averaged 1.69%, which compares with 0.90% 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. 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, 2003, there were 613 retired employees receiving the Retiree Health Premium Supplement Program and 2,400 retired employees receiving the Retiree Health Stipend. Additional information on the pension arrangement and post employment benefits can be found in Notes XII. F and XII. C, respectively, in the notes to the financial statements.

### **Awards and Acknowledgments**

The Government Finance Officers Association of the United States and Canada 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, 2003, the seventh consecutive year this award has been received. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government financial report. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The CAFR must also 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 report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the Government Finance Officers Association 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, Paulden, McCown, Starbuck and Keeter, 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

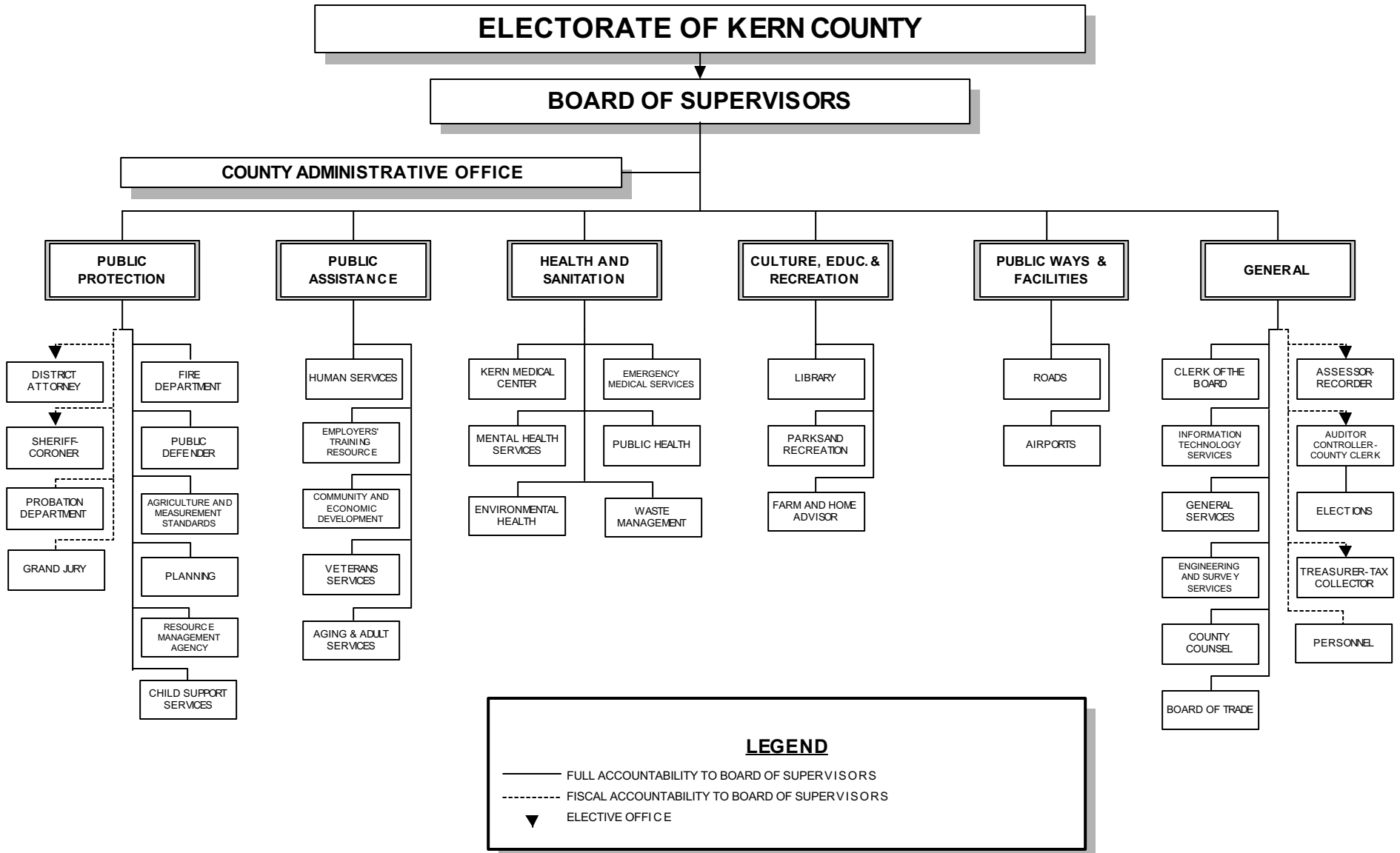
**COUNTY OF KERN  
DIRECTORY OF COUNTY OFFICIALS**

**ELECTED**

COUNTY SUPERVISOR, FIRST DISTRICT..... JON MCQUISTON  
COUNTY SUPERVISOR, SECOND DISTRICT ..... DON MABEN  
COUNTY SUPERVISOR, THIRD DISTRICT.....BARBARA PATRICK  
COUNTY SUPERVISOR, FOURTH DISTRICT .....RAYMOND A. WATSON  
COUNTY SUPERVISOR, FIFTH DISTRICT.....PETER H. PARRA  
ASSESSOR-RECORDER.....JAMES FITCH  
AUDITOR-CONTROLLER-COUNTY CLERK ..... ANN K. BARNETT  
DISTRICT ATTORNEY ..... EDWARD R. JAGELS  
SHERIFF-CORONER-PUBLIC ADMINISTRATOR ..... MACK WIMBISH  
TREASURER-TAX COLLECTOR .....PHIL D. FRANNEY

## APPOINTED

AGING AND ADULT SERVICES ..... RONALD M. ERREA  
AGRICULTURAL COMMISSIONER/SEALER..... THEODORE K. DAVIS  
AIRPORTS.....RAYMOND BISHOP  
BOARD OF TRADE ..... BARRY ZOELLER  
CLERK OF THE BOARD ..... DENISE PENNELL  
CHILD SUPPORT SERVICES ..... JOHN NILON  
COMMUNITY AND ECONOMIC DEVELOPMENT ..... GUY GREENLEE  
COUNTY ADMINISTRATIVE OFFICER.....SCOTT E. JONES  
    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.....STEVE McCALLEY  
FARM AND HOME ADVISOR.....DARLENE LIESCH  
FIRE DEPARTMENT.....DENNIS THOMPSON  
HUMAN SERVICES .....BEVERLY BEASLEY JOHNSON  
KERN MEDICAL CENTER.....PETER K. BRYAN  
LIBRARY..... DIANE R. DUQUETTE  
MENTAL HEALTH ..... DIANE G. KODITEK  
PARKS AND RECREATION..... ROBERT D. ADDISON  
PERSONNEL .....KAY F. MADDEN  
PLANNING.....TED JAMES  
PROBATION ..... JOHN ROBERTS  
PUBLIC DEFENDER ..... MARK A. ARNOLD  
PUBLIC HEALTH ..... BABATUNDE A. JINADU, M.D.  
RESOURCE MANAGEMENT AGENCY..... DAVID L. PRICE, III  
ROADS..... CRAIG POPE  
VETERANS' SERVICES .....CHARLES BIKAKIS  
WASTE MANAGEMENT .....DAPHNE H. WASHINGTON



PREPARED BY: COUNTY ADMINISTRATIVE OFFICE, JULY 2004

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Kern,  
California

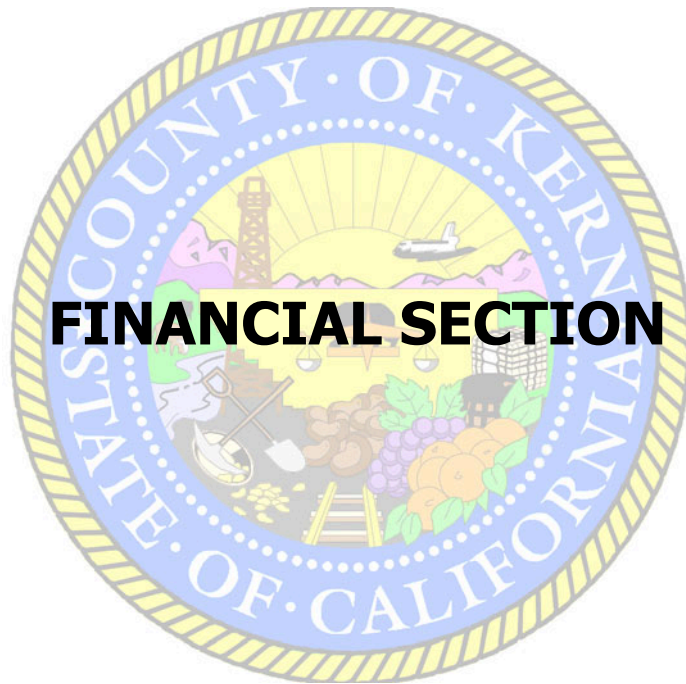
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2003

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



**FINANCIAL SECTION**





**BROWN ARMSTRONG  
PAULDEN McCOWN STARBUCK & KEETER**  
CERTIFIED PUBLIC ACCOUNTANTS

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- Peter C. Brown, CPA
- Burton H. Armstrong, CPA, MST
- Andrew J. Paulden, CPA
- Harvey J. McCown, CPA
- Steven R. Starbuck, CPA
- Aileen K. Keeter, CPA
- Chris M. Thornburgh, CPA

**INDEPENDENT AUDITOR'S REPORT**

- Eric H. Kim, MBA, CPA
- Lynn R. Krause, CPA, MST
- Bradley M. Hankins, CPA
- Melinda A. McDaniel, CPA
- Sharon Jones, CPA, MST
- Thomas M. Young, CPA
- Amanda E. Wilson, CPA
- Dana Branthoover, CPA
- Rosalva Flores, CPA
- Conne M. Perez, CPA
- Matthew Galligan, 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, and the aggregated remaining fund information of the County of Kern, California as of and for the year ended June 30, 2004, 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, and the aggregated remaining fund information of the County of Kern, California, as of June 30, 2004, 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.

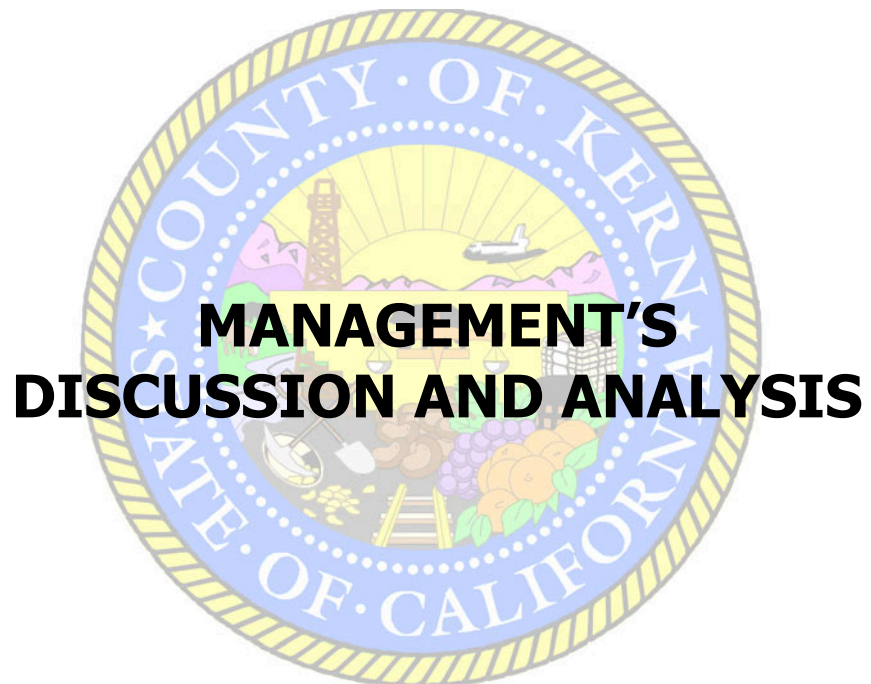
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Kern, California's basic financial statements. The combining and individual fund financial statements, the introductory section, and the statistical section identified in 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 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 a report dated December 17, 2004 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

BROWN ARMSTRONG PAULDEN  
McCOWN STARBUCK & KEETER  
ACCOUNTANCY CORPORATION

A handwritten signature in black ink that reads "Burton H. Armstrong". The signature is written in a cursive style and ends with a large, stylized flourish that extends downwards and to the right.

Bakersfield, California  
December 17, 2004



**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

**County of Kern  
Management's Discussion and Analysis  
For the Year Ended June 30, 2004  
Unaudited**

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This section of the County of Kern's (County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2004. Users of these financial statements should read this section in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**FINANCIAL HIGHLIGHTS**

- The assets of the County exceeded its liabilities at the close of the 2003-2004 fiscal year by \$246,276 (*Net Assets*). Of this amount \$45,517 (*Restricted Net Assets*) may be used for the County's ongoing obligations with external restrictions. (See detail at Note XI. C on page 81 for restrictions of Net Assets). The remaining portion of the net assets represents a deficit balance in unrestricted net assets of \$151,228.
- The County's net assets decreased by \$19,225 during the current fiscal year. Governmental activities decreased the County's net assets by \$19,989; this decrease was offset by the \$764 increase in business-type activities' net assets.
- As of June 30, 2004, the County's governmental funds reported total ending fund balances of \$273,487, a decrease of 11% in comparison with the prior year. Approximately 53% or \$143,961 is available for spending (*Unreserved fund balance*). See further discussion in Financial Analysis of the County's Funds on page 18.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$46,148 or 10% of total General Fund expenditures.
- The County's total long-term debt had a net increase of \$103,337, due primarily to the debt associated with the Kern County Tobacco Funding Corporation that is being reported as a component unit of the County. Additional decreases of existing long-term debt were a result of normal maturity.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This 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. This report also contains other supplementary information in addition to the financial statements themselves.

**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 two reported 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 showing 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 this statement 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 business-type activities of the County 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 business and governmental activities.

The government-wide financial statements are presented on pages 23-24.

## 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 which 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 near-term 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 near-term 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 near-term financing decisions. Both the governmental fund balance sheet and the governmental fund 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 this report. Individual budgetary data for each of the budgeted nonmajor governmental funds is provided elsewhere in this report.

The basic governmental fund financial statements are presented on pages 25-30 of this report.

**Proprietary funds** are reported in two ways: enterprise funds and internal service funds. Enterprise funds are reported as functions presented as business-type activities in the government-wide financial statements. The County uses 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 fund 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. All other enterprise funds have been combined into a single aggregated column for presentation. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor enterprise funds and the internal service funds is provided in the combining statements elsewhere in this report.

The basic proprietary fund financial statements are presented on pages 31-34 of this report.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the County government. Although these funds are presented in the fund set of statements, they do not appear in the government-wide financial statements because the resources of fiduciary funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that use for proprietary funds.

The basic fiduciary fund financial statements are presented on pages 35-36 of this report.

### **3. Notes to the Financial Statements**

The notes 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 37-95 of this report.

### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$246,276 (see Table 1 on page 15) at the close of the current fiscal year.

The largest portion of the County's net assets, \$351,987, reflects its investment in capital assets (e.g. 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; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

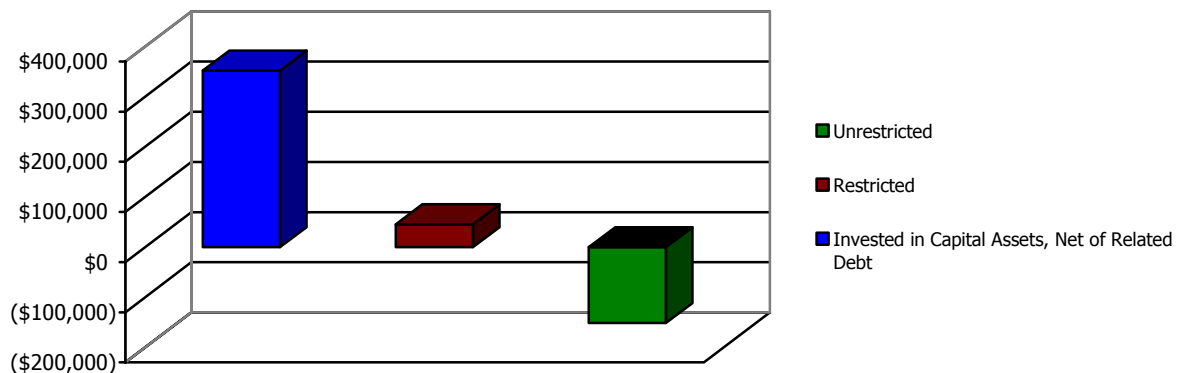
An additional portion of the County's net assets, \$45,517, represents resources that are subject to external restrictions on how they may be used. The major portion of the restricted net assets is constrained for debt repayment. The remaining balance of total net assets \$(151,228) represents a deficit unrestricted net assets. This deficit is due in large part to the inclusion of the debt associated with the Kern County Tobacco Funding Corporation (See Note XII. I), and the 1995 Pension Obligation bonds used to pay the unfounded actuarial liability owed to the Kern County Retirement Association.

At the end of the current fiscal year, the County as a whole and for its governmental and business-type activities reported positive balances in "Net Assets Invested in Capital Assets, Net of Related Debt" and "Restricted Net Assets". Deficits were reported in unrestricted net assets for both governmental and business-type activities. The deficit in unrestricted net assets of governmental activities was primarily due to the recognition, per GASB directive, of liabilities associated with the Kern County Tobacco Funding Corporation. In the business-type activities, the County reported a deficit in unrestricted net assets of \$39,612. This is the result of negative unrestricted net assets for Kern Medical Center (KMC) and Waste Management. KMC had higher expenses for salaries and benefits and a decrease in state funding. In addition, federal and state reimbursements for indigent care have continuously not matched the cost of providing such care. The negative unrestricted net assets of Waste Management were reduced from the prior year and were a result of accrued closure and post-closure liability.

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

	Governmental Activities		Business-Type Activities		Total		Total Change
	2004	2003	2004	2003	2004	2003	
Current and Other Asset Capital Assets	\$ 682,191 350,792	\$ 791,254 301,546	\$ 127,841 133,618	\$ 118,505 126,853	\$ 810,032 484,410	\$ 909,759 428,399	\$ (99,727) 56,011
<b>Total Assets</b>	<b>1,032,983</b>	<b>1,092,800</b>	<b>261,459</b>	<b>245,358</b>	<b>1,294,442</b>	<b>1,338,158</b>	<b>(43,716)</b>
Current and Other Liabilities	116,181	170,820	27,404	16,087	143,585	186,907	(43,322)
Long-Term Liabilities	733,609	629,774	170,972	164,217	904,581	793,991	110,590
<b>Total Liabilities</b>	<b>849,790</b>	<b>800,594</b>	<b>198,376</b>	<b>180,304</b>	<b>1,048,166</b>	<b>980,898</b>	<b>67,268</b>
<b>Net Assets</b>							
Invested in Capital Assets, Net of Related Debt	258,993	217,758	92,994	92,288	351,987	310,046	41,941
Restricted	35,816	27,478	9,701	7,623	45,517	35,101	10,416
Unrestricted	(111,616)	46,970	(39,612)	(34,857)	(151,228)	12,113	(163,341)
<b>Total Net Assets</b>	<b>\$ 183,193</b>	<b>\$ 292,206</b>	<b>\$ 63,083</b>	<b>\$ 65,054</b>	<b>\$ 246,276</b>	<b>\$ 357,260</b>	<b>\$ (110,984)</b>

Net Assets Fiscal Year 03-04



As shown in Table 2, the County's net assets decreased by \$110,984, of which \$19,225 is for current year activity and \$91,759 for prior period activity. The

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

	Governmental Activities		Business – Type Activities		Total		Total Change
	2004	2003	2004	2003	2004	2003	
<b>Revenues</b>							
Program Revenues							
Charges for Services	\$ 255,148	\$ 233,719	\$ 156,125	\$ 136,201	\$ 411,273	\$ 369,920	\$ 41,353
Operating Grants and Contributions	596,585	616,677	49,654	34,275	646,239	650,952	(4,713)
Capital Grants and Contributions	10,037	5,619	5,626	1,283	15,663	6,902	8,761
General Revenues							
Property Taxes	109,176	139,434	-	-	109,176	139,434	(30,258)
Aircraft Taxes	247	175	-	-	247	175	72
Sales and Use Taxes	22,804	22,808	-	-	22,804	22,808	(4)
Transient Occupancy Tax	1,300	1,172	-	-	1,300	1,172	128
Transfer Tax	3,612	2,780	-	-	3,612	2,780	832
Other Taxes	942	963	-	-	942	963	(21)
Unrestricted Investment Earnings	8,819	12,312	797	1,929	9,616	14,241	(4,625)
Other	1,244	2,413	2,895	2,441	4,139	4,854	(715)
<b>Total Revenue</b>	<b>1,009,914</b>	<b>1,038,072</b>	<b>215,097</b>	<b>176,129</b>	<b>1,225,011</b>	<b>1,214,201</b>	<b>10,810</b>
<b>Expenses</b>							
General Government	67,409	86,271	-	-	67,409	86,271	(18,862)
Public Protection	325,240	311,333	-	-	325,240	311,333	13,907
Public Ways and Facilities	29,721	36,774	-	-	29,721	36,774	(7,053)
Health and Sanitation	180,518	158,830	-	-	180,518	158,830	21,688
Public Assistance	349,772	354,479	-	-	349,772	354,479	(4,707)
Education	8,596	10,697	-	-	8,596	10,697	(2,101)
Culture and Recreation	4,923	7,790	-	-	4,923	7,790	(2,867)
Interest on Short and Long-Term Debt	38,204	14,396	-	-	38,204	14,396	23,808
Airports	-	-	4,427	3,888	4,427	3,888	539
County Sanitation Districts	-	-	2,778	2,328	2,778	2,328	450
Golf Course	-	-	4,438	4,555	4,438	4,555	(117)
Kern Medical Center	-	-	188,031	167,710	188,031	167,710	20,321
Public Transportation	-	-	5,174	5,153	5,174	5,153	21
Universal Collection	-	-	6,710	5,962	6,710	5,962	748
Waste Management	-	-	28,295	28,514	28,295	28,514	(219)
<b>Total Expenses</b>	<b>1,004,383</b>	<b>980,570</b>	<b>239,853</b>	<b>218,110</b>	<b>1,244,236</b>	<b>1,198,680</b>	<b>45,556</b>
Excess of Revenues Over Expenses Before Special Items and Transfers	5,531	57,502	(24,756)	(41,981)	(19,225)	15,521	(34,746)
Special Items	-	-	-	-	-	-	-
Transfers	(25,520)	(31,767)	25,520	31,767	-	-	-
<b>Increase (Decrease) in Net Assets</b>	<b>(19,989)</b>	<b>25,735</b>	<b>764</b>	<b>(10,214)</b>	<b>(19,225)</b>	<b>15,521</b>	<b>(34,746)</b>
Net Assets at Beginning of Year	203,182	266,471	62,319	75,268	265,501	341,739	(76,238)
Net Assets at End of Year	\$ 183,193	\$ 292,206	\$ 63,083	\$ 65,054	\$ 246,276	\$ 357,260	\$ (110,984)

### Governmental Activities

The Governmental activities decreased the County's net assets by \$19,989 for the year ended June 30, 2004:

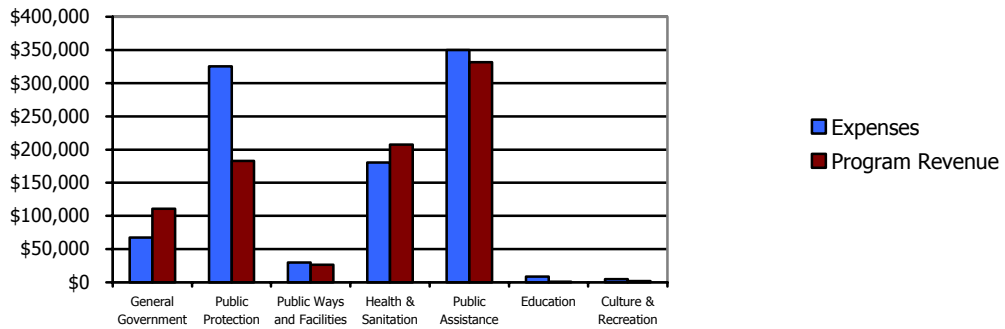
- Total revenue for the County's governmental activities decreased 18% over the previous year.
- As an arm of the state government, operating grants and contributions serve multiple programs, representing 69% of the County's program revenue for governmental activities, and are tied to mandated services such as public assistance, public health, and mental health. These revenue sources decreased 3.3% over the prior year primarily due to decreased funding from various Federal and State



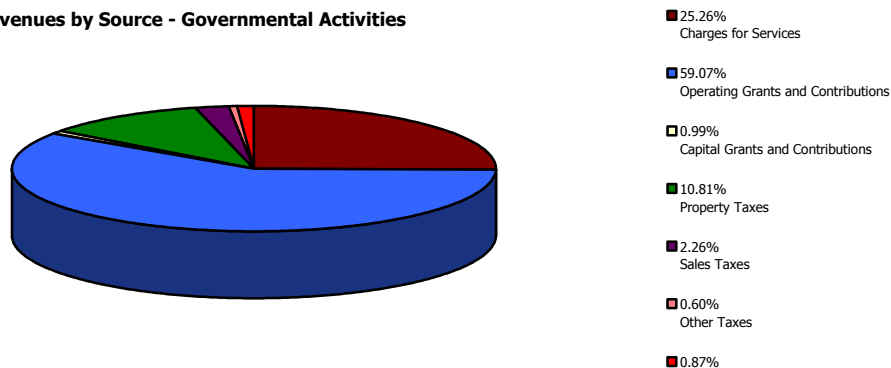
sources.

- Taxes and investment earnings that are generated locally provide the Board of Supervisors (Board) with most of its discretionary spending power. The decrease in tax revenue is primarily due to the following:
  1. Property taxes decreased 22% due a significant refund to several oil and gas companies due to disputed valuations.
  2. Investment Earnings decreased 28% due to lower earning on pooled cash and investment and a decrease in market position.
  3. Other taxes decreased 2%.
- Total expenses for governmental activities increased by 2.4% with increases in all major functions except general government, public ways and facilities, public assistance, education, and culture and recreation. The County's major cost component is salaries and benefits.

### Expenses and Program Revenues - Governmental Activities



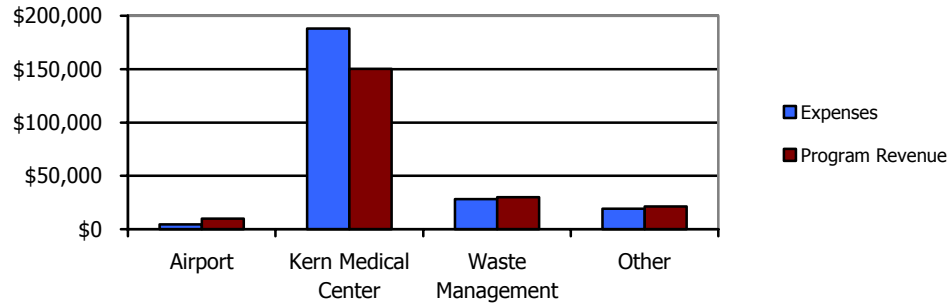
### Revenues by Source - Governmental Activities



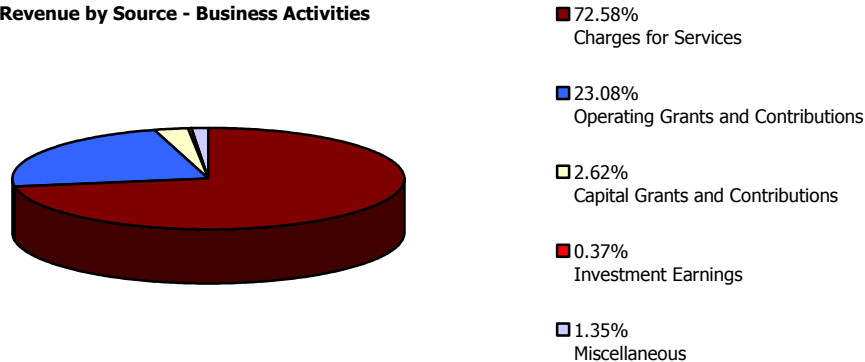
## Business-type Activities

Business-type activities' net assets increased the County's net assets by \$764. The main reason for this increase is due an increase in revenues received for charges for services and a decrease in contributions to Kern Medical Center.

### Expenses and Program Revenue -Business Activities



### Revenue by Source - Business Activities



## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, 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, 2004, The County's governmental funds reported total fund balances of \$273,487, an 11% decrease in comparison with the prior year. Approximately 53% or \$143,961 of the total fund balances constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed to 1) reserve for property tax assessment appeals, \$10,825; 2) reserve for debt service, \$53,017; 3) reserve for encumbrances, \$44,411; and 4) a variety of other restricted purposes, \$21,271.

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

The General Fund is the chief operating fund of the County. At June 30, 2004, unreserved fund balance of the General Fund was \$46,148. As a measure of the General Funds' liquidity, it may be helpful to compare both unreserved fund balance and fund balance to total fund expenditures. Unreserved fund balance represents 10% of total General Fund expenditures, while total fund balance represents 16% of total General Fund expenditures.

The other governmental funds' fund balances decreased by 5% or \$10,376. The following major governmental funds had increases in fund balance:

- Road – Fund balance increased by 2% or \$488 as a result of cost savings.
- Employers' Training Resource – Fund balance increased by 13% or \$52 as a result of cost savings.

The following major funds had decreases in fund balance:

- Child Support – Fund balance decreases by 17% or \$65 due to the decrease in interest earnings resulting from the County's lower average cash balance during the year.
- Human Services – Fund balance decreased by 13% or \$668 due to the increase of salaries and benefits and a one-time purchase of an imaging system.
- Mental Health – Fund balance decreased by 17% or \$3,796 due to the reduction in realignment money received as calculated by the state, a prior period adjustment to record State liability not previously reported, and an increase in salaries and benefits.
- Structural Fire – Fund balance decreased by 57% or \$14,352 due to lower cost reimbursement by state and federal agencies and the increase in salaries and benefits.
- Tobacco Securitization Proceeds – Fund balance decreased by 5% or \$3,711 due to the decrease in earning on the County's pooled cash and investments.

### **Proprietary Funds**

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

Net assets of the enterprise funds decreased by 1% or \$942 and can be summarized as following:

- Airports had an increase of 23% or 5,723 in net assets due to federal aid received to construct a new airport terminal.
- Kern Medical Center had a decrease of 555% or \$9,569 in net assets primarily due to; a prior period adjustment of accounts receivable, fixed assets and the recalculation of the 1999 COP allocation; increase of salaries and benefits; and a decrease in state funding.
- Waste Management had an increase of 9 % or \$1,532 due to a prior period adjustment for cost incorrectly capitalized in previous years and an increase in gate fees collected.
- Nonmajor Enterprise funds, taking into account the shift of the Airports Enterprise Fund to a major fund, had an increase of 6% or \$1,372 due to an increase in state funding for the acquisition of new buses and an increase in charges for garbage hauling due to new

construction in unincorporated area of Bakersfield.

The internal services funds continued to carry a negative unrestricted net asset as a result of recognition of self-insurance liabilities.

### **GENERAL FUND BUDGETARY VARIANCES**

Differences between the County's final budget and original budget resulted in a \$110,532 increase in supplemental appropriations that is briefly summarized as follows:

- A majority of the increase, \$76,761, can be attributed to the County's contribution for medical care. The County previously established a budget unit in the General Fund to facilitate the transfer required by the State of California Disproportionate Share Provider Payment Adjustment Program (DSH) in order to increase federal financial participation in state payments to hospitals serving the needs of low-income patients. To finance the program, the County is required to transfer funds to the State's Medi-Cal Inpatient Payment Adjustment Fund. Transfers must be made from the General Fund of the County to meet the transfer obligations. As in past years, the State does not inform the County of the amount of DSH funds the County is required to transfer until after the budget has been adopted. The budget is amended after the State officially notifies the County of its inclusion in the program. The increase in appropriations is fully funded by an associated increase in revenue from the State.
- General government appropriations increased by \$19,131. The great bulk of this increase, \$16,992, was attributable to carryover capital projects from the prior year, which is listed only in the final budget and not in the original budget. The remainder is mostly comprised of actual budget transfers for the construction of playgrounds and other improvements at various parks, and for the cost of conducting the Governor's recall election in October 2003, both of which were not originally budgeted.
- The appropriation for public protection increased by \$4,158 during the fiscal year. \$1,962 of this amount went toward additional staff and a one-time startup costs and operating costs for a new Juvenile Treatment Facility. \$1,051 represented additional required contributions by the County to the Courts.
- The remainder of the appropriation increase consisted of small increases in appropriations for normal operations in the other budget units of the General Fund.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

As of June 30, 2004, the County's investment in capital assets for its governmental and business-type activities amounted to \$484,410 (net of accumulated depreciation). The investments in capital assets are comprised of land, infrastructure, structures and improvements, equipment, and construction in progress. The County, according to GASB 34 guidelines, has elected at this time not to retroactively include those infrastructure assets completed prior to July 1, 2001. The accompanying government-wide financial statements include only infrastructure assets constructed or acquired since 2001-2002 fiscal year, which accounts for \$43,291. The County is still in the process of compiling data to report retroactive historical value of the County's infrastructure assets. GASB Statement No. 34 requires that the County comply with this requirement no later than the 2005-2006 fiscal year.

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

	Governmental Activities		Business – Type Activities		Total		Total Change
	2004	2003	2004	2003	2004	2003	
Land	\$ 19,407	\$ 19,563	\$ 21,714	\$ 20,935	\$ 41,121	\$ 40,498	\$ 623
Land Acquisition in Progress	-	-	434	9	434	9	425
Construction in Progress	44,526	27,627	20,582	9,906	65,108	37,533	27,575
Infrastructure	40,845	26,311	2,446	2,559	43,291	28,870	14,421
Structures and Improvements	186,995	185,272	74,408	79,090	261,403	264,362	(2,959)
Equipment	59,019	51,329	14,034	14,354	73,053	65,683	7,370
Total	\$ 350,792	\$ 310,102	\$ 133,618	\$ 126,853	\$ 484,410	\$ 436,955	\$ 47,455

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

- The General Fund purchased \$3,995 for a touch-screen voting system, \$97 for equipment for the Information Technology Service Department.
- Completion of capital projects: North Lamont Channel Project, Tot Lot Upgrade, Tot Lots @ Rexland Pioneer, Lerdo Retrofitting, and several other projects totaling \$6,894.
- Major construction projects in progress during the year, which includes the Juvenile Treatment Facility Construction, BVARA Boat Ramp Area Rehab., Panorama Park Walking Path Extension, and the Hart Park Water Pipeline.
- The Roads Department completed a variety of street reconstruction projects in amount of \$5,745, added to existing roads in the amount of \$5,354, and repaired a bridge in the amount of \$120 during the year. They also added new roads in the amount of \$1,688 and had new roads in an amount of \$5,745 donated to the County by developers.
- Waste Management Enterprise Fund construction of Landfill Ground Water Well, Bena PH2A Mod 1 Liner Construction, Shafter LF Modeles 3 Liner, and several other projects are in progress.

Additional information of the County’s capital assets can be found in Note VII.A on page 63-64 of this report.

### Long-Term Debt

At the end of the current fiscal year, the County had total long-term debt outstanding of \$740,968. This amount is comprised of \$115,390 of certificates of participation that are secured by the County’s lease rental payments. \$500,638 represents debt outstanding for the pension obligation bond. The remainder represents debt outstanding for bonds payables, facilities and capital asset leases, and the public health facility loan.

During the current fiscal year, the County issued Certificates of Participation in the amount of \$13,225 to finance the construction of the new airport terminal.

The County has no general obligation debt, with the exception of Certificates of Participation (1994 Rosamond library Project). All other Certificates of Participation and bonds are “AAA” insured. Certificates of Participation issued by the County maintain an “A+” to “A-” rating from Standard and Poor’s Corporation or Moodys.

Additional information on the County’s long-term debt can be found in Note IX.A on page 67 of this report.

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

	Governmental Activities		Business – Type Activities		Total		Total Change
	\$ 2004	\$ 2003	\$ 2004	\$ 2003	\$ 2004	\$ 2003	
Lease Purchase Agreements	8,354	6,336	17	25	8,371	6,361	2,010
Certificates of Participation	56,865	68,515	58,525	49,125	115,390	117,640	(2,250)
Facility Lease	421	453	-	-	421	453	(32)
Loans Payable	11,447	8,937	-	-	11,447	8,937	2,510
Bonds Payable	225	225	-	-	225	225	-
Tobacco-Asset Backed Bonds	104,495	-	-	-	104,495	-	104,495
Pension Obligation Bonds	467,929	470,802	32,709	33,232	500,638	504,034	(3,396)
<b>Total</b>	<b>\$ 649,736</b>	<b>\$ 555,268</b>	<b>\$ 91,251</b>	<b>\$ 82,382</b>	<b>\$ 740,987</b>	<b>\$ 637,650</b>	<b>\$ 103,337</b>

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES**

The State’s budget cuts for local governments remain the major determining factors in determining the County’s budget for fiscal year 2004-2005 and beyond.

Sales tax revenue is expected to increase by \$2 million or 10% because of an improving economic environment.

The County would lose the Motor Vehicle License Fee (MVLFF), which was 17% of total discretionary revenue, under the proposed State Budget. The State would replace these revenues, less the amount need for the deficit reduction, with property taxes. The County’s share of the deficit reduction is estimated at \$6.7 million.

Property tax revenue is budgeted to increase \$7 million or 8% because of the continued increase in the assessed value of properties and the growth of real estate industries in the county. The increase in property tax revenue will help the County offset the decrease in discretionary revenue.

The County’s overall cost of employees’ salaries and benefits is projected to substantially increase in fiscal year 2004-05 due to an increase of the employee retirement contribution rate and an increase of health and unemployment insurance costs.

The recommended regular County Budget for fiscal year 2004-05 totals \$1.04 billion, which is \$54 million or 6% higher than total appropriations for fiscal year 2003-04. The increase is mainly a result of an increase in Federal and State subventions that the County expects to receive for operating specific and mandated programs. The County Administrative Office required every County department to exercise serious “belt-tightening ” in their fiscal year 03-04 operations, and subsequently mandated mid-year budget reductions ensured that the County’s carryover balance will be stronger and the impact of a new State incursion on County revenues will be less disruptive to services in FY 04-05.

**REQUESTS FOR INFORMATION**

This 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 this report or need additional financial information, contact Mrs. Ann K. Barnett, Kern County Auditor-Controller-County Clerk, 1115 Truxtun Avenue, Bakersfield, California 93301, (661) 868-3599, or visit the website at [www.co.kern.ca.us](http://www.co.kern.ca.us).



# **BASIC FINANCIAL STATEMENTS**

**Government-Wide Financial Statements**

**COUNTY OF KERN  
STATEMENT OF NET ASSETS  
JUNE 30, 2004 (IN THOUSANDS)**

	<b>Primary Government</b>		<b>Totals</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	
<b>ASSETS</b>			
Cash and Investments	\$ 242,523	70,585	\$ 313,108
Restricted cash and Investments	35,369	27,839	63,208
Revolving Fund Cash	1,264	13	1,277
Receivables (Net)	103,987	40,125	144,112
Due from other governments	4,165		4,165
Inventories and prepaid expenses	1,731	2,956	4,687
Deposits with Other	652		652
Internal Balances	15,154	(15,154)	
Investment in Joint Venture		1,477	1,477
Net Pension Obligation	277,346		277,346
Capital assets:			
Nondepreciable	63,933	42,730	106,663
Depreciable (Net)	286,859	90,888	377,747
Total Assets	<u>\$ 1,032,983</u>	<u>\$ 261,459</u>	<u>\$ 1,294,442</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 7,275	\$ 12,975	\$ 20,250
Salaries and Employee Benefits Payable	22,267	5,487	27,754
Claims Payable		1,032	1,032
Due to Other Governments	3,970		3,970
Accrued interest payable	9,153	1,559	10,712
Unearned Revenue	8,382	477	8,859
Current Portion of Long-Term Debt	22,398	4,727	27,125
Current Portion of Compensated Absences	13,997	1,147	15,144
Current Portion of Liability for Self Insurance	28,739		28,739
Long-Term Liabilities			
Portion due or payable after one year:			
Professional Liabilities		9,000	9,000
Certificates of Participation	44,038	54,530	98,568
Bonds and notes payable	568,563	31,992	600,555
Loans Payable	9,952		9,952
Accrued interest	38,202	6,625	44,827
Capital leases	4,788	3	4,791
Compensated absences	32,659	8,412	41,071
Accrued landfill closure/postclosure costs		60,410	60,410
Liability for Self Insurance	35,407		35,407
Total Liabilities	<u>849,790</u>	<u>198,376</u>	<u>1,048,166</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	258,993	92,994	351,987
Restricted (Note XI. C):			
Debt Service	35,369	9,701	45,070
Other Purposes	447		447
Unrestricted (deficit)	<u>(111,616)</u>	<u>(39,612)</u>	<u>(151,228)</u>
Total Net Assets	<u>\$ 183,193</u>	<u>\$ 63,083</u>	<u>\$ 246,276</u>

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



**COUNTY OF KERN  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2004  
(IN THOUSANDS)**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 67,409	\$ 49,552	\$ 61,293	\$	\$ 43,436	\$	\$ 43,436
Public protection	325,240	81,960	100,759		(142,521)		(142,521)
Public ways and facilities	29,721	5,064	18,384	2,992	(3,281)		(3,281)
Health and sanitation	180,518	110,355	89,982	7,045	26,864		26,864
Public assistance	349,772	5,868	325,593		(18,311)		(18,311)
Education	8,596	529	574		(7,493)		(7,493)
Culture and recreation	4,923	1,820			(3,103)		(3,103)
Cap. Outlay/Debt Principal (s/b zero)							
Interest on short and long-term debt	38,204				(38,204)		(38,204)
Total governmental activities	<u>1,004,383</u>	<u>255,148</u>	<u>596,585</u>	<u>10,037</u>	<u>(142,613)</u>		<u>(142,613)</u>
Business-type activities:							
Airports	4,427	2,480	1,909	5,626		5,588	5,588
County Sanitation Districts	2,778	2,463				(315)	(315)
Golf Course	4,438	4,340				(98)	(98)
Kern Medical Center	188,031	106,453	43,744			(37,834)	(37,834)
Public Transportation	5,174	3,230	3,739			1,795	1,795
Universal Collection	6,710	7,434				724	724
Waste Management	28,295	29,725	262			1,692	1,692
Total business-type activities	<u>239,853</u>	<u>156,125</u>	<u>49,654</u>	<u>5,626</u>		<u>(28,448)</u>	<u>(28,448)</u>
Total	<u>\$ 1,244,236</u>	<u>\$ 411,273</u>	<u>\$ 646,239</u>	<u>\$ 15,663</u>	<u>\$ (142,613)</u>	<u>\$ (28,448)</u>	<u>\$ (171,061)</u>
General revenues:							
Taxes:							
Property taxes					109,176		109,176
Aircraft taxes					247		247
Sales and use taxes					22,804		22,804
Transient occupancy tax					1,300		1,300
Transfer taxes					3,612		3,612
Other taxes					942		942
Grants and contributions not restricted to specific programs							
Unrestricted investment earnings					8,819	797	9,616
Miscellaneous					1,244	2,895	4,139
Transfers					(25,520)	25,520	
Total General revenues and Transfers					<u>122,624</u>	<u>29,212</u>	<u>151,836</u>
Change in Net Assets					(19,989)	764	(19,225)
Net Assets--beginning (As restated, note II. A)					203,182	62,319	265,501
Net Assets--ending					<u>\$ 183,193</u>	<u>\$ 63,083</u>	<u>\$ 246,276</u>



**BASIC FINANCIAL  
STATEMENTS**

**Fund Financial Statements**

**COUNTY OF KERN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2004 (IN THOUSANDS)**

Page 1 of 1

	<u>GENERAL FUND</u>	<u>KERN CO. DEPT OF CHILD SUPPORT</u>	<u>EMPLOYERS' TRAINING RESOURCE</u>	<u>HUMAN SERVICES</u>	<u>MENTAL HEALTH</u>
<b>ASSETS</b>					
Pooled Cash and Investments	\$ 38,222	\$ 307	\$ 451	\$ 3,867	\$ 10,457
Revolving Fund Cash	1,107	52		101	2
Cash and Investments Deposited With Trustee					
Interest Receivable	428	21	3	13	52
Accounts Receivable				15,506	231
Taxes Receivable	25,179				
Accrued Revenue	23,718	878	2,449	6,079	12,787
Due from Other Funds	7,895				
Advances to Other Funds	18,104				
Due from Other Agencies	1,726				
Deposits with Others	205				
Inventory- Materials and Supplies	36				
Total Assets	<u>\$ 116,620</u>	<u>\$ 1,258</u>	<u>\$ 2,903</u>	<u>\$ 25,566</u>	<u>\$ 23,529</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Accounts Payable	\$ 2,866	\$	\$ 1,187	\$ 290	\$
Salaries and Employee Benefits Payable	12,222	782		3,403	1,531
Advances from Other Funds		157		4,024	
Due to Other Funds	193		1,262	17	19
Due to Other Agencies					3,970
Loans Payable					
Deferred Revenue	27,639			23,660	
Total Liabilities	<u>42,920</u>	<u>939</u>	<u>2,449</u>	<u>31,394</u>	<u>5,520</u>
Fund Balance (Deficit):					
Reserved (Note XI. A)	27,552	98	1,741	482	15,020
Unreserved, reported in:					
General Fund	46,148				
Special Revenue Funds		221	(1,287)	(6,310)	2,989
Capital Project Funds					
Total Fund Balance (Deficit)	<u>73,700</u>	<u>319</u>	<u>454</u>	<u>(5,828)</u>	<u>18,009</u>
Total Liabilities and Fund Balance	<u>\$ 116,620</u>	<u>\$ 1,258</u>	<u>\$ 2,903</u>	<u>\$ 25,566</u>	<u>\$ 23,529</u>

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

<u>ROAD</u>	<u>STRUCTURAL FIRE</u>	<u>TOBACCO SECURITIZATION PROCEEDS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>	
\$ 20,145	\$ 11,247	\$ 16,920	\$ 50,524	\$ 152,140	<b>ASSETS</b>
	2		2	1,266	Pooled Cash and Investments
		49,244	36,062	85,306	Revolving Fund Cash
67	65	69	151	869	Cash and Investments Deposited With Trustee
	1,190		554	15,737	Interest Receivable
1,531	2,426		8,545	26,923	Accounts Receivable
182	844		497	58,413	Taxes Receivable
		2,000	1,088	9,418	Accrued Revenue
				21,192	Due from Other Funds
				1,726	Advances to Other Funds
				205	Due from Other Agencies
1,121	518			1,675	Deposits with Others
					Inventory- Materials and Supplies
<u>\$ 23,046</u>	<u>\$ 16,292</u>	<u>\$ 68,233</u>	<u>\$ 97,423</u>	<u>\$ 374,870</u>	Total Assets
					<b>LIABILITIES AND FUND BALANCE</b>
\$ 222	\$ 805	\$	\$ 753	\$ 6,123	Liabilities:
502	3,428		379	22,247	Accounts Payable
			4,917	9,098	Salaries and Employee Benefits Payable
			5,224	6,715	Advances from Other Funds
			205	3,970	Due to Other Funds
	1,190		536	205	Due to Other Agencies
				53,025	Loans Payable
					Deferred Revenue
<u>724</u>	<u>5,423</u>		<u>12,014</u>	<u>101,383</u>	Total Liabilities
9,924	3,938	1,501	69,270	129,526	Fund Balance (Deficit):
					Reserved (Note XI. A)
12,398	6,931		18,209	46,148	Unreserved, reported in:
		66,732	(2,070)	33,151	General Fund
				64,662	Special Revenue Funds
					Capital Project Funds
<u>22,322</u>	<u>10,869</u>	<u>68,233</u>	<u>85,409</u>	<u>273,487</u>	Total Fund Balance (Deficit)
<u>\$ 23,046</u>	<u>\$ 16,292</u>	<u>\$ 68,233</u>	<u>\$ 97,423</u>	<u>\$ 374,870</u>	Total Liabilities and Fund Balance

**COUNTY OF KERN  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO  
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES  
JUNE 30, 2004 (IN THOUSANDS)**

Fund Balances - Total Governmental Funds	\$	273,487
Deferred charges in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		44,644
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		346,974
Accrued interest recognized as soon as earned, regardless of its availability		594
Negative Net Pension Obligation - Offset of Pension Obligation Bonds for Unfunded Actuarial Liability		277,346
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		(16,763)
Long term interest payable does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds		(47,241)
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	\$	(467,464)
Bonds Payable		(104,720)
Certificates of Participation		(56,865)
Capital Leases		(8,354)
Facility Lease		(421)
Loan Payable		(11,447)
Compensated Absences		(46,577)
		<u>(695,848)</u>
Net Assets of Governmental Activities	\$	<u>183,193</u>

**COUNTY OF KERN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

Page 1 of 1

	GENERAL FUND	KERN CO. DEPT OF CHILD SUPPORT	EMPLOYERS' TRAINING RESOURCE	HUMAN SERVICES	MENTAL HEALTH
REVENUES:					
Taxes	\$ 104,020	\$	\$	\$	\$
Licenses, Permits and Franchises	8,442				
Fines, Forfeitures and Penalties	14,891				
Revenues from Use of Money and Property	4,686	77	11	61	207
Aid from Other Governmental Agencies	151,326	28,196	23,099	267,949	46,275
Charges for Current Services	80,357			175	29,235
Other Revenues	75,513	9	56	2,715	424
Total Revenues	<u>439,235</u>	<u>28,282</u>	<u>23,166</u>	<u>270,900</u>	<u>76,141</u>
EXPENDITURES:					
Current:					
General Government	84,522				
Public Protection	218,781	28,347			
Health and Sanitation	101,613				76,226
Public Assistance	16,241		23,114	286,604	
Education	8,055				
Recreation and Cultural Services	11,231				
Public Ways and Facilities					
Capital Outlay	12,748	14			
Debt Service:					
Principal	31				
Interest	1,486				
Total Expenditures	<u>454,708</u>	<u>28,361</u>	<u>23,114</u>	<u>286,604</u>	<u>76,226</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(15,473)</u>	<u>(79)</u>	<u>52</u>	<u>(15,704)</u>	<u>(85)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In	46,329			15,036	1,073
Transfers Out	(68,218)				(250)
Proceeds From Long Term Debt					
Inception of Capital Leases	12,748	14			
Total Other Financing Sources (Uses)	<u>(9,141)</u>	<u>14</u>		<u>15,036</u>	<u>823</u>
Net Changes in Fund Balance	(24,614)	(65)	52	(668)	738
Fund Balance (Deficit), July 1, 2003 (as previously reported)	98,314	384	402	(5,160)	21,805
Prior Period Adjustment					(4,534)
Fund Balance (Deficit), June 30, 2004	<u>\$ 73,700</u>	<u>\$ 319</u>	<u>\$ 454</u>	<u>\$ (5,828)</u>	<u>\$ 18,009</u>

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

<u>ROAD</u>	<u>STRUCTURAL FIRE</u>	<u>TOBACCO SECURITIZATION PROCEEDS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>	
\$ 1,834	\$ 30,094	\$	\$ 2,127	\$ 138,075	REVENUES:
	1		4,833	13,276	Taxes
	30		6,088	21,009	Licenses, Permits and Franchises
96	143	105	3,154	8,540	Fines, Forfeitures and Penalties
18,384	2,601		65,801	603,631	Revenues from Use of Money and Property
2,727	19,947		2,990	135,431	Aid from Other Governmental Agencies
44	396	1	26,652	105,810	Charges for Current Services
					Other Revenues
<u>23,085</u>	<u>53,212</u>	<u>106</u>	<u>111,645</u>	<u>1,025,772</u>	Total Revenues
					EXPENDITURES:
			796	85,318	Current:
	76,053		4,545	327,726	General Government
			2,502	180,341	Public Protection
			24,100	350,059	Health and Sanitation
				8,055	Public Assistance
				11,231	Education
27,672			1,665	29,337	Recreation and Cultural Services
		2,967	8,535	24,264	Public Ways and Facilities
					Capital Outlay
			16,166	16,197	Debt Service:
			25,804	27,290	Principal
					Interest
<u>27,672</u>	<u>76,053</u>	<u>2,967</u>	<u>84,113</u>	<u>1,059,818</u>	Total Expenditures
<u>(4,587)</u>	<u>(22,841)</u>	<u>(2,861)</u>	<u>27,532</u>	<u>(34,046)</u>	Excess (Deficiency) of Revenues Over Expenditures
					OTHER FINANCING SOURCES (USES):
5,075	12,106		26,358	105,977	Transfers In
	(3,617)	(850)	(58,083)	(131,018)	Transfers Out
			3,943	3,943	Proceeds From Long Term Debt
				12,762	Inception of Capital Leases
<u>5,075</u>	<u>8,489</u>	<u>(850)</u>	<u>(27,782)</u>	<u>(8,336)</u>	Total Other Financing Sources (Uses)
488	(14,352)	(3,711)	(250)	(42,382)	Net Changes in Fund Balance
21,834	25,221	71,944	73,733	308,477	Fund Balance (Deficit), July 1, 2003 (as previously reported)
			11,926	7,392	Prior Period Adjustment
<u>\$ 22,322</u>	<u>\$ 10,869</u>	<u>\$ 68,233</u>	<u>\$ 85,409</u>	<u>\$ 273,487</u>	Fund Balance (Deficit), June 30, 2004

**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, 2004 (IN THOUSANDS)**

Net change in fund balance - Total governmental funds:	\$	(42,382)
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	\$ 49,964	
Less current year depreciation	<u>(13,601)</u>	36,363
Capital contribution of capital assets are not reported on governmental funds but recorded at fair value on the statement of net assets		(1,293)
Governmental fund revenues deferred due to unavailability were booked in the statement of activities		2,096
Governmental fund revenues not recognized due to unavailability were booked in the statement of activities		594
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	\$ 2,865	
Certificates of Participation	11,650	
Capital Leases	3,512	
Facility Lease	31	
Tobacco -Asset Backed Bonds	750	
Loans Payable	<u>1,433</u>	20,241
Issuance of long term debt - recorded as other financing sources in the governmental funds, but recorded as long term liabilities in the statement of net assets		(3,943)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Change in accrued interest payable	\$ (10,833)	
Change in compensated absences	<u>(368)</u>	(11,201)
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		(10,831)
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>(9,633)</u>
	\$	<u><u>(19,989)</u></u>



**COUNTY OF KERN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2004 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					GOVERNMENTAL
	AIRPORTS	KERN MEDICAL CENTER	WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
<b>ASSETS</b>						
Current Assets:						
Pooled Cash and Investments	\$ 5,780	\$ 480	\$ 54,040	\$ 10,285	\$ 70,585	\$ 40,442
Revolving Fund Cash		4	9		13	
Interest Receivable	84	81	210	42	417	173
Accounts Receivable - Net	114	31,738	1,920	270	34,042	1,276
Accrued Revenue	150	458		319	927	
Due from Other Funds		108			108	149
Prepaid Items		911	178		1,089	
Inventory - Materials and Supplies		1,867			1,867	55
<b>Total Current Assets</b>	<b>6,128</b>	<b>35,647</b>	<b>56,357</b>	<b>10,916</b>	<b>109,048</b>	<b>42,095</b>
Noncurrent Assets:						
Cash and Investments Deposited with Trustee	11,733	9,469	5,940	697	27,839	
Taxes Receivable			3,309	1,310	4,619	
Advances Receivable			2,500		2,500	
Notes Receivable			120		120	
Deposits with Others						447
Investment in Joint Venture				1,477	1,477	
Capital Assets:						
Nondepreciable:						
Land	6,745	168	14,133	668	21,714	
Land Acquisition in Progress			434		434	
Construction in Progress	6,888	797	12,854	43	20,582	
Depreciable:						
Structures and Improvements	34,121	60,033	22,223	14,899	131,276	
Equipment	1,473	35,669	1,966	7,441	46,549	3,819
Intangible Assets			238		238	
Subsurface Lines				6,709	6,709	
Accumulated Depreciation and Amortization	(19,134)	(50,561)	(12,501)	(11,688)	(93,884)	
<b>Total Noncurrent Assets</b>	<b>41,826</b>	<b>55,575</b>	<b>51,216</b>	<b>21,556</b>	<b>170,173</b>	<b>4,266</b>
<b>Total Assets</b>	<b>47,954</b>	<b>91,222</b>	<b>107,573</b>	<b>32,472</b>	<b>279,221</b>	<b>46,361</b>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable		9,736	2,294	945	12,975	1,153
Salaries and Employee Benefits Payable	60	5,077	339	11	5,487	22
Due to Other Funds	17	4	17	109	147	312
Current Portion of Long Term Debt	12	3,200	1,312	203	4,727	10
Interest Payable - Current	232	779	497	51	1,559	10
Current Portion of Compensated Absences	47	863	230	7	1,147	23
Current Portion of Liability for Self-Insurance						28,739
Deferred Income		29		448	477	
<b>Total Current Liabilities</b>	<b>368</b>	<b>19,688</b>	<b>4,689</b>	<b>1,774</b>	<b>26,519</b>	<b>30,269</b>
Noncurrent Liabilities:						
Advances Payable	2,538	9,557		2,500	14,595	
Estimate for Professional Liability Claims		9,000			9,000	
Compensated Absences Payable	96	7,769	538	9	8,412	55
Due to Other Agencies		1,032			1,032	
Liability for Self-Insurance - Long Term						35,406
Long Term Debt - Capital Leases		3			3	
Long Term Debt - Certificates of Participation	13,225	16,195	21,690	3,420	54,530	
Long Term Debt - Pension Obligation Bonds	553	29,677	1,649	113	31,992	455
Long Term -Interest Payable - Pension Obligation Bonds	115	6,145	342	23	6,625	104
Accrued Closure Liability			29,687		29,687	
Accrued Postclosure Liability			30,724		30,724	
<b>Total Noncurrent Liabilities</b>	<b>16,527</b>	<b>79,378</b>	<b>84,630</b>	<b>6,065</b>	<b>186,600</b>	<b>36,020</b>
<b>Total Liabilities</b>	<b>16,895</b>	<b>99,066</b>	<b>89,319</b>	<b>7,839</b>	<b>213,119</b>	<b>66,289</b>
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	27,574	32,099	18,869	14,452	92,994	3,819
Restricted (Note XI. C)	1,027	4,762	3,215	697	9,701	447
Unrestricted	2,458	(44,705)	(3,830)	9,484	(36,593)	(24,194)
<b>Total Net Assets</b>	<b>\$ 31,059</b>	<b>\$ (7,844)</b>	<b>\$ 18,254</b>	<b>\$ 24,633</b>	<b>\$ 66,102</b>	<b>\$ (19,928)</b>
Cumulative adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.					(3,019)	
Net Assets of Business-Type Activities:					\$ 63,083	

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 (DEFICIT)  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	AIRPORTS	KERN MEDICAL CENTER	WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:						
Patient Services	\$	\$ 92,557	\$	\$	\$ 92,557	\$
Charges for Current Services	122	2,560	14,870	5,182	22,734	113,547
Revenues from Use of Property	1,947		20	37	2,004	
Other Operating Revenues		11,331			11,331	
Total Operating Revenues	2,069	106,448	14,890	5,219	128,626	113,547
OPERATING EXPENSES:						
Salaries and Employee Benefits	1,271	106,156	6,621	264	114,312	3,483
Services and Supplies	2,112	68,605	16,254	17,206	104,177	12,507
Claims Incurred						102,858
Other Charges	158	2,871	1,568	48	4,645	5,928
Depreciation	837	5,433	3,206	1,228	10,704	628
Total Operating Expenses	4,378	183,065	27,649	18,746	233,838	125,404
Operating Income (Loss)	(2,309)	(76,617)	(12,759)	(13,527)	(105,212)	(11,857)
NON-OPERATING REVENUES (EXPENSES):						
Taxes and Assessments	409		14,606	12,117	27,132	
Fines, Forfeitures and Penalties	2	4	229	122	357	
Licenses, Permits and Franchises				9	9	
Interest on Bank Deposits and Investments	20	216	462	101	799	392
Aid from Other Governmental Agencies	7,534	43,744	262	3,739	55,279	
Interest Expense	(49)	(3,434)	(647)	(277)	(4,407)	(51)
Other Non-Operating Revenues	110	2,218	530	34	2,892	767
Gain (Loss) on Sale of Fixed Assets		(5)	(19)	(76)	(100)	(135)
Total Non-Operating Revenues (Expenses)	8,026	42,743	15,423	15,769	81,961	973
Income (Loss) before Transfers	5,717	(33,874)	2,664	2,242	(23,251)	(10,884)
Transfers In	6	25,060			25,066	
Transfers Out		(22)			(22)	287
Changes in Net Assets	5,723	(8,836)	2,664	2,242	1,793	(10,597)
Net Assets (Deficit), July 1, 2003 (as previously reported)	25,336	1,725	16,722	23,261		(9,444)
Prior Period Adjustment		(733)	(1,132)	(870)		113
Net Assets (Deficit), June 30, 2004	\$ 31,059	\$ (7,844)	\$ 18,254	\$ 24,633		\$ (19,928)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(1,029)	
Change in net assets of business-type activities					\$ 764	

**COUNTY OF KERN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

Page 1 of 2

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS					GOVERNMENTAL
	AIRPORTS	KERN MEDICAL CENTER	WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Cash Received for Patient/Current Services	\$ 128	\$ 88,762	\$ 14,170	\$ 5,299	\$ 108,359	\$
Cash Received for Use of Property	1,947		20	37	2,004	
Cash Received for Interfund Services Provided						112,914
Cash Received for Other Operations	110	13,546	530	34	14,220	767
Cash Received as Fines, Forfeitures, and Penalties	2	4	229	122	357	
Cash Received as Licenses and Permits				9	9	
Cash Paid for Salaries and Benefits	(1,276)	(104,186)	(6,344)	(274)	(112,080)	(3,473)
Cash Paid for Services and Supplies	(1,945)	(47,724)	(13,814)	(16,829)	(80,312)	(13,196)
Cash Paid for Reported Claims						(89,026)
Cash Paid for Postclosure Liability						
Cash Paid for Interfund Services and Supplies	(188)	(14,908)	(1,050)	(39)	(16,185)	
Cash Paid for Other Charges	(158)	(2,871)	(810)	(48)	(3,887)	(5,928)
Net Cash Provided (Used) by Operating Activities	(1,380)	(67,377)	(7,069)	(11,689)	(87,515)	2,058
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>						
Cash Received from Other Funds		25,028			25,028	
Taxes and Special Assessments	409		14,875	12,045	27,329	
Loans Paid	(800)				(800)	
Cash Received From Advances	2,000	45,705			47,705	
Cash Paid for Advances	(250)	(42,148)			(42,398)	
Aid from Other Governmental Agencies	7,653	43,744	252	3,775	55,424	
Payment of Long Term Debt - Pension Obligation Bond	(31)	(1,683)	(27)	(2)	(1,743)	(7)
Interest Paid	(9)	(485)	(94)	(76)	(664)	(26)
Net Cash Provided (Used) by Non-Capital Financing Activities	8,972	70,161	15,006	15,742	109,881	(33)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition or Construction of Capital Assets	(5,861)	(979)	(8,597)	(2,790)	(18,227)	(327)
Cash Paid for Certificate of Participation Issuance Cost	(570)				(570)	
Proceeds from Issuance of Certificates of Participation	13,225				13,225	
Proceeds from Disposal of Capital Assets				15	15	27
Payment of Long Term Debt - Certificates of Participation		(2,420)	(1,200)	(200)	(3,820)	
Interest Paid on Long Term Debt	(121)	(992)	(1,099)	(195)	(2,407)	
Payment of Capital Lease		(13)	(25)		(38)	
Net Cash Provided (Used) by Capital and Related Financing Activities	6,673	(4,404)	(10,921)	(3,170)	(11,822)	(300)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Cash Collection on Loan Receivable			120	59	179	
Interest on Bank Deposits and Investments	25	201	535	112	873	431
Net Cash Provided (Used) by Investing Activities	25	201	655	171	1,052	431
Net Increase (Decrease) in Cash and Cash Equivalents	14,290	(1,419)	(2,329)	1,054	11,596	2,156
Cash and Cash Equivalents, July 1, 2003	3,223	11,372	62,318	9,928	86,841	38,286
Cash and Cash Equivalents, June 30, 2004	\$ 17,513	\$ 9,953	\$ 59,989	\$ 10,982	\$ 98,437	\$ 40,442

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

**COUNTY OF KERN  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

Page 2 of 2

	<u>AIRPORTS</u>	<u>KERN MEDICAL CENTER</u>	<u>WASTE MANAGEMENT</u>	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUNDS</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (2,309)	\$ (76,617)	\$ (12,759)	\$ (13,527)	\$ (105,212)	\$ (11,857)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Other Non-Operating Revenues	110	2,220	758	165	3,253	767
Depreciation	837	5,433	3,206	1,228	10,704	628
Changes in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	6	(4,784)	(700)	117	(5,361)	(483)
(Increase) Decrease in Inventory		576			576	36
(Increase) Decrease in Due from Others		4			4	(149)
(Increase) Decrease in Deposits with Others						863
(Increase) Decrease in Prepaid Items		(5)			(5)	
Increase (Decrease) in Accounts Payable	(18)		1,391	388	1,761	
Increase (Decrease) in Accrued Expenses		4,915			4,915	(726)
Increase (Decrease) in Due to Others		924	14	11	949	33
Increase (Decrease) in Salaries & Benefits Payable	9	1,052	102	(1)	1,162	2
Increase (Decrease) in Compensated Absences Payable	(15)	918	176	(8)	1,071	8
Increase (Decrease) in Investment in Joint Venture				(62)	(62)	
Increase (Decrease) in Claims Payable		(2,500)			(2,500)	
Increase (Decrease) in Provision for Liability Claims		487			487	12,936
Increase (Decrease) in Closure/Post Closure Liability			743		743	
Total Adjustments	929	9,240	5,690	1,837	17,697	13,915
Net Cash Provided (Used) by Operating Activities	\$ (1,380)	\$ (67,377)	\$ (7,069)	\$ (11,689)	\$ (87,515)	\$ 2,058
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Net Transfers of Fixed Assets (To) From Other Funds	\$ 6	\$ 10			\$ 16	\$ 287
Total Noncash Investing, Capital, and Financing Activities	\$ 6	\$ 10			\$ 16	\$ 287

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

**COUNTY OF KERN**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

<u>ASSETS</u>	<u>INVESTMENT</u>	<u>AGENCY</u>	<u>TOTAL</u>
Cash and Cash Equivalents	\$ 1,152,167	\$ 148,737	1,300,904
Total Cash and Cash Equivalents	<u>1,152,167</u>	<u>148,737</u>	<u>1,300,904</u>
Receivables:			
Accounts	385	62	447
Loans		205	205
Taxes		41,784	41,784
Interest and Dividends Receivable	3,012	329	3,341
Total Receivables	<u>3,397</u>	<u>42,380</u>	<u>45,778</u>
Due from Other:			
Funds:		204	204
Agencies:		2,993	2,993
Total Due from Other:		<u>3,197</u>	<u>3,197</u>
Fixed Assets, Net of Accumulated Depreciation	<u>10</u>		<u>10</u>
Total Assets	<u>1,155,574</u>	<u>194,314</u>	<u>1,349,888</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Warrants Payable	91,571	25,490	117,061
Accounts Payable	1,683		1,683
Matured Bonds & Interest Payable	166		166
Due to Other Funds	2,040	666	2,706
Due to Other Agencies		167,838	167,838
Unapportioned Installment Redemptions		320	320
Total Liabilities	<u>95,460</u>	<u>194,314</u>	<u>289,774</u>
Net Assets Held in Trust for Pool Participants	<u>\$ 1,060,114</u>	<u>\$</u>	<u>1,060,114</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, 2004 (IN THOUSANDS)**

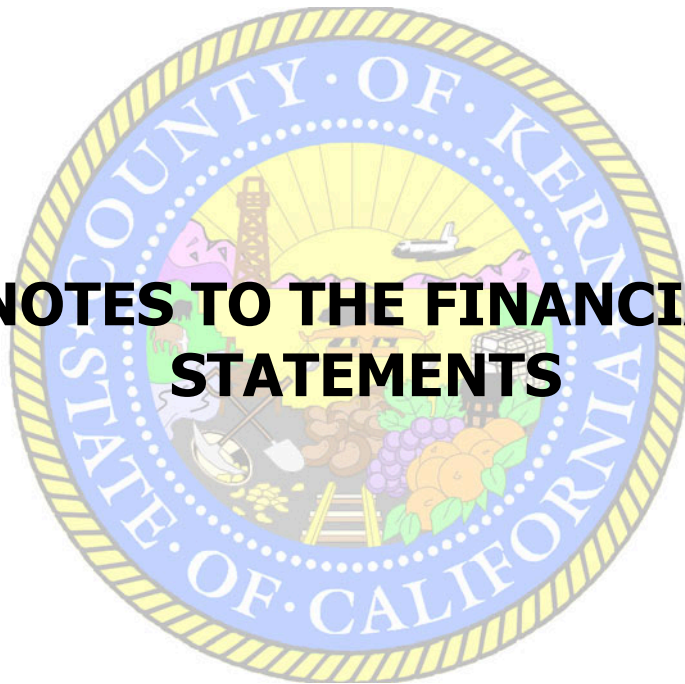
ADDITIONS:

Contributions on pooled investments	\$	3,291,119
Use of money and property		<u>11,295</u>
Total additions		<u>3,302,414</u>

DEDUCTIONS:

Distributions from pooled investments		<u>3,285,593</u>
Net increase in net assets		16,821
Net assets held in trust, July 1, 2003		<u>1,043,293</u>
Net assets held in trust, June 30, 2004	\$	<u><u>1,060,114</u></u>

**NOTES TO THE FINANCIAL  
STATEMENTS**



**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

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**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. Blended component units, although legally separate entities, are in substance part of the County's operations and so data from these units are combined with data of the County.

**B. BLENDED COMPONENT UNITS**

Using the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," management has determined that the following component units should be blended:

**County Service Areas (CSAs)**

The County's Board of Supervisors is the governing body of the CSAs. Among its duties, the Board approves the CSAs' budgets, approves parcel fees and appoints the management. The CSAs component unit is reported in the governmental activities as a nonmajor governmental fund.

**Golf Courses and Sanitation Districts**

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

**The County of Kern Asset Leasing Corporation**

Although this component unit has its own governing body, it provides services exclusively to the County. It is reported as a nonmajor governmental fund in these statements. This non-profit entity holds the general fixed 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)

**The Kern County Tobacco Funding Corporation (the Corporation)**

This is a separate legal nonprofit public benefit corporation created under the California Nonprofit Public Benefit Corporation Law. It 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 (See note XII. I for additional information regarding the sale by the County to the Corporation of all rights, title and interest of the County to such monies). The Corporation is governed by the



**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. BLENDED COMPONENT UNITS (continued)**

Board of Directors consisting of three members that are appointed by the County's Board of Supervisors.

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

**GASB Statement No. 39**

Statement No. 39, *Determining Whether Certain Organizations are Component Units*, was issued May 2002 and is effective for financial statements for periods beginning after June 15, 2003. GASB Statement 39 amends Statement 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government. The County implemented GASB Statement No. 39 in these financial statements.

**GASB Statements No. 40**

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, was issued in March 2003 and is effective for financial statements for periods beginning after June 15, 2004. GASB Statement 40 updates the custodial credit risk disclosure requirement of Statement 3 and establishes more comprehensive disclosure requirements addressing other common risks of the deposits and investments of state and local governments. As of June 30, 2004, the County of Kern does not have any derivatives.

**GASB Statement No. 42**

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, was issued in November 2003 and is effective for financial statements for fiscal periods beginning after December 15, 2004. This Statement improves financial reporting because it requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. This Statement also enhances comparability of financial statements between governments by requiring all governments to account for insurance recoveries in the same manner. The County will not be early implementing GASB Statement No. 42.

**GASB Statement No. 43**

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued in April 2004 and is effective one year prior to the effective date of the related Statement for the employer (single-employer plan) or for the largest participating employer in the plan (multiple-employer plan). This Statement establishes uniform financial reporting standards for other postemployment benefits (OPEB) plans and supersedes the interim guidance included in Statement No. 26. The County will not be early implementing GASB Statement No. 43.

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. BASIS OF PRESENTATION AND IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS (GASB) (continued)**

**GASB Statement No. 44**

GASB Statement No. 44, *Economic Condition Reporting : The Statistical Section - an Amendment of NCGA Statement 1*, was issued in May 2004 and is effective for statistical sections prepared for periods beginning after June 15, 2005. This Statement addresses the comparability problems that have developed in practice and adds information from the new financial reporting model for state and local governments required by Statement 34. The County will not be early implementing GASB Statement No. 44.

**GASB Statement No. 45**

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, was issued in June 2004 and is effective for financial statements for periods 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). This Statement 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 generally is consistent with the approach adopted in Statement No. 27. The County will not be early implementing GASB Statement No. 45.

**Government-Wide Financial Statements**

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. Eliminations were made in order to minimize the double counting of internal activities. These statements distinguish between governmental funds and business-type funds of the County. Governmental funds, which are primarily supported by taxes, are presented separately from business-type funds, which strongly depend upon fees charged to external parties.

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. 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.

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. BASIS OF PRESENTATION AND IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS (GASB) (continued)**

**COMPARATIVE DATA**

The implementation of GASB 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. The Airports, a Nonmajor Enterprise Fund, became a major enterprise fund following GASB 34 criteria. Comparability with prior year reports is affected.

**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.

**Fund Financial Statements**

The fund financial statements provide information about the County's funds, including fiduciary funds. There are three separately presented fund categories: governmental, proprietary, and fiduciary. The emphasis of presenting these categories is to identify the major governmental and enterprise funds. The major funds are separately displayed and all the remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary fund 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 nonexchange transactions. Proprietary fund 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 fund's primary operations. Expenses that are not directly related to the proprietary fund's 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.

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. BASIS OF PRESENTATION AND IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS (GASB) (continued)**

**Fund Financial Statements (continued)**

**Tobacco Securitization** accounts for the sale of rights to future tobacco settlement payments. (See Note XII. I for additional information regarding the sale by the County to the Kern County Tobacco Funding Corporation). The proceeds of the sale are being used to finance certain capital projects and to set up and endowment fund.

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

**Kern County Department of 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 economical classes.

**Mental Health** accounts for developing and maintaining Countywide, 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.

**Road** 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 investigation.

The County reports the following major business-type 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.

**Kern Medical Center** accounts for hospital services: offering emergency, outpatient and inpatient medical care to all classes of patients; including, Medi-cal and Medicare eligible, medically indigent person, and inmates of County institutions and juvenile facilities.

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. BASIS OF PRESENTATION AND IMPLEMENTATION OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS (GASB) (continued)**

**Fund Financial Statements (continued)**

**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 schools 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 has responsibility 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.

**The 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.

**D. 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. Nonexchange transactions occur when an entity gives/receives value without receiving/giving the same value in return. An example of a nonexchange 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

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. BASIS OF ACCOUNTING (continued)**

are considered available if collected within 60 days after the end of the accounting period; whereas, 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 so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences are recorded only when the payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of 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 for these records to be maintained and incorporated into 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. The assets and the liabilities of the Internal Service Funds are included in the Governmental Activities in the Statements of Net Assets because they primarily serve the Governmental Activities of the County.

The Internal Service Funds profit/loss was allocated to the function or program that benefited from the internal service fund activity using the look-back approach.

**E. 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.

**Investments**

In accordance with GASB 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/decrease in the fair value of the investments was recognized.

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. ASSETS, LIABILITIES, AND NET ASSETS (continued)**

**Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "loans receivable/payable" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" (See notes VI. B, VI. C, and VI. A for 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 2003-04 net assessed valuation of the County of Kern was \$47,233,219,068.

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 separately calculated 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. They 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 November 1 and delinquent with penalties after December 10; the second is due 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, 2004**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. ASSETS, LIABILITIES, AND NET ASSETS (continued)**

**Inventory - Materials and Supplies**

Inventories in the General Fund, General Services - Garage Internal Services Fund, the Road 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. Road and Structural Fire Funds value inventory at cost and the General Services - Garage Internal Service Fund uses the first-in, first-out method of costing inventory. Other materials and supplies are recorded as expenditures upon acquisition.

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 spendable resources".

**Capital Assets**

Capital assets, which include plant, property, and equipment and infrastructure assets (roads, street lighting, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. By definition, County's fixed assets exceed \$5,000 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 asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Major outlays for capital assets and improvement are capitalized as projects are constructed. 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 by 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/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, 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, 2004**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. 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 the year-end. The accumulated benefits will be liquidated as employees elect to use them in the future. All payments of these accumulated benefits will be funded in the year in which they are to be paid. There are several funds that contribute to the liquidation of compensated absences: General Fund, Kern County Department of Child Support Services, Fire, Building Inspection, Road, Mental Health, Aging and Adult Services, Department of Human Services, and Employers' Training Resource.

**Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate governmental activities or proprietary fund type statement of net assets. Bond premiums and discounts, as are 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**

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

**F. 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 2003-2004 was \$331,552,940, the estimated adjustment was \$238,995,617 for a net patient service revenue of \$92,557,323. 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 Hospital 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 53% and 18% respectively, of net patient care revenue for the year ended June 30, 2004.

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. HOSPITAL AND OTHER PROGRAM REVENUES (continued)**

The Hospital has various outstanding appeals pertaining to Medi-Cal and Medicare audit settlements. These amounts which have not been recorded as the outcome are not certain. The potential impact of these appeals will not have an adverse effect upon the County.

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 of 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 1998. A final report was issued September 24, 2002. The OIG states that the hospital exceeded its specific limit by nearly \$44 million for fiscal year 1998. The report states that Federal law requires the State to recover overpayments. However, in its conclusions, 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 KMC and other participating hospitals were in accordance with a state plan approved by the Centers for Medicare and Medicaid Services (CMS), and are therefore 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**

The Hospital also receives revenues from the following other programs:

During fiscal year 1991-92, Senate Bills (SB) 855 and 146 were enacted to provide higher Medi-Cal reimbursement rates to "disproportionate share hospitals." These are hospitals which 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. The Hospital received \$69,670,684 in fiscal year 2004 and \$57,746,721 in fiscal 2003 under the State of California's Medi-Cal disproportionate share program. The program required the County to provide matching funds of \$38,601,915 and \$41,862,885 in fiscal years 2004 and 2003, respectively, which were recorded as expenditures in the General Fund. The amount received

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. HOSPITAL AND OTHER PROGRAM REVENUES (continued)**

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, they 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 it is netted against revenue received from the state in the Kern Medical Center Enterprise Fund.

SB 1255, which became effective in 1990, established the State Disproportionate Share and Emergency Services Fund to receive contributions from public and private agencies. The State utilized these funds to obtain additional federal matching funds. The total is then distributed to the participants through a negotiation process with the California Medical Assistance Commission. To be eligible to negotiate for funds, among other requirements, a hospital must be a disproportionate share provider. For fiscal year 2003-2004 County SB 1255 revenues were \$40,800,000. The program required the County to provide matching funds of \$21,000,000, which were recorded as expenditures in the General Fund. Reimbursement to the General Fund for the contribution is recorded as other revenue in the General Fund and as non-operating expense in the Kern Medical Center Enterprise Fund.

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, 2004 was \$2,457,807.

Revenues related to the aforementioned programs are included in the accompanying financial statements as hospital operating revenues. The nonoperating revenues consist of taxes and assessments; fines, forfeiture and penalties; licenses, permits and franchises; interest on bank deposits and investments; aid from other governmental agencies; interest expense; and gain on sale of fixed assets. Unpaid 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 1991-92, 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 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 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 – Nonmajor Special Revenue Fund.

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

**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 the Mental Health Fund, Other Governmental Funds, Kern Medical Center, Waste Management, County Sanitation Districts and Golf – Nonmajor Enterprise Funds for the fiscal year ended June 30, 2004 (in thousands):

Fund Balances	
Fund balances at June 30, 2003, as previously reported – Governmental Funds	\$ 308,477
Prior Period Adjustments	
Liability to the State not previously reported – Mental Health	(4,534)
Inclusion of Kern County Tobacco Corp.- Nonmajor Debt Service Fund	11,926
Fund balances at June 30, 2003, as restated – Governmental Funds	<u>\$ 315,869</u>

Net Assets	
Net Assets at June 30, 2003, as previously reported – Business-Type Activities	\$ 67,045
Prior Period Adjustments	
Correction in Investment in Joint Venture – Internal Service Fund	(858)
Adjustments to Fixed Assets – Kern Medical Center, Waste Management and Other Non-Major Enterprise Funds	(1,707)
Adjustments in Accounts Receivable – Kern Medical Center	(170)
Net Assets at June 30, 2003, as restated – Business-Type Activities	<u>\$ 64,310</u>

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

Net Assets – Governmental Activities	
Net Assets – Governmental Activities at June 30, 2003 as previously reported	\$ 292,206
Prior Period Adjustments	
Fund level adjustments	7,392
Correction in Infrastructure Depreciation	8,716
Correction in Garage- Internal Service Fund Equipment and Depreciation	113
Inclusion of Kern County Tobacco Corp. Debt	(105,245)
Net Assets at June 30, 2003, as restated – Governmental Activities	<u>\$ 203,182</u>

Net Assets – Business Type Activities	
Net Assets at June 30, 2003, as previously reported – Business-Type Activities	\$ 65,054
Prior Period Adjustments	
Correction in Investment in Joint Venture – Non-Major Enterprise Funds	(858)
Adjustments to Fixed Assets – Kern Medical Center, Waste Management and Other Non-Major Enterprise Funds	(1,707)
Adjustments in Accounts Receivable – Kern Medical Center	(170)
Net Assets at June 30, 2003, as restated – Business-Type Activities	<u>\$ 62,319</u>

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. DEFICIT FUND BALANCES/DEFICIT NET ASSETS**

The following funds have total deficit fund balances/total deficit net assets, as appropriate at June 30, 2004 (in thousands):

<u>Major Governmental Funds</u>	
Human Services	\$ <u>(5,828)</u>
 <u>Nonmajor Governmental Funds</u>	
Non Major Capital Projects Funds	\$ <u>(2,070)</u>
 <u>Major Enterprise Funds</u>	
Kern Medical Center	\$ <u>(7,844)</u>
 <u>Internal Service Funds</u>	
General Liability	\$ (2,040)
Workers' Compensation	<u>(46,251)</u>
Total Internal Service Funds	\$ <u>(48,291)</u>

The deficit fund balance for Human Services is the direct result of reduction in state funding. The deficit fund balance for Capital Projects Funds is the result of the unreimbursed monies from the state for the Election Voting System and the unreimbursed capital expenditures at fiscal year end. The deficit fund balance of the Certificate of Participation is the result of unreimbursed capital expenditures at fiscal year end. The deficit fund balance for Kern Medical Center is the result of reduction in state funding and increase of health care cost and increase in employees' salaries and benefits. The General Liability and Workers' Compensation negative retained earnings represent liabilities incurred as a result of self-insurance.

**IV. CASH AND INVESTMENTS**

**A. DEPOSITS**

**Cash and Deposits**

As provided for by the Government Code, the cash balances of substantially all funds are pooled and invested by the County 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 GASB Statement No. 3, all bank balances are categorized as covered by federal depository insurance or collateralized by the County's agent in the County's name. 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

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IV. CASH AND INVESTMENTS (continued)**

**A. DEPOSITS (continued)**

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.

County deposits are categorized as follows (see schedule under "Investments"):

- Category 1 Insured or collateralized with securities held by the County or its agent in the County's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the County's name.
- Category 3 Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the County's name.

**B. CASH AND INVESTMENTS DEPOSITED WITH TRUSTEE**

The June 30, 2004 balance of Cash and Investments Deposited with Trustee consists of the following (in thousands):

Money Market Accounts	\$	17,546
Commercial Paper		
Investment Agreements		87,902
Federal Agency		7,697
Total Cash and Investments Deposited with Trustee	\$	<u>113,145</u>

\$39,164,709 of the balance relates to 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 Nonmajor Governmental Fund, the Golf Course Nonmajor Enterprise Fund, Kern Medical Center and Waste Management Enterprise Funds. \$49,243,942 is recorded in the Tobacco Securitization Fund and will be utilized for capital projects. \$12,336,003 recorded on the Kern County Tobacco Funding Corporation are held in trust for debt service reserves. \$11,733,137 of the balance relates to construction of a new airport terminal and it is reported on the Airport Nonmajor Enterprise Fund. The funds are currently held by Wells Fargo.

The balance reported in the Pension Obligation Bond Trustee Debt Service Nonmajor 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.

The invested portion on deposit with the trustee has been categorized for risk under the investment classifications in accordance with the Governmental Accounting Standards Board Statement 3. (See schedule under "Investments")

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IV. CASH AND INVESTMENTS (continued)**

**C. INVESTMENTS**

Statutes authorize the County to invest in obligations of the United States Treasury, Federal agencies, municipalities, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and bankers' acceptances. 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, 2004 to support the value of the shares in the Pool. However, management believes that the investments in the Pool are of high quality and that the risk of participation in the Pool is negligible.

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 school and special districts and special assessments. The County pool does not issue separate financial statements. Participants may withdraw up to the amortized cost of the respective share. The share of the Treasurer's pool related to involuntary and voluntary participants is 93.7% and 6.3%, 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 \$34,717. 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.

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

Investment	Fair Value	Principal	Interest rate % Range	Maturity Range
Bankers Acceptance	\$ 19,856	\$ 19,879	1.35 – 1.42	10/08/04 – 11/22/04
Commercial Paper	246,180	246,204	1.06 – 1.42	7/01/04 – 8/13/04
Fed Agency Issues (Coupon)	533,055	538,514	1.02 – 1.46	7/01/04 – 11/12/04
State Treasury's Pool (LAIF)	34,717	34,773	1.45 – 3.77	
Asset Backed Securities	29,230	30,855	5.60 – 6.90	1/15/07 – 12/15/08
Medium Term Notes	251,215	258,967	1.26 – 3.94	8/01/04 – 7/15/08
Negotiable CDs	295,861	296,003	1.03 – 1.36	7/02/04 – 10/04/04
Fed Agency Issues (Discount)	59,708	59,713	1.14 – 4.00	8/10/04 – 6/24/09
Bank Accounts & Accruals	94,249	94,249		
Totals	<u>\$ 1,564,071</u>	<u>\$ 1,579,157</u>		

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**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, 2004 (in thousands):

Statement of Net Assets	
Total Assets Held for Pool Participants	\$ 1,564,071
Less: Warrants Payable	<u>(116,671)</u>
Pool Equity, Net	<u>\$ 1,447,400</u>
Equity of Internal Pool Participants	\$ 387,286
Equity of External Pool Participants (Voluntary and Involuntary)	1,060,114
Total Equity	<u>\$ 1,447,400</u>
Statement of Changes in Net Assets	
Net Assets at July 1, 2003	\$ 1,531,996
Net Changes in Investments by Pool Participant	<u>(84,596)</u>
Net Assets at June 30, 2004	<u>\$ 1,447,400</u>

- Category 1 Insured or registered, or securities held by the County or its agent in the County's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty in the County's name, or by its trust department or agent, but not in the County's name.



**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IV. CASH AND INVESTMENTS (continued)**

**C. INVESTMENTS (continued)**

In the following schedule, bank deposits are reported based upon balances as of the end of the fiscal year and investments are reported at the County's book balance (in thousands):

Investments	Risk Category				Fair Value
	1	2	3	Noncategorized	
Negotiable CDs	\$ 295,861	\$	\$	\$	\$ 295,861
Commercial Paper	246,180				246,180
Bankers Acceptance	19,856				19,856
U.S. Treasury Securities					
Federal Agency Issues	592,763				592,763
Medium Term Notes	251,215				251,215
Asset Backed Securities	29,230				29,230
Accrued Interest at Purchase	486				486
State Treasurer's Pool (LAIF)				34,717	34,717
Investment Subtotal	<u>1,435,591</u>			<u>34,717</u>	<u>1,470,308</u>
Deposits					
Cash in Bank					
Issued, Collateralized Pool	90,609				90,609
Investments and Deposits					
Subtotal	<u>1,526,200</u>			<u>34,717</u>	<u>1,560,917</u>
Cash on Hand				3,154	3,154
Total Deposits and Investments	\$ <u>1,526,200</u>	\$	\$	\$ <u>37,871</u>	\$ <u>1,564,071</u>
Investments Deposited with					
Trustee					
Money Market	\$	\$	\$	17,546	\$ 17,546
Commercial Paper					
Investment Agreements			87,208	694	87,902
Federal Agency			<u>7,697</u>		<u>7,697</u>
Total Investments Deposited with					
Trustee	\$	\$	\$ <u>94,905</u>	\$ <u>18,240</u>	\$ <u>113,145</u>

**D. DEPOSITS WITH OTHERS**

The County has total deposits with others of \$652,333. The General Fund has deposited \$205,273 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 \$447,060 represents deposits by the Group Health Self-Insurance Internal Service Fund with its designated claim administrators; such 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, 2004**

**V. RECEIVABLES**

**A. RECEIVABLES**

The County's net receivables for the year ended June 30, 2004 for the individual funds, nonmajor funds, and internal services funds are as follows (in thousands):

<b>Receivables - Governmental Activities:</b>	<b>Taxes</b>	<b>Accounts</b>	<b>Interest</b>	<b>Other</b>	<b>Total Receivables</b>
General Fund	\$ 25,179	\$	\$ 428	\$ 23,718	\$ 49,325
Kern Co. Dept. of Child Support			21	878	899
Employer's Training Resource			3	2,449	2,452
Department of Human Services		15,506	13	6,079	21,598
Mental Health		231	52	12,787	13,070
Road			67	1,531	1,598
Structural Fire	1,190		65	2,426	3,681
Tobacco Securitization Proceeds			69		69
Other Nonmajor Governmental Funds	554		151	8,545	9,250
Internal Service Funds		1,276	173	596	2,045
Total Governmental Activities	<u>\$ 26,923</u>	<u>\$ 17,013</u>	<u>\$ 1,042</u>	<u>\$ 59,009</u>	<u>\$ 103,987</u>

The category classified as "Other" is composed of receivables from various state sources. Of the \$15,505,660 of accounts receivables for Human Resources, only \$704,138 is estimated to be collected within one year, leaving \$14,801,522 in receivables to be collected in future years. Department of 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 \$22,963 (in thousands). Of this amount, \$21,475 (in thousands) is recorded in the General Fund, \$1,015 (in thousands) in the

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
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**V. RECEIVABLES (continued)**

**A. RECEIVABLES (continued)**

Structural Fire Fund and \$473 (in thousands) in the County Service Areas Nonmajor Governmental Fund – Special Revenue Fund.

<b>Receivables - Business-Type Activities:</b>	<b>Taxes</b>	<b>Accounts</b>	<b>Interest</b>	<b>Other</b>	<b>Gross Receivables</b>	<b>Less: Allowance for Uncollectibles</b>	<b>Total Receivables</b>
Airports	\$	\$ 195	\$ 84	\$ 150	\$ 429	\$ (81)	\$ 348
Kern Medical Center		123,189	81	458	123,728	(91,451)	32,277
Waste Management	3,309	1,945	210	120	5,584	(25)	5,559
Nonmajor Enterprise Funds	<u>1,310</u>	<u>283</u>	<u>42</u>	<u>319</u>	<u>1,954</u>	<u>(13)</u>	<u>1,941</u>
Total Business- Type Activities	<u>\$ 4,619</u>	<u>\$ 125,612</u>	<u>\$ 417</u>	<u>\$ 1,047</u>	<u>\$ 131,695</u>	<u>\$ (91,570)</u>	<u>\$ 40,125</u>

Kern Medical Center has a balance of \$123,189 (in thousands) in accounts receivable. Of the accounts receivable balance, Kern Medical Center estimates not to collect \$576 (in thousands) within in one year. The total amount of taxes receivable not expected to be collected within one year is \$3,940 (in thousands). Of the \$3,940 (in thousands) the receivable will be allocated to Waste Management, County Sanitation Districts, and Universal Collections in the amounts of \$2,822 (in thousands), \$329 (in thousands), and \$789 (in thousands), respectively.

**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.

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

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**V. RECEIVABLES (continued)**

**B. UNAVAILABLE/UNEARNED REVENUE (continued)**

The various components of deferred revenue and unearned revenue reported at June 30, 2004 are as follows:

	<u>Unavailable</u>
Governmental Activities:	
Delinquent property taxes receivable	
General Fund	\$ 27,639
Structural Fire	1,190
Nonmajor Governmental Fund	536
Accounts Receivable	
Department of Human Services	15,278
Advance Funds	
Department of Human Services	<u>8,382</u>
Total deferred/unearned revenue for governmental funds	\$ <u>53,025</u>

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**VI. INTERFUND TRANSACTION**

**A. DUE TO/FROM OTHER FUNDS**

Due To/From Other Funds amounts will be repaid in the following fiscal year. Due To/From Other Funds at June 30, 2004 are as follows (in thousands):

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund	\$ 7,895	\$	
Employers' Training Resource		1,262	Expense reimbursement
Nonmajor Governmental Funds		4,677	Expense reimbursement & Proposition 172 revenue
Internal Service Funds		312	Expense reimbursement
Investment Trust		1,180	Final allocation of court fines
Agency		464	Final allocation of tax revenue
	<u>7,895</u>	<u>7,895</u>	
Structural Fire	844		
Nonmajor Governmental Funds		483	Proposition 172 revenue
Investment Trust		158	Final allocation of court fines
Agency		203	Final allocation of tax revenue
	<u>844</u>	<u>844</u>	
Road	182		Services provided
General		2	Services provided
Nonmajor Governmental Funds		45	Services provided
Airports		17	Services provided
Waste Management		10	Services provided
Nonmajor Enterprise Funds		108	Services provided
	<u>182</u>	<u>182</u>	
Nonmajor Governmental Funds	497		
Investment Trust		497	Final allocation of court fines
	<u>497</u>	<u>497</u>	
Kern Medical Center	108		
General		95	Expense reimbursement
Nonmajor Governmental Funds		13	Expense reimbursement
	<u>108</u>	<u>108</u>	
	\$	\$	

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**VI. INTERFUND TRANSACTION (continued)**

**A. DUE TO/FROM OTHER FUNDS (continued)**

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
Internal Service Funds	\$ 149	\$	Services provided
General		95	Services provided
Human Services		17	Services provided
Mental Health		19	Services provided
Nonmajor Governmental Funds		6	Services provided
Kern Medical Center		4	Services provided
Waste Management		7	Services provided
Nonmajor Enterprise Funds		1	Services provided
	<u>149</u>	<u>149</u>	
Agency	205		
Investment Trust		205	Cash Flow
	<u>205</u>	<u>205</u>	
Total	\$ <u>9,880</u>	\$ <u>9,880</u>	

**B. LOANS RECEIVABLE/PAYABLE**

Loans Receivable/Payable at June 30, 2004 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Agency	Nonmajor Governmental Fund	\$ <u>205</u>	Start up cost of projects
		\$ <u>205</u>	

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**VI. INTERFUND TRANSACTION (continued)**

**C. ADVANCES TO/FROM OTHER FUNDS**

Advances To/From Other Funds at June 30, 2004 are as follows (in thousands):

<u>Advances From</u>	<u>Advances To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Kern County Dept. of Child Support	\$ 157	To cover cash flow
	Human Services	4,024	To cover cash flow
	Kern Medical Center	9,557	To cover cash flow
	Nonmajor Governmental Funds	<u>4,366</u>	To cover cash flow
		<u>18,104</u>	
Tobacco Securitization	Airports	<u>2,000</u>	To cover start up cost
Nonmajor Governmental Funds	Nonmajor Governmental Funds	550	To cover construction costs of capital projects
		538	To cover start up construction cost of new airport terminal
	Airports	<u>1,088</u>	
Waste Management	Nonmajor Enterprise Funds	<u>2,500</u>	To cover start up cost
		<u>\$ 23,692</u>	

**D. TRANSFERS**

A reconciliation of transfers is detailed below (in thousands):

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Human Services	\$ 14,906
	Mental Health	883
	Road	5,060
	Structural Fire	8,108
	Nonmajor Governmental Funds	14,734
	Kern Medical Center	<u>24,527</u>
		<u>68,218</u>
Mental Health	General	<u>250</u>
Structural Fire	Nonmajor Governmental Funds	<u>3,617</u>
Tobacco Securitization	General	<u>\$ 850</u>

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**VI. INTERFUND TRANSACTION (continued)**

**D. TRANSFERS (continued)**

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
Nonmajor Governmental Funds	General	\$ 45,229
	Human Services	130
	Mental Health	190
	Road	15
	Structural Fire	3,998
	Nonmajor Governmental Funds	8,003
	Kern Medical Center	518
		<u>58,083</u>
Kern Medical Center	Garage	<u>22</u>
Garage	Kern Medical Center	<u>15</u>
Total		\$ <u><u>131,055</u></u>

The General Fund transferred \$30,000,312 to Human Services, Mental Health, Road, Structural Fire, Aging and Adult Services-Nonmajor Governmental Fund, Sheriff Cal ID Trust-Nonmajor Governmental Fund as a subsidy to their operations. The General Fund also transferred \$1,261 to Master Lease-Nonmajor Governmental Fund for the Election Voting System and \$3,200,000 to ACO Genera-Nonmajor Governmental Fund for tax reserve release and \$1,413,767 to Public Health Debt Service-Nonmajor Governmental Fund as a loan. It also transferred \$2,453,872 to Kern Asset Leasing Corporation to cover debt service payments. The transfer to Kern Medical Center of \$24,526,962 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 \$6,621,336 also represents a contribution to the department's operations.

Mental Health transferred \$250,000 to the General Fund per Proposition 36.

The Structural Fire transferred \$816,862 to the Kern Asset Leasing Corporation to cover debt service payments and transferred \$2,800,000 to ACO Fire-Nonmajor Governmental Fund for tax litigation release.

The Tobacco Securitization Fund transferred \$850,000 of earned interests to General Fund as discretionary revenue.

Nonmajor Governmental Funds such as Tobacco Settlement, Probation Training, Local Public Safety, Sheriff Training, Auto Finger Print, Emergency Medical, Auto Warrant, Domestic Violence, Criminal Justice Facility, Courthouse Ten, Records Fee and Micrographic transferred \$42,988,993 to the General Fund as a subsidy of the operation.



**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

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**VI. INTERFUND TRANSACTION (continued)**

**D. TRANSFERS (continued)**

Nonmajor Governmental Fund transferred \$2,040,416 to the General Fund as part of the funding for Vital Health Statistics, Property Tax Administration, Children Trust, Flood Disaster, High Tech, Sheriff Drug Awareness, Sheriff Fire Arms, Sheriff Work Release, Sheriff Training, Sheriff Rural Crime, Fax Death Health, L.U.S.T., DA Local Forfeiture, Board of Trade Advertising, Kern Products, Library Rental Book, Parking Clearing. Also, \$129,516 was transferred to Human Services as part of the funding for Child Trust.

The Alcoholism Program, Alcohol Abuse Education/Prevention, Drug Program, and Flood Disaster transferred \$190,135 to the Mental Health Fund to fund its operations of the programs funded by the special purpose funds.

The ACO Road transferred \$14,685 to Road as a result of closing of the ACO Road Fund.

The Local Public Safety-Nonmajor Special Revenue Fund transferred \$3,997,300 to the Structural Fire Fund as part of the funding of local public safety services as enacted by Proposition 172.

The Nonmajor Governmental Tobacco Litigation Settlement Fund transferred \$195,076 to Tobacco Non-profit Corporation for debt service payments. The Kern Asset Leasing transferred \$1,179,653 to the Certificate of Participation Capital Projects to complete the communication projects. The ACO-General and ACO-Fire-Nonmajor Governmental Funds transferred \$6,615,492 to the Kern Assets Leasing Corporation to cover debt service payments. A total of \$15,578 was transferred from the Kern County Library-Nonmajor Governmental Fund and Feline Carcass-Nonmajor Governmental Fund to the Rental Book-Nonmajor Governmental Fund and the Spay Neuter as cost reimbursement

\$518,261 cash with the trustee for the 1999 COP was reallocated from Kern Medical Center to Kern Asset Leasing.

\$21,941 was recorded as a transfer to Garage-Internal Service Fund, and \$15,190 as a transfer from Garage-Internal Service Fund from and to Kern Medical Center as a result of fixed assets transfer.

In the fund financial statements, total transfers in of \$131,330 (in thousands) are more than the total transfers out of \$131,040 (in thousands) because of the treatment of transfers of capital assets. During the year, capital assets were transferred from Internal Service Funds to capital assets used in the operations of governmental activities and from the later to the Kern Medical Center. No amounts were recorded in the governmental funds as the amounts did not involve the transfer of financial resources. However, the Internal Service Fund and the Kern Medical center did report the transfers.

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**VII. CAPITAL ASSETS**

**A. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2004 was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land & Easement	\$ 19,563	\$ 120	\$ 276	\$ 19,407
Construction In Progress	27,627	31,920	15,021	44,526
<b>Total Capital Assets, not being depreciated</b>	<b>47,190</b>	<b>32,040</b>	<b>15,297</b>	<b>63,933</b>
<i>Capital Assets, being depreciated:</i>				
Infrastructure	28,025	16,566		44,591
Structures & Improvements	299,084	6,893		305,977
Equipment	108,694	16,547	6,781	118,460
<b>Total Capital Assets, being depreciated</b>	<b>435,803</b>	<b>40,006</b>	<b>6,781</b>	<b>469,028</b>
Less Accum. Depreciation for:				
Infrastructure	1,714	2,032		3,746
Structures & Improvements	113,812	5170		118,982
Equipment	57,365	7,022	4,946	59,441
<b>Total Accum. Depreciation</b>	<b>172,891</b>	<b>14,224</b>	<b>4,946</b>	<b>182,169</b>
Total Capital assets, being Depreciated, net	262,912	25,782	1,835	286,859
<b>Net, Capital Assets</b>	<b>\$ 310,102</b>	<b>\$ 57,822</b>	<b>\$ 17,132</b>	<b>\$ 350,792</b>

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**VII. CAPITAL ASSETS (continued)**

**A. CAPITAL ASSETS (continued)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 20,935	\$ 789	\$ 10	\$ 21,714
Land Acquisition in Progress	9	1,214	789	434
Construction In Progress	9,906	15,070	4,394	20,582
<b>Total Capital Assets, Not being depreciated</b>	<b>30,850</b>	<b>17,073</b>	<b>5,193</b>	<b>42,730</b>
<i>Capital Assets, being depreciated:</i>				
Structures & Improvements	129,791	1,651	166	131,276
Equipment	47,579	4,136	4,928	46,787
Infrastructure	6,709			6,709
<b>Total Capital Assets, being depreciated</b>	<b>184,079</b>	<b>5,787</b>	<b>5,094</b>	<b>184,772</b>
Less Accum. Depreciation for:				
Structures & Improvements	50,701	6,240	73	56,868
Equipment	33,225	4,351	4,823	32,753
Infrastructure	4,150	113		4,263
<b>Total Accum. Depreciation</b>	<b>88,076</b>	<b>10,704</b>	<b>4,896</b>	<b>93,884</b>
Total Capital assets, being Depreciated, net	96,003	(4,917)	198	90,888
<b>Net, Capital Assets</b>	<b>\$ 126,853</b>	<b>\$ 12,156</b>	<b>\$ 5,391</b>	<b>\$ 133,618</b>

Business-type activities capitalized \$1,336,907 in interest for projects related to Airports, Kern Medical Center and Waste Management during fiscal year 2003-2004.

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**VII. CAPITAL ASSETS (continued)**

**B. DEPRECIATION**

The depreciation expense was charged to the governmental functions as follows:

General	\$	3,649
Public Protection		5,947
Public Ways and Facilities		2,078
Health and Sanitation		156
Public Assistance		516
Education		448
Recreation and Culture		802
Depreciation on Capital Assets Held by the County's Internal Service Fund is Charged to the Various functions based on their usage of the assets		<u>628</u>
<b>Total Depreciation Expense – Governmental Functions</b>	<b>\$</b>	<b><u>14,224</u></b>

The depreciation expense was charged to the business-type activities as follows  
(in thousands):

Airports	\$	837
Kern Medical Center		5,433
Waste Management		3,206
County Sanitation Districts		378
Golf Course		148
Public Transportation		<u>702</u>
<b>Total Depreciation Expense – Business-Type Activities</b>	<b>\$</b>	<b><u>10,704</u></b>

**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 walking extension, Parks and Recreation Buena Vista Boat Ramp, Parks and Recreation water pipeline, Communications microwave communication system, and a number of smaller projects. There are other construction in progress projects for the business-type funds. Airports is constructing the new air terminal at Meadows Field. In addition to the projects previously mentioned for the business-type activities, there are also numerous smaller projects in progress.

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

**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, 2004 amounted to \$10,260,411. The following is a schedule of future minimum long-term operating lease payments for the Governmental Funds (in thousands):

<u>Year</u>	<u>Amount</u>
2004-05	\$ 10,510
2005-06	10,248
2006-07	9,011
2007-08	8,178
2008-09	5,437
2009-14	15,101
2014-19	11,676
2019-2022	117
Total Minimum Lease Payments	\$ <u>70,278</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, 2004. At the end of the lease, when all terms have been met, the related equipment will become property of the County. The acquired equipment did not meet the capitalization threshold.

The following is a schedule of future minimum lease payments for capital leases (in thousands):

<u>Year</u>	<u>Governmental Activities</u>	<u>Business – Type Activities</u>
2004-05	\$ 3,567	\$ 15
2005-06	2,646	3
2006-07	1,830	
2007-08	304	
2008-09	304	
2009-2010	288	
Net Minimum Lease Payments	8,939	18
Less amount representing interest	(585)	(1)
Present Value of net minimum lease payments	\$ <u>8,354</u>	\$ <u>17</u>

Interest expense for the capital leases for the current fiscal year was \$362 (in thousands). The interest expense is reported as direct expense in each function.

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

**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 \$542,233,756. 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. The following is a schedule of changes in long-term debt (in thousands):

	July 1, 2003	Additions	Deletions	June 30, 2004	Due within one year
<b>Governmental Activities</b>					
Compensated Absences	\$ 46,209	\$ 28,344	\$ (27,976)	\$ 46,577	\$ 13,973
Lease Purchase Agreements	6,336	12,767	(10,766)	8,337	3,553
Certificates of Participation	68,515		(11,650)	56,865	12,827
Tobacco – Asset Backed Bonds		105,245	(750)	104,495	420
Facility Lease	453		(32)	421	66
Loans Payable – HUD Loan	7,610		(900)	6,710	955
Loans Payable – Election/Voting	1,000	595	(211)	1,384	214
Loans Payable – Sheriff/Retrofitting	327	3,348	(322)	3,353	327
Bonds Payable	225			225	
Pension Obligation Bonds (1995)	182,625		(2,873)	179,752	3,942
Pension Obligation Bonds (2003)	<u>288,177</u>			<u>288,177</u>	
Total Governmental Activities	\$ <u>601,477</u>	\$ <u>150,299</u>	\$ <u>(55,480)</u>	\$ <u>696,296</u>	\$ <u>36,277</u>

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IX. LONG-TERM DEBT (continued)**

**A. LONG-TERM LIABILITIES (continued)**

**Business-Type  
Activities**

Compensated Absences	\$ 8,489	\$ 6,185	\$ (5,113)	\$ 9,561	\$ 911
Lease Purchase Agreements	25	17	(25)	17	14
Certificates of Participation	49,125	13,225	(3,825)	58,525	3,995
Pension Obligation Bonds (1995)	<u>33,232</u>	<u>          </u>	<u>(523)</u>	<u>32,709</u>	<u>717</u>
Total Business-Type Activities	\$ <u>90,871</u>	\$ <u>19,427</u>	\$ <u>(9,486)</u>	\$ <u>100,812</u>	\$ <u>5,637</u>
	\$ <u>692,348</u>	\$ <u>169,726</u>	\$ <u>(64,966)</u>	\$ <u>797,108</u>	\$ <u>41,914</u>

**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 \$115,390,000 (\$35,700,000 at variable and \$79,690,000 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 (US Bank and Wells Fargo) for investment and disbursement subject to the terms and conditions of the trust agreements. Of this debt, \$56,865,000 is included in the governmental activities, \$13,225,000 is included as current and long-term debt of the Airports Fund, \$18,715,000 is included as current and long-term debt of the Kern Medical Center Fund, \$22,965,000 is included as current and long-term debt of the Waste Management Fund and \$3,620,000 is included as current and long-term debt of the Golf Course-Nonmajor Business-type Fund. The 1999 Capital Improvement Project COP balance of \$19,550,000 is divided between the Kern Medical Center Fund and the governmental activities as shown in the summary schedules included in this section.

The Solid Waste System Improvement 1994 and 2002 Certificates of Participation are paid from the Waste Management Fund. The Kern Medical Center Emergency Facility and Kern Medical Center Surgical Services Facility Certificates of Participation are 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 Nonmajor Enterprise Fund. The County of Kern Asset Leasing Corporation is making payments of principal and interest with respect to the remaining issues.

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

**IX. LONG-TERM DEBT (continued)**

**B. CERTIFICATES OF PARTICIPATION (continued)**

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 (in thousands):

**1986 COP ( Public Facilities Project):**

The original issue amount of the 1986 COP was \$122,000,000, and the expected maturity dates were from August 1, 1986-2006. The future interest payments of the 1986 COP have been calculated using 1%, the rate in effect at June 30, 2004. During the fiscal year ended June 30, 2004, the interest rate ranged from .60% to 1.20%. The interest rate change is attributable to many market factors such as supply and demand, cash and liquidity positions of the bondholders, and calendar cash flow cycles. The 1986 COP debt schedule is as follows (in thousands):

	Principal	Interest	Total
2004-05	\$ 10,582	357	10,939
2005-06	11,852	251	12,103
2006-07	13,266	133	13,399
TOTAL	\$ <u>35,700</u>	\$ <u>741</u>	\$ <u>36,441</u>

**Beale Library:**

The original issue amount of the Beale Library COP was \$16,060,000, and the expected maturity dates were from December 1, 1996-2007. The Beale Library has fixed interest rates that range from 3.2%-4.9%. The Beale Library debt schedule is as follows (in thousands):

	Principal	Interest	Total
2004-05	\$ 1,480	\$ 267	\$ 1,747
2005-06	1,545	197	1,742
2006-07	1,615	122	1,737
2007-08	1,695	42	1,737
TOTAL	\$ <u>6,335</u>	\$ <u>628</u>	\$ <u>6,963</u>

**Rosamond Library:**

The original issue amount of the Rosamond Library COP was \$1,940,000, and the expected maturity dates were from October 1, 1994-2014. The Rosamond Library has fixed interest rates that range from 4.7%-6.5%. The Rosamond Library debt schedule is as follows (in thousands):



**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IX. LONG-TERM DEBT (continued)**

**B. CERTIFICATES OF PARTICIPATION (continued)**

**Rosamond Library (continued):**

	Principal		Interest		Total
2004-05	\$ 90	\$	85	\$	175
2005-06	95		80		175
2006-07	100		74		174
2007-08	110		68		178
2008-09	115		62		177
2009-14	685		192		877
2014-15	165		11		176
<b>TOTAL</b>	<b>\$ 1,360</b>	<b>\$</b>	<b>572</b>	<b>\$</b>	<b>1,932</b>

**1999 Capital Improvement Project – Communications Project:**

The original issue amount of the 1999 Capital Improvement Project – Communications Project was \$6,815,000, and the expected maturity dates were from November 1, 1999-2019. The Communications Project has fixed interest rates that range from 4%-5.5%. The 1999 Capital Improvements Project has a debts schedule as follows (in thousands):

	Principal		Interest		Total
2004-05	\$ 250	\$	294	\$	544
2005-06	265		282		547
2006-07	275		271		546
2007-08	290		258		548
2008-09	300		245		545
2009-14	1,745		983		2,728
2014-19	2,240		465		2,705
2019-20	530		15		545
<b>TOTAL</b>	<b>\$ 5,895</b>	<b>\$</b>	<b>2,813</b>	<b>\$</b>	<b>8,708</b>

A summary of the certificate of participation debt associated with Structural Fire and recorded in the governmental activities is as follows (in thousands):

**1997 COP (Fire Department):**

The original issue of the 1997 COP was \$12,045,000, and the expected maturity dates were from May 1, 1997-2017. The 1997 COP has fixed interest rates that range from 3.85%-5.25%.

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IX. LONG-TERM DEBT (continued)**

**B. CERTIFICATES OF PARTICIPATION (continued)**

**1997 COP (Fire Department) (continued):**

	Principal		Interest		Total
2004-05	\$ 425	\$	388	\$	813
2005-06	450		368		818
2006-07	470		346		816
2007-08	490		323		813
2008-09	515		299		814
2009-14	3,010		1,070		4,080
2014-17	2,215		237		2,452
<b>TOTAL</b>	<b>\$ 7,575</b>	<b>\$</b>	<b>3,031</b>	<b>\$</b>	<b>10,606</b>

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

**Kern Medical Center – Emergency Facility:**

The original issue amount of the Kern Medical Center – Emergency Facility was \$13,365,000, and the expected maturity dates were from December 1, 1991-2006. The Emergency Facility has fixed interest rates that range from 5.4%-6.5%.

	Principal		Interest		Total
2004-05	\$ 1,210	\$	202	\$	1,412
2005-06	1,250		123		1,373
2006-07	1,290		42		1,332
<b>TOTAL</b>	<b>\$ 3,750</b>	<b>\$</b>	<b>367</b>	<b>\$</b>	<b>4,117</b>

**Kern Medical Center – Surgical Services Facility:**

The original issue amount of the Kern Medical Center – Surgical Services Facility was \$9,775,000, and the expected maturity dates were from April 1, 1995-2005. The Surgical Services Facility has fixed interest rates that range from 4.5%-5.25%.

	Principal		Interest		Total
2004-05	\$ 1,310	\$	69	\$	1,379
<b>TOTAL</b>	<b>\$ 1,310</b>	<b>\$</b>	<b>69</b>	<b>\$</b>	<b>1,379</b>

**1999 Capital Improvement Project – KMC Portion:**

The original issue amount of the 1999 Capital Improvement Project – KMC Portion was \$13,655,000, and the expected maturity dates were from November 1, 1999-2019. The KMC Portion has fixed interest rates that range from 4%-5.5%.

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IX. LONG-TERM DEBT (continued)**

**B. CERTIFICATES OF PARTICIPATION (continued)**

**199 Capital Improvement Project – KMC Portion (continued):**

	Principal	Interest	Total
2004-05	\$ 645	\$ 697	\$ 697
2005-06	645	683	1,328
2006-07	670	654	1,324
2007-08	700	624	1,324
2008-09	735	591	1,326
2009-14	4,215	2,374	6,589
2014-19	5,425	1,120	6,545
2019-20	1,265	35	1,300
TOTAL	\$ <u>13,655</u>	\$ <u>6,778</u>	\$ <u>20,433</u>

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

**Solid Waste System Improvements (1994):**

The original issue amount of the Solid Waste System Improvements (1994) was \$17,875,000, and the expected maturity dates were from August 1, 1994-2009. The Solid Waste Improvements (1994) has fixed interest rates that range from 4%-5.75%.

	Principal	Interest	Total
2004-05	\$ 1,275	\$ 461	\$ 1,736
2005-06	1,345	389	1,734
2006-07	1,420	313	1,733
2007-08	1,500	230	1,730
2008-09	1,585	142	1,727
2009-10	1,675	48	1,723
TOTAL	\$ <u>8,800</u>	\$ <u>1,583</u>	\$ <u>10,383</u>

**Solid Waste System Improvements (2002):**

The original issue amount of the Solid Waste System Improvements (2002) was \$14,165,000, 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%-4.7%.

	Principal	Interest	Total
2004-05	\$ 614	\$ 614	\$ 614
2005-06	614	614	614
2006-07	614	614	614
2007-08	614	614	614
2008-09	614	614	614
2009-14	8,305	2,246	10,551
2014-17	5,860	417	6,277
TOTAL	\$ <u>14,165</u>	\$ <u>5,733</u>	\$ <u>19,898</u>

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

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**IX. LONG-TERM DEBT (continued)**

**B. 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 equal 1.15 times the aggregate system debt service expenses payable in such fiscal year.

The following is a schedule (in thousands) 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, 2004**

**IX. LONG-TERM DEBT (continued)**

**B. CERTIFICATES OF PARTICIPATION (continued)**

	<b>Schedule of Debt Service Coverage</b>				
	2004	2003	2002	2001	2000
Operating Revenues					
Land Use Fee	\$ 14,876	\$ 12,251	\$ 12,178	\$ 12,057	\$ 11,816
Gate Fee	9,869	10,995	9,915	9,704	10,444
Bin Fee *	3,694				
Other (Including Interest Income)	2,455	2,374	3,068	4,354	3,526
Total Operating Revenue	<u>30,894</u>	<u>25,620</u>	<u>25,161</u>	<u>26,115</u>	<u>25,786</u>
Operating Expenses					
Salaries	6,692	5,915	5,294	5,088	4,740
Services and Supplies	15,584	13,706	14,224	13,399	12,105
Transfer to Closure	800	1,134	2,737	1,500	958
Other (Excluding depreciation)	338	363	310	279	259
Total Operating Expense	<u>23,414</u>	<u>21,118</u>	<u>22,565</u>	<u>20,266</u>	<u>18,062</u>
Net Operating Revenue	\$ <u>7,480</u>	\$ <u>4,502</u>	\$ <u>2,596</u>	\$ <u>5,849</u>	\$ <u>7,724</u>
1994 Debt Service	\$ 1,694	\$ 1,577	\$ 1,627	\$ 1,627	\$ 1,712
2002 Debt Service	556	612			
Total Debt Service	<u>\$ 2,250</u>	<u>\$ 2,189</u>	<u>\$ 1,627</u>	<u>\$ 1,627</u>	<u>\$ 1,712</u>
Debt Service Coverage Ratio 1	3.32	2.06	1.60	3.60	4.51
Net Operating Revenue After Debt Service	\$ <u>5,230</u>	\$ <u>2,313</u>	\$ <u>969</u>	\$ <u>4,222</u>	\$ <u>6,012</u>
Non-Operating Revenue (Expense)					
Closure Project Expense	(365)	(4,055)	(1,700)	(309)	
Pay-as-you-go Capital Projects	(2,232)	(2,650)	(2,396)	(1,804)	(1,464)
Capital Equipment	(322)	(217)	(409)	(147)	(123)
Total Non-Operating Revenue (Expense)	<u>(2,919)</u>	<u>(6,922)</u>	<u>(4,505)</u>	<u>(2,260)</u>	<u>(1,587)</u>
Net Income (Loss)	\$ <u>2,311</u>	\$ <u>(4,609)</u>	\$ <u>(3,536)</u>	\$ <u>1,962</u>	\$ <u>4,425</u>
Available Funds (Beginning Balance)					
Beginning Balance	\$ 4,947	\$ 16,734	\$ 21,501	\$ 19,271	\$ 14,944
Total Income (Loss)	2,311	(4,609)	(3,536)	1,962	4,425
Other Adjustments	798	(7,178)	(1,231)	267	(96)
	<u>\$ 8,056</u>	<u>\$ 4,947</u>	<u>\$ 16,734</u>	<u>\$ 21,500</u>	<u>\$ 19,273</u>
Debt Service Coverage Ratio 2	5.52	9.70	14.81	15.44	13.24

\* Prior to fiscal year ended June 30, 2004, bin fee was included in the gate fee.

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IX. LONG-TERM DEBT (continued)**

**B. CERTIFICATES OF PARTICIPATION (continued)**

A summary of the certificate of participation debt recorded in the Golf Course-Nonmajor Enterprise Fund is as follows (in thousands):

**1996 COP (Golf Course – Capital Improvement):**

The original issue amount for the 1996 COP was \$4,795,000, and the expected maturity dates were from October 1, 1996-2016. The Golf Course Capital Improvement has fixed interest rates that range from 5%-5.65%.

	Principal	Interest	Total
2004-05	\$ 200	\$ 190	\$ 390
2005-06	210	180	390
2006-07	225	169	394
2007-08	235	157	392
2008-09	245	145	390
2009-14	1,440	506	1,946
2014-17	1,065	92	1,157
TOTAL	\$ <u>3,620</u>	\$ <u>1,439</u>	\$ <u>5,059</u>

**2003 COP (Airports – Capital Improvement):**

The original issue amount for the 2003 COP was \$13,225,000, and the expected maturity date was August 1, 2023. The 2003 COP (Airports – Capital Improvement) has fixed interest rates that range from 1.75%-4.80%.

	Principal	Interest	Total
2004-05	\$ 0	\$ 528	\$ 528
2005-06	500	524	1,024
2006-07	510	514	1,024
2007-08	520	503	1,023
2008-09	535	489	1,024
2009-14	2,965	2,153	5,118
2014-19	3,630	1,489	5,119
2019-24	4,565	563	5,128
TOTAL	\$ <u>13,225</u>	\$ <u>6,763</u>	\$ <u>19,988</u>

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IX. LONG-TERM DEBT (continued)**

**C. FACILITY LEASE**

The facility lease loan is for the 1994 Rural and Economic Development Infrastructure Program associated with the expansion of the Frito Lay Plant. The original issue of the Facility Lease was \$858,582, and the expected maturity dates were from July 1, 1995-2010 and January 1, 1996-2009. The fixed interest rate is 6.5%. The following facility lease debt schedule is as follows (in thousands):

	Principal		Interest		Total
2004-05	\$ 66	\$	26	\$	92
2005-06	70		22		92
2006-07	75		17		92
2007-08	80		12		92
2008-09	85		7		92
2009-10	45		2		47
<b>TOTAL</b>	<b>\$ 421</b>	<b>\$</b>	<b>85</b>	<b>\$</b>	<b>507</b>

**D. LOANS PAYABLE**

**Public Health Facility – HUD Loan**

In order to facilitate the construction of the Public Health Facility, the County borrowed \$10,000,000 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%-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.

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 (in thousands):

	Principal		Interest		Total
2004-05	\$ 955	\$	448	\$	1,403
2005-06	1,015		377		1,392
2006-07	1,080		302		1,382
2007-08	1,145		223		1,368
2008-09	1,220		137		1,357
2009-10	1,295		47		1,342
<b>TOTAL</b>	<b>\$ 6,710</b>	<b>\$</b>	<b>1,534</b>	<b>\$</b>	<b>8,244</b>

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IX. LONG-TERM DEBT (continued)**

**D. LOANS PAYABLE (continued)**

**Election/Voting**

In order to facilitate the acquisition of a new touch screen scan voting and tabulation system, the County obtained a loan for \$1,595,000 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 schedule of the outstanding balance is as follows (in thousands):

	Principal		Interest		Total
2004-05	\$ 214	\$	40	\$	254
2005-06	220		34		254
2006-07	227		27		254
2007-08	234		20		254
2008-09	241		13		254
2009-10	248		6		254
<b>TOTAL</b>	<b>\$ 1,384</b>	<b>\$</b>	<b>140</b>	<b>\$</b>	<b>1,524</b>

**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 \$3,675,000 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 (in thousands):

	Principal		Interest		Total
2004-05	\$ 327	\$	106	\$	433
2005-06	337		95		432
2006-07	348		84		432
2007-08	360		73		433
2008-09	371		61		432
2009-13	1,610		119		1,729
<b>TOTAL</b>	<b>\$ 3,353</b>	<b>\$</b>	<b>538</b>	<b>\$</b>	<b>3,891</b>

**E. 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 County. The original issue amount of the bonds was \$105,245,000, 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 non-profit corporation formed by the County called the Kern County Tobacco Funding Corporation.



**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IX. LONG-TERM DEBT (continued)**

**E. BONDS PAYABLE (continued)**

**Tobacco Settlement Asset-Backed Bonds (continued):**

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 (in thousands):

	Principal		Interest		Total
2004-05	\$ 205		\$ 6,463		\$ 6,668
2005-06	350		6,435		6,785
2006-07	280		6,411		6,691
2007-08	660		6,392		7,052
2008-09	630		6,346		6,976
2009-14	4,105		31,038		35,143
2014-19	5,845		29,495		35,340
2019-24	9,435		27,326		36,761
2024-29	13,015		24,033		37,048
2029-34	18,135		19,529		37,664
2034-39	24,960		13,024		37,984
2039-2043	26,875		4,269		31,144
TOTAL	\$ 104,495		\$ 180,761		\$ 285,256

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 \$351,000 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 (in thousands):

	Principal		Interest		Total
2004-05	\$ 80		\$ 38		\$ 118
2005-06	25		11		36
2006-07	25		9		34
2007-08	30		6		36
2008-09	30		4		34
2009-2010	35		1		36
TOTAL	\$ 225		\$ 69		294

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IX. LONG-TERM DEBT (continued)**

**F. 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 unfunded accrued actuarial liability of the Kern County Employees' Retirement Association (K.C.E.R.A). The actuarial accrued liability of participating special districts was excluded from this funding source. The taxable pension obligation bonds have been issued at \$227,818,439 to cover the County of Kern's unfunded actuarial liability of not less than \$224,437,000. K.C.E.R.A. received the bond proceeds and recorded \$224,437,000 of contribution income for the fiscal year ended June 30, 1996.

At June 30, 2004, the amount of certificates included as a component of the County's pension liability was \$212,461,769. Of this amount, \$179,752,413 has been recorded in the governmental activities, and \$32,709,356 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 Nonmajor Governmental Fund.

The bonds have various maturity dates between 2001 and 2014 for Current Interest bonds and between 2015 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, 2004, interest payments related to the certificates were \$11,785,960. Of this amount, \$9,971,463 was paid out of governmental funds, and \$1,814,497 was paid out of business-type funds.

The following is a summary of the total funding requirements of the bonds (in thousands):

	Principal	Interest	Total
2004-05	\$ 4,660	\$ 11,521	\$ 16,181
2005-06	6,073	11,165	17,238
2006-07	7,655	10,705	18,360
2007-08	9,425	10,126	19,551
2008-09	11,403	9,413	20,816
2009-14	96,008	28,001	124,009
2014-19	58,730	114,983	173,713
2019-2022	18,508	97,383	115,891
<b>TOTAL</b>	<b>\$ 212,462</b>	<b>\$ 293,297</b>	<b>\$ 505,759</b>

**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 unfunded accrued actuarial liability of the K.C.E.R.A. The actuarial liability of participating special districts was excluded from this funding source. The Taxable Pension Obligation

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**IX. LONG-TERM DEBT (continued)**

**F. PENSION OBLIGATION BOND (continued)**

**2003 Pension Obligation Bond (continued)**

Bonds have been issued at \$288,177,067. 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 2017 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 4.53% 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 11, 2004 to July 8, 2004, was 1.46%.

At June 30, 2004, the amount of bonds included as a component of the County's pension liability was \$288,177,067. This amount has been recorded in the Government-Wide Statement of Net Assets as a liability along with a negative net pension obligation for the same amount. The net pension obligation was reduced using the amortization methodology used in determining the annual required contribution for the year. The pension obligation at June 30, 2004 is \$277,346,254. 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 (in thousands):

	Principal		Total
2004-05	\$	\$ 10,221	\$ 10,221
2005-06		10,221	10,221
6-07	640	10,213	10,853
2007-08	1,510	10,185	11,695
2008-09	2,445	10,126	12,571
2009-14	29,070	48,184	77,254
2014-19	66,905	38,143	105,048
2019-24	111,458	27,122	138,580
2024-2028	76,149	63,823	139,972
TOTAL	\$ 288,177	\$ 228,238	\$ 516,415

**X. SHORT-TERM DEBT**

**A. TAX AND REVENUE ANTICIPATION NOTES**

The Tax and Revenue Anticipation Notes (TRANS) proceeds were intended to provide financing of seasonal cash flow requirements for the County's General Fund expenditures during fiscal year ended June 30, 2004.

	Beginning Balance	03-04 Additions	03-04 Deletions	Ending Balance
Tax and Revenue Anticipation Notes (in thousands)	\$ 75,000	\$ 75,000	\$ 150,000	\$ -

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

**XI. NET ASSETS/FUND BALANCES**

**A. RESERVED FUND BALANCE**

The reserved fund balance for the Governmental Activities for the fiscal year end June 30, 2004 is as follows (in thousands):

	General	Kern Co. Dept of Child Support	Employers' Training Resource	Human Services	Mental Health	Road	Structural Fire	Tobacco Securiti- zation Proceeds	Other Govern- mental Funds
Imprest Cash Advances	\$ 1,107	\$ 52	\$	\$ 101	\$ 2	\$	\$ 2	\$	\$ 2
Deposits with Others	205								1,088
Inventory	37					1,121	518		
Infrastructure Replacement									37
Encumbrances	8,639	46	1,741	381	15,018	8,803	755	1,501	7,526
Fiscal Stability General	5,120								7,600
Tax Litigation	8,162						2,663		
Tax Loss	4,282								
Debt Service									53,017
<b>TOTAL</b>	<b>\$ 27,552</b>	<b>\$ 98</b>	<b>\$ 1,741</b>	<b>\$ 482</b>	<b>\$ 15,020</b>	<b>\$ 9,924</b>	<b>\$ 3,938</b>	<b>\$ 1,501</b>	<b>\$ 69,270</b>

**B. DESIGNATED FUND BALANCE**

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

**C. RESTRICTED NET ASSETS**

This category 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, and employee and retiree medical and dental claims. Excess liability insurance is maintained for claims over \$2,000,000 and up to \$27,000,000 for

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
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**XII. OTHER INFORMATION (continued)**

**A. RISK MANAGEMENT (continued)**

Automobile and General Liability. Excess liability insurance is maintained for Medical Malpractice claims over \$3,000,000 as of June 30, 2004.

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 \$1,500,000 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. 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. The liability for self-insurance included in the Unemployment Compensation Internal Service Fund represents unpaid claims incurred as of June 30, 2004.

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. Total estimated claims liability at June 30, 2004 was \$64,146 (in thousands).

Fiscal Year 2003-2004 (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
General Liability	\$ 8,267	\$ 2,967	\$ (3,122)	\$ 8,112
Workers' Compensation	33,175	27,646	(14,238)	46,583
Group Health	8,862	69,860	(70,321)	8,401
Unemployment Compensation	907	2,455	(2,312)	1,050
<b>TOTAL</b>	<b>\$ 51,211</b>	<b>\$ 102,928</b>	<b>\$ (89,993)</b>	<b>\$ 64,146</b>

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**XII. OTHER INFORMATION (continued)**

**A. RISK MANAGEMENT (continued)**

Fiscal Year 2002-2003 (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
General Liability	\$ 7,555	\$ 1,374	\$ (662)	\$ 8,267
Workers' Compensation	26,728	16,200	(9,753)	33,175
Group Health	8,996	62,134	(62,268)	8,862
Unemployment Compensation	733	2,475	(2,301)	907
<b>TOTAL</b>	<b>\$ 44,012</b>	<b>\$ 82,183</b>	<b>\$ (74,984)</b>	<b>\$ 51,211</b>

Kern Medical Center (KMC) maintains a liability in its Enterprise 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%. The Kern Medical Center' management adjusted the actuarial liability from \$5,703,681 to \$9,000,000 to reflect management conservative estimate. 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 \$9,000,000 at June 30, 2004. KMC had a \$3,000,000 self-insured retention per occurrence for medical malpractice as of fiscal year 2004. The primary policy included a \$10,000,000 per occurrence and in aggregate. Excess insurance is also maintained for \$10,000,000 per occurrence and in aggregate. A reconciliation for claims (including IBNR claims) for the current fiscal year and the past two fiscal years is as follows (in thousands):

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30,
2002	\$ 7,817	\$ 4,183	\$ (2,197)	\$ 9,803
2003	9,803	2,897	(4,187)	8,513
2004	8,513	3,917	(3,430)	9,000

**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.

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**XII. OTHER INFORMATION (continued)**

**B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)**

**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.

**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 (in thousands):

Condensed Statement of Net Assets

	Golf Course
<b>Assets:</b>	\$
Current & Other Assets	1,810
Capital Assets	5,104
Total Assets	6,914
<b>Liabilities:</b>	
Current Liabilities	249
Long-term Liabilities Outstanding	3,420
Total Liabilities	3,669
<b>Net assets:</b>	
Invested in Capital Assets, Net of Related Debt	1,484
Restricted	697
Unrestricted	1,064
Total Net Assets	\$ 3,245

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

**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	\$ 4,340
Total Operating Revenues	<u>4,340</u>
Operating Expenses	
Services and Supplies	4,092
Depreciation	148
Total Operating Expenses	<u>4,240</u>
Operating Income (Loss)	<u>100</u>
Non-Operating Revenues (Expenses)	
Interest on Bank Deposits & Investments	33
Interest Expense	<u>(197)</u>
Total Non-Operating Revenues (Expenses)	<u>(164)</u>
Net Loss	(64)
Transfers In	
Changes in Net Assets	<u>(64)</u>
Net Assets, Beginning of Year	3,403
Prior Period Adjustment	<u>(94)</u>
Net Assets, End of Year	<u>\$ 3,245</u>



**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**XII. OTHER INFORMATION (continued)**

**B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)**

Condensed Statement of Cash Flows

	Golf Course
Net Cash (Used) by Operating Activities	\$ 248
Net Cash Provided by Non-Capital Financing Activities	-
Net Cash Provided by Capital and Related Financing Activities	(395)
Net Cash Provided by Investing Activities	36
Net Increase (Decrease) in Cash & Cash Equivalents	(111)
Cash & Cash Equivalents at July 1, 2003	1,917
Cash & Cash Equivalents at June 30, 2004	\$ 1,806

**C. POST RETIREMENT HEALTH CARE BENEFITS**

In addition to the pension benefits described in Note XII. F, the County provides post retirement health care benefits in accordance with union contracts and Board of Supervisors' order. There are two programs which contribute funding for retirees' health insurance. The Retiree Health Premium Supplement Program (RHPSP) is available to employees who a) elected to participate or were required to participate, b) retire on or after July 1, 1990, c) are between the ages of 50 and 64 and d) have at least 20 years of continuous County service as a permanent employee. At June 30, 2004, there were approximately 613 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. The RHPSP is currently funded by annual County contributions of \$1,340,000 in fiscal year 2003/2004 and employee contributions of .33% of base pay.

The Retiree Health Stipend is available to employees who choose continuous County health coverage upon retirement. At June 30, 2004 there were approximately 2,400 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. The stipend is funded by County contributions of approximately \$180 per active employee per year, which totaled \$1,384,256 for the year ended June 30, 2004.

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

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**XII. OTHER INFORMATION (continued)**

**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.

**Bakersfield City Landfill**

The City of Bakersfield, located within the County of Kern, is responsible for the capping and closure cost of the Bakersfield Landfill that is no longer accepting waste. The County of Kern has agreed to pay a portion of the total cost involved for the closure of the landfill. The total cost is estimated to range from \$6,000,000 to \$10,000,000. Due to the complex nature of the closure cost estimates involved, the amount, if any, to be paid by the County cannot currently be determined. Accordingly, no liability for this contingency has been included in 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

**Mental Health Department Medicare and Medi-Cal Revenues (continued)**

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, 2004, assessment appeals are pending before the County Assessment Appeals Board (AAB) in the amount of \$6,058,652 plus interest of \$202,650. There were Superior Court cases pending in the amount of \$2,927,391 plus interest of \$61,865.

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**XII. OTHER INFORMATION (continued)**

**D. CONTINGENT LIABILITIES (continued)**

The following is a summary of the estimated contingent tax liability as of June 30, 2004 (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total Estimated Principal and Interest</u>
Contingent Tax Liability:			
Pending AAB Matters	\$ 6,059	\$ 203	\$ 6,262
Superior Court Cases	<u>2,927</u>	<u>62</u>	<u>2,989</u>
Total	<u>\$ 8,986</u>	<u>\$ 265</u>	<u>\$ 9,251</u>

The County's share of the contingent tax liability is \$2,611,416. The County and other agencies accumulated and maintained very large tax impound reserves for disputes property taxes over the past four years. There was a decline in the number and magnitude of property tax equalization appeals, filed for 2003-2004 assessment year. The result is a negative net contingent tax liability of \$44,893,694. The County's share of this negative net contingent tax liability is \$8,213,673. 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 \$2,611,416 liability through a combination of future reverses and the implementation of cost reduction measurer.

**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. 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, 2004 there was \$207,881,220 in the Deferred Compensation plan, which is not included as part of the County's financial statements.

**F. PENSION PLAN**

**Plan Description**

The County's Board of Supervisors established the Kern County Employees' Retirement Association (K.C.E.R.A.) 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 K.C.E.R.A., which operates as a cost-sharing multi-employer

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**XII. OTHER INFORMATION (continued)**

**F. PENSION PLAN (continued)**

**Plan Description (continued)**

defined benefit plan. It is the responsibility of K.C.E.R.A. to function as an investment and administrative agent for the County with respect to the pension plan.

K.C.E.R.A. 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 K.C.E.R.A. plan is vested with the Board of Retirement, which consists of nine members and two alternates. 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 K.C.E.R.A. Plan provides for retirement, disability, death, beneficiary and cost-of-living benefits. As of June 30, 2004, employee membership data related to the pension plan was as follows:

	<u>General</u>	<u>Safety</u>	<u>Total</u>
Active Employees	6,401	1,609	8,010
Terminated Employees – Vested	772	102	874
Retirees and beneficiaries currently receiving benefits	3,584	1,134	4,718
	<u>10,757</u>	<u>2,845</u>	<u>13,602</u>

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

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

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**XII. OTHER INFORMATION (continued)**

**F. PENSION PLAN (continued)**

**Plan Description (continued)**

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**

K.C.E.R.A. 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 K.C.E.R.A. 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.

**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 Board of Retirement's investment policies and guidelines 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. The K.C.E.R.A.'s investment portfolio contained no concentration of investments in any one organization greater than 5% of plan net assets as of June 30, 2004 (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 24-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 OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

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**XII. OTHER INFORMATION (continued)**

**F. PENSION PLAN (continued)**

**Funding Policy (continued)**

County must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes. For fiscal year 2004, 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 24 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 April 1997 between the County and its employees took effect on July 5, 1997. The MOU states that members hired prior to the effective date of the MOU will pay 50% of the full member contribution rate until they attain five years of service. Members hired after the effective date of the MOU will pay the full member rate until they attain five years of service. After five years of service, no contributions will be required from any member. The MOU is reflected in the calculation for the required employer contribution rates as of July 5, 1997. Ten out of the twelve Special Districts adopted provisions parallel to the County MOU.

For the year ended June 30, 2004, the County's total payroll for all employees amounted to \$396,113,247. The County's total covered payroll for the same period amounted to \$361,027,132. 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, 2004 were determined in accordance with an actuarial valuation performed December 31, 2002. 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 prior to February 5, 1983. After this date (as recommended by the Plan's Independent Actuary, adopted by K.C.E.R.A. 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. The County, once again, received a 2.5% cost-of-living adjustment for all retirees and continuance beneficiaries as of April 1, 2002. In fiscal year 2004, the plan had no excess earnings and the current funding for the cost-of living reserve is included in the employers' contributions. Contributions to K.C.E.R.A. during fiscal year ended June 30, 2004 were \$59,210,814 of which \$48,759,946 were regular employer contributions, and \$10,450,868 were employee contributions. (14% and 3% of covered payroll respectively). The total contribution consisted of \$45,000,219 normal cost (12% of covered payroll) plus \$14,210,595

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**XII. OTHER INFORMATION (continued)**

**F. PENSION PLAN (continued)**

**Funding Policy (continued)**

amortization of the under-funded actuarial accrued liability (4% of covered payroll). On May 29, 2003, the K.C.E.R.A. received \$285,092,130 of pension obligation bond (POB) proceeds from the County of Kern to fund a significant portion of the December 31, 2002 Unfunded Actuarial Accrued Liability.

The POB proceeds reduced the General and Safety members employer contribution rates for fiscal year 2004 by 3.60% and 10.80%, respectively for the County of Kern.

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. Effective upon the date of the Kern County Board of Supervisors' approval of the MOU which is August 3, 2004, any employee hired on that date or thereafter shall pay 100% of the employee contribution to retirement without any limit on the number of years those contributions will be made.

The County's contribution represented 93% 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 a pension obligation bonds issued by the plan sponsor in November 1995 and May 2003; therefore, separate employer contribution rates are required to fund the unfunded liabilities for each class of participation as follows:

Employer Contributions as a Percentage of Estimated Total Compensation:

FISCAL YEAR ENDING JUNE 30, 2004:

	Special Districts (MOU)	Special Districts (non-MOU)	General Members	Safety Members
Normal Cost	13.01%	13.01%	13.01%	23.45%
Amortization of UAAL*	3.92%	3.92%	3.33%	10.01%
TOTAL	16.93%	16.93%	16.34%	33.46%

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**XII. OTHER INFORMATION (continued)**

**F. PENSION PLAN (continued)**

**Annual Pension Cost**

FISCAL YEAR ENDING JUNE 30, 2003:

	Special Districts (MOU)	Special Districts (non-MOU)	General Members	Safety Members
Normal Cost	14.80%	10.65%	12.10%	22.58%
Amortization of UAAL*	3.02%	3.02%	1.18%	5.08%
<b>TOTAL</b>	<b>17.82%</b>	<b>13.67%</b>	<b>13.28%</b>	<b>27.66%</b>

\*Unfunded Actuarial Accrued Liability

Fiscal Year Ending	Annual Pension Percentage of APC		Net Pension Obligation
	Annual Required Contribution	Percentage Contributed	
2004	\$48,759,946	100%	-
2003	58,246,723	682%*	-
2002	41,881,569	100%	-

\*Percentage reflects pension obligation bond proceeds totaling \$285.1 million.

**OTHER**

A Petition for Writ of mandamus entitled "*Kern Law Enforcement Association, et al., Petitions v. Board of Retirement, Kern County Employee's Retirement Association, Respondent; County of Kern, Real Party in Interest*," Case No. 236460-NFT (hereafter "KLEA") was filed on June 9, 1998. The KLEA case arises from the California Supreme Court decision entitled "*Ventura County Deputy Sheriffs; Assn. V. Board of Retirement of Ventura County Employees' Retirement Assn*" (hereafter "Ventura").

The KLEA litigation sought inclusion of additional items of pay not included by the KCERA Board in its resolution implementing the *Ventura* decision and also sued for retroactive inclusion of all additional pay items back to October 1, 1994 and going forward. The KLEA litigation was coordinated with other lawsuits brought against other counties and retirement systems operating under the same law as KCERA.

On September 28, 2001, the trial court before which the KLEA litigation was pending approved a settlement entered into by all the parties. Judgment in the action was entered on January 24, 2002, notice of the Entry of Judgment was given to all parties on January 28, 2002, no appeal was filed within the statutory time period, and the Judgment has now become final. The main features of the settlement are: 1) inclusion of some addition pay items in "compensation earnable", 2) retroactive payment back to April 1, 1996 and going forward, 3) payment by KCERA of Petitioners' attorney fees in the amount of \$700,000 from available contingency reserve, 4) County payment of all member contributions owing as a result of inclusion of additional pay item in "compensation earnable", and 5) a permanent increase in the annual cost of living allowance (COLA) from 2% to 2.5% effective April 1,



**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

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**XII. OTHER INFORMATION (continued)**

**F. PENSION PLAN (continued)**

2002. The cost of the additional 0.5% cost of living allowance will be initially funded with a \$64.7 million allocation from funds held in the Supplemental Retiree Benefits Reserve until exhausted.

The KCERA is in the process of evaluating past service records in order to recalculate benefit levels in accordance with the Settlement Agreement and Judgment, and this process is expected to be completed by the end of 2004. The cost of the recalculated benefits will not be known until the recalculation process is complete. From August 16, 2002 to September 24, 2004, 1,659 retirees or their beneficiaries have received retroactive payment in the amount of \$11,688,708, and the monthly retiree payroll increased by \$120,999. The liability of the recalculated benefits paid on or before December 31, 2003 and the additional 0.5% cost of living allowance was included in the more recent actuarial valuation, dated December 31, 2003.

**G. LANDFILLS**

Prior to fiscal year 1988-89, Kern County Waste Management was funded entirely by the County General Fund. In fiscal year 1988-89 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 1992-93 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 1993-94. All revenues are placed in the Waste Management 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 postclosure maintenance of landfills. In response, Kern County established a designated reserve account to fund closure maintenance. As of June 30, 2004, the Waste Management Enterprise Fund had a designated cash reserve of \$30,832,864. 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.

Closure plans are reviewed and approved by the Integrated Waste Management Board. The pledge of future revenue for postclosure maintenance costs is also based on the most recent plans submitted to the Integrated Waste Management Board. For postclosure 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.

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

**XII. OTHER INFORMATION (continued)**

**G. LANDFILLS (continued)**

The County currently operate seven Class III landfills, three large volume transfer stations, and two small volume transfer stations that are all 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, 2004 are \$51,857,245 and \$30,723,899 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 <sup>1</sup>	1	11,948,609	85%
Bena I	1	7,299,653	84%
Bena II A	36	38,506,350	0%
Boron	29	1,002,819	79%
Buttonwillow <sup>1</sup>	0	358,273	100%
China Grade <sup>1</sup>	0	N/A	100%
Glennville <sup>2</sup>	0	N/A	100%
Kern Valley <sup>2</sup>	0	N/A	100%
Lebec <sup>2</sup>	0	N/A	100%
Lost Hills <sup>1</sup>	28	1,478,905	25%
McFarland/Delano <sup>2</sup>	0	N/A	100%
Mojave/Rosamond	12	2,262,243	67%
Ridgecrest	17	9,545,940	51%
Shafter/Wasco	26	11,636,500	39%
Taft	108	8,787,547	26%
Tehachapi	6	2,632,400	85%
<b>TOTAL</b>		<b>95,459,239</b>	

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. The current designated reserve account of two million dollars is expected to satisfy all capital expenditures to implement corrective action at the 16 landfill sites.

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2004**

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**XII. OTHER INFORMATION (continued)**

**G. LANDFILLS (continued)**

Each year a portion of the landfill's estimated closure and postclosure costs are recognized as an expense and liability based on the capacity used to date. As of June 30, 2004, the landfill closure liability has been recorded at \$29,687,250 and is included in the liabilities of the Waste Management Enterprise Fund. This represents the cumulative liability to date. The remaining \$22,169,995 anticipated closure costs will be recognized in future years. The \$30,723,899 postclosure cost will be updated annually.

**H. 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 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.

As of fiscal year ended June 30, 2004, the Wastewater Treatment Plant has a capital reserve of \$1,856,948 (unaudited). This reserve is estimated to provide adequate maintenance and capital acquisition for the facility.

**I. 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 participant 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.

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2004**

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**XII. OTHER INFORMATION (continued)**

**I. SECURITIZATION OF TOBACCO SETTLEMENT REVENUES (continued)**

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.

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, 2004, \$7,045 of tobacco settlement payments was recorded as aid from other governments in the Kern County Tobacco Corporation Nonmajor 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**

**A. TAX AND REVENUE ANTICIPATION NOTES**

On July 7, 2004, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$110,000,000 due on June 30, 2005. 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, 2005. A pledge of property taxes, income, revenue and other monies of the County allocable solely to fiscal year 2004-05 and legally available secure the TRANS.

**B. KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

On August 3, 2004, the Kern County Board of Supervisors approved a Memorandum of Understanding between the County and the Central California Association of Public Employees for a four-year agreement effective July 1, 2003 through June 30, 2007, to provide a 2% salary increase, effective January 8, 2005, enhanced retirement benefit (3% at 60), effective January 1, 2005, changes in specified employees' retirement contributions, increase in Retiree Health Premium Supplement Program employee contribution rate, effective August 7, 2004, and changes in health and prescription drug plans, effective September 1, 2004. The effect on the financial statements has not yet been determined.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**COUNTY OF KERN  
SCHEDULE OF FUNDING PROGRESS  
JUNE 30, 2004**

Six-year historical data showing Kern County Employees' Retirement Association's (K.C.E.R.A.) progress in accumulating sufficient assets to pay benefits when due is available from the Association. A three-year schedule of the funding progress of the County retirement system for the years ended December 31, is presented as follows (in thousands):

Actuarial Valuation Date	<u>12/31/01</u>	<u>12/31/02</u>	<u>12/31/03</u>
Actuarial Value of Assets (a)	\$1,508,291	\$1,570,278	\$1,927,585
Actuarial Accrued Liability AAL (b)	\$1,611,960	\$1,899,031	\$2,059,286
Overfunded (Underfunded) AAL (a-b)	\$(103,669)	\$(328,753)	\$(131,701)
Funded Ratio (a/b)	0.94	0.83	0.94
Annual Covered Payroll	\$333,791	\$344,871	353,444
Overfunded AAL as % of Covered Payroll	(31.1)%	(95.3)%	(37.3)

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
<b>General Government</b>				
Administrative Office				
Aid from Other Governmental Agencies	\$ 50	\$ 50	\$ 43	\$ (7)
Charges for Current Services	450	450	488	38
Other Revenues	3	3		(3)
	<u>503</u>	<u>503</u>	<u>531</u>	<u>28</u>
Clerk of the Board				
Aid from Other Governmental Agencies				
Charges for Current Services	8	8	24	16
Other Revenues	15	15	3	(12)
	<u>23</u>	<u>23</u>	<u>27</u>	<u>4</u>
Auditor-Controller				
Licenses, Permits and Franchises	200	200	215	15
Aid from Other Governmental Agencies	163	163	157	(6)
Charges for Current Services	743	743	920	177
Other Revenues			1	1
	<u>1,106</u>	<u>1,106</u>	<u>1,293</u>	<u>187</u>
Discretionary Revenue				
Taxes	115,448	115,448	104,020	(11,428)
Licenses, Permits and Franchises	4,690	4,690	5,596	906
Fines, Forfeitures and Penalties	6,155	6,155	7,039	884
Revenues from Use of Money and Property	6,134	6,134	4,568	(1,566)
Aid from Other Governmental Agencies	48,041	48,041	49,615	1,574
Charges for Current Services	7,798	7,798	7,963	165
Other Revenues	314	314	261	(53)
	<u>188,580</u>	<u>188,580</u>	<u>179,062</u>	<u>(9,518)</u>
Travel Agent Expense				
Charges for Current Services	1,519	1,519	1,668	149
	<u>1,519</u>	<u>1,519</u>	<u>1,668</u>	<u>149</u>
Treasurer-Tax Collector				
Fines, Forfeitures and Penalties	60	60	106	46
Charges for Current Services	3,147	3,147	3,312	165
Other Revenues	107	107	100	(7)
	<u>3,314</u>	<u>3,314</u>	<u>3,518</u>	<u>204</u>
Assessor				
Charges for Current Services	1,642	1,642	1,550	(92)
	<u>1,642</u>	<u>1,642</u>	<u>1,550</u>	<u>(92)</u>
Assessor- Property Tax Administration				
Aid from Other Governmental Agencies	1,443	1,443	1,216	(227)
	<u>1,443</u>	<u>1,443</u>	<u>1,216</u>	<u>(227)</u>
Purchasing - Division of General Services				
Revenues from Use of Money and Property				
Charges for Current Services	90	90	66	(24)
	<u>90</u>	<u>90</u>	<u>66</u>	<u>(24)</u>
General Services - Mail Services				
Charges for Current Services	806	806	590	(216)
	<u>806</u>	<u>806</u>	<u>590</u>	<u>(216)</u>
Reprographics				
Charges for Current Services	872	872	624	(248)
	<u>872</u>	<u>872</u>	<u>624</u>	<u>(248)</u>
Information Technology Services				
Charges for Current Services	5,547	5,547	4,838	(709)
	<u>5,547</u>	<u>5,547</u>	<u>4,838</u>	<u>(709)</u>

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
General Government (Continued):				
County Counsel				
Charges for Current Services	\$ 3,898	\$ 3,898	\$ 3,832	\$ (66)
Other Revenues	3	3		(3)
	<u>3,901</u>	<u>3,901</u>	<u>3,832</u>	<u>(69)</u>
Personnel				
Charges for Current Services	140	140	136	(4)
Other Revenues	1	1		(1)
	<u>141</u>	<u>141</u>	<u>136</u>	<u>(5)</u>
Elections				
Aid from Other Governmental Agencies			18	18
Charges for Current Services	346	346	213	(133)
Other Revenues	110	110	9	(101)
	<u>456</u>	<u>456</u>	<u>240</u>	<u>(216)</u>
Communications				
Charges for Current Services	796	796	827	31
Other Revenues			1	1
	<u>796</u>	<u>796</u>	<u>828</u>	<u>32</u>
General Services				
Fines, Forfeitures and Penalties	173	173	140	(33)
Charges for Current Services	1,343	1,343	782	(561)
Other Revenues	40	40	18	(22)
	<u>1,556</u>	<u>1,556</u>	<u>940</u>	<u>(616)</u>
Utility Payments				
Charges for Current Services	1,046	1,046	971	(75)
Other Revenues			6	6
	<u>1,046</u>	<u>1,046</u>	<u>977</u>	<u>(69)</u>
Property Management				
Charges for Current Services	161	161	133	(28)
	<u>161</u>	<u>161</u>	<u>133</u>	<u>(28)</u>
ADA Compliance				
Aid from Other Governmental Agencies	359	359		(359)
	<u>359</u>	<u>359</u>		<u>(359)</u>
Construction Services - General Services				
Aid from Other Governmental Agencies	118	118	117	(1)
Charges for Current Services	1,033	1,033	604	(429)
Other Revenues	10	10		(10)
	<u>1,161</u>	<u>1,161</u>	<u>721</u>	<u>(440)</u>
General Services - Major Maintenance				
Aid from Other Governmental Agencies	125	\$ 125		(125)
Other Revenues	155	155		(155)
	<u>280</u>	<u>280</u>		<u>(280)</u>
Board of Trade				
Aid from Other Governmental Agencies				
Other Revenues	14	14	11	(3)
	<u>14</u>	<u>14</u>	<u>11</u>	<u>(3)</u>
Engineering and Survey Services				
Aid from Other Governmental Agencies				
Charges for Current Services	1,885	1,885	1,979	94
Other Revenues	3	3	3	
	<u>1,888</u>	<u>1,888</u>	<u>1,982</u>	<u>94</u>
Risk Management				
Charges for Current Services	4,171	4,171	3,045	(1,126)
Other Revenues			37	37
	<u>4,171</u>	<u>4,171</u>	<u>3,082</u>	<u>(1,089)</u>
Capital Projects				
Aid from Other Governmental Agencies	15,047	15,047	9,627	(5,420)
Other Revenues	125	125	479	354
	<u>15,172</u>	<u>15,172</u>	<u>10,106</u>	<u>(5,066)</u>
<b>Total General Government</b>	<b>236,547</b>	<b>236,547</b>	<b>217,971</b>	<b>(18,576)</b>



**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Public Protection:</b>				
Contribution - Trial Court Funding				
Fines, Forfeitures and Penalties	\$ 4,275	\$ 4,275	\$ 4,085	\$ (190)
Charges for Current Services	4,180	4,180	4,948	768
Other Revenues	75	75	36	(39)
	<u>8,530</u>	<u>8,530</u>	<u>9,069</u>	<u>539</u>
Indigent Defense Services				
Aid from Other Governmental Agencies	1,715	1,715	2,263	548
Charges for Current Services	70	70	100	30
	<u>1,785</u>	<u>1,785</u>	<u>2,363</u>	<u>578</u>
District Attorney				
Fines, Forfeitures and Penalties	918	918	434	(484)
Aid from Other Governmental Agencies	3,433	3,433	2,634	(799)
Charges for Current Services	3,151	3,151	2,968	(183)
Other Revenues	803	803	320	(483)
	<u>8,305</u>	<u>8,305</u>	<u>6,356</u>	<u>(1,949)</u>
Public Defender				
Aid from Other Governmental Agencies	545	545	520	(25)
Charges for Current Services	400	400	409	9
Other Revenues	3	3	3	(3)
	<u>948</u>	<u>948</u>	<u>929</u>	<u>(19)</u>
Forensic Sciences-Division of District Attorney				
Aid from Other Governmental Agencies	142	142	104	(38)
Charges for Current Services	745	745	787	42
Other Revenues	534	534	372	(162)
	<u>1,421</u>	<u>1,421</u>	<u>1,263</u>	<u>(158)</u>
Sheriff				
Licenses, Permits and Franchises	143	143	177	34
Fines, Forfeitures and Penalties	59	59	18	(41)
Aid from Other Governmental Agencies	3,750	3,750	2,883	(867)
Charges for Current Services	18,130	18,130	18,421	291
Other Revenues	6,396	6,396	3,056	(3,340)
	<u>28,478</u>	<u>28,478</u>	<u>24,555</u>	<u>(3,923)</u>
Probation				
Fines, Forfeitures and Penalties	2	2	23	21
Revenues from Use of Money and Property	9	9	9	
Aid from Other Governmental Agencies	19,892	19,892	17,084	(2,808)
Charges for Current Services	2,706	2,706	1,961	(745)
Other Revenues	47	47	27	(20)
	<u>22,656</u>	<u>22,656</u>	<u>19,104</u>	<u>(3,552)</u>
Agricultural Commissioner				
Licenses, Permits and Franchises	18	18	19	1
Fines, Forfeitures and Penalties	92	92	97	5
Aid from Other Governmental Agencies	2,978	2,978	2,756	(222)
Charges for Current Services	954	954	977	23
Other Revenues	0	0	2	2
	<u>4,042</u>	<u>4,042</u>	<u>3,851</u>	<u>(191)</u>
Code Compliance				
Fines, Forfeitures and Penalties	9	9	7	(2)
Charges for Current Services	100	100	144	44
Other Revenues			2	2
	<u>109</u>	<u>109</u>	<u>153</u>	<u>44</u>

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Public Protection (Continued)				
Special Services				
Charges for Current Services	\$ 129	\$ 129	\$ 235	\$ 106
Other Revenues			18	18
	<u>129</u>	<u>129</u>	<u>253</u>	<u>124</u>
Recorder				
Licenses, Permits and Franchises	4	4	4	
Charges for Current Services	2,627	2,627	3,180	553
Other Revenues	76	76	42	(34)
	<u>2,707</u>	<u>2,707</u>	<u>3,226</u>	<u>519</u>
Resource Management Agency				
Charges for Current Services	552	552	514	(38)
	<u>552</u>	<u>552</u>	<u>514</u>	<u>(38)</u>
Grand Jury				
Other Revenues			14	14
			<u>14</u>	<u>14</u>
Planning				
Fines, Forfeitures and Penalties	3	3	4	1
Licenses, Permits and Franchises	254	254	229	(25)
Charges for Current Services	401	401	451	50
Other Revenues	4	4	11	7
	<u>662</u>	<u>662</u>	<u>695</u>	<u>33</u>
Animal Control				
Licenses, Permits and Franchises	274	274	412	138
Fines, Forfeitures and Penalties	4	4	7	3
Aid from Other Governmental Agencies	1,185	1,185	1,113	(72)
Charges for Current Services	130	130	233	103
Other Revenues	70	70	6	(64)
	<u>1,663</u>	<u>1,663</u>	<u>1,771</u>	<u>108</u>
Superior Court				
Fines, Forfeitures and Penalties			2	2
Charges for Current Services	180	180	108	(72)
	<u>180</u>	<u>180</u>	<u>110</u>	<u>(70)</u>
Bakersfield Municipal Court				
Fines, Forfeitures and Penalties	990	990	1,219	229
Charges for Current Services	301	301	660	359
	<u>1,291</u>	<u>1,291</u>	<u>1,879</u>	<u>588</u>
East Kern Municipal Court				
Fines, Forfeitures and Penalties	347	347	429	82
Charges for Current Services	194	194	279	85
	<u>541</u>	<u>541</u>	<u>708</u>	<u>167</u>
North Kern Municipal Court				
Fines, Forfeitures and Penalties	400	400	480	80
Charges for Current Services	228	228	206	(22)
	<u>628</u>	<u>628</u>	<u>686</u>	<u>58</u>
South Kern Municipal Court				
Fines, Forfeitures and Penalties	582	582	764	182
Charges for Current Services	270	270	325	55
	<u>852</u>	<u>852</u>	<u>1,089</u>	<u>237</u>
<b>Total Public Protection</b>	<b>85,479</b>	<b>85,479</b>	<b>78,588</b>	<b>(6,891)</b>
<b>Health and Sanitation:</b>				
Department of Public Health				
Aid from Other Governmental Agencies	18,362	18,362	18,608	246
Charges for Current Services	2,576	2,576	2,645	69
Other Revenues	82	82	96	14
	<u>21,020</u>	<u>21,020</u>	<u>21,349</u>	<u>329</u>

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Health and Sanitation (Continued):				
Air Quality Control				
Charges for Current Services	\$ 700	\$ 700	\$ 638	\$ (62)
	<u>700</u>	<u>700</u>	<u>638</u>	<u>(62)</u>
Environmental Health				
Licenses, Permits and Franchises	1,576	1,576	1,581	5
Fines, Forfeitures and Penalties	124	124	26	(98)
Aid from Other Governmental Agencies	551	551	311	(240)
Charges for Current Services	1,420	1,420	1,495	75
Other Revenues			3	3
	<u>3,671</u>	<u>3,671</u>	<u>3,416</u>	<u>(255)</u>
Emergency Medical Services				
Licenses, Permits and Franchises	161	161	210	49
Aid from Other Governmental Agencies	45	45	38	(7)
Charges for Current Services	210	210	211	1
Other Revenues	37	37	14	(23)
	<u>453</u>	<u>453</u>	<u>473</u>	<u>20</u>
KMC Enterprise Fund - County Contribution				
Aid from Other Governmental Agencies	19,300	19,300	19,095	(205)
	<u>19,300</u>	<u>19,300</u>	<u>19,095</u>	<u>(205)</u>
Contribution for Medical Care				
Other Revenues	76,761	76,761	69,519	(7,242)
	<u>76,761</u>	<u>76,761</u>	<u>69,519</u>	<u>(7,242)</u>
California Children Services				
Aid from Other Governmental Agencies	4,515	4,515	4,938	423
Charges for Current Services	14	14	17	3
Other Revenues			46	46
	<u>4,529</u>	<u>4,529</u>	<u>5,001</u>	<u>472</u>
Waste Management				
Charges for Current Services	2,031	2,031	1,641	(390)
	<u>2,031</u>	<u>2,031</u>	<u>1,641</u>	<u>(390)</u>
<b>Total Health and Sanitation</b>	<b><u>128,465</u></b>	<b><u>128,465</u></b>	<b><u>121,132</u></b>	<b><u>(7,333)</u></b>
<b>Public Assistance</b>				
Veterans Service				
Aid from Other Governmental Agencies	130	130	126	(4)
Other Revenues			1	1
	<u>130</u>	<u>130</u>	<u>127</u>	<u>(3)</u>
IHSS County Contribution				
Aid from Other Governmental Agencies	1,562	1,562	1,293	(269)
	<u>1,562</u>	<u>1,562</u>	<u>1,293</u>	<u>(269)</u>
Employers' Training Resource				
Aid from Other Governmental Agencies	17,887	17,887	13,989	(3,898)
	<u>17,887</u>	<u>17,887</u>	<u>13,989</u>	<u>(3,898)</u>
Community Development Program Agency				
Aid from Other Governmental Agencies	2,172	2,172	1,703	(469)
	<u>2,172</u>	<u>2,172</u>	<u>1,703</u>	<u>(469)</u>
<b>Total Public Assistance</b>	<b><u>21,751</u></b>	<b><u>21,751</u></b>	<b><u>17,112</u></b>	<b><u>(4,639)</u></b>

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Education</b>				
Kern County Library				
Revenues from Use of Money and Property	\$ 130	\$ 130	\$ 146	\$ 16
Aid from Other Governmental Agencies	569	569	574	5
Charges for Current Services	347	347	307	(40)
Other Revenues	319	319	201	(118)
	<u>1,365</u>	<u>1,365</u>	<u>1,228</u>	<u>(137)</u>
Farm and Home Advisor				
Charges for Current Services	2	2		(2)
Other Revenues	50	50		(50)
	<u>52</u>	<u>52</u>		<u>(52)</u>
<b>Total Education</b>	<b><u>1,417</u></b>	<b><u>1,417</u></b>	<b><u>1,228</u></b>	<b><u>(189)</u></b>
<b>Recreation and Culture</b>				
Parks and Recreation				
Fines, Forfeitures and Penalties	11	11	12	1
Revenues from Use of Money and Property	158	158	158	
Aid from Other Governmental Agencies	21	21		(21)
Charges for Current Services	1,869	1,869	1,798	(71)
Other Revenues	67	67	12	(55)
<b>Total Recreation and Culture</b>	<b><u>2,126</u></b>	<b><u>2,126</u></b>	<b><u>1,980</u></b>	<b><u>(146)</u></b>
<b>Debt Service</b>				
Revenues from Use of Money and Property				
Aid from Other Governmental Agencies	500	500	500	
Charges for Current Services	142	142	133	(9)
Other Revenues			591	591
<b>Total Debt Service</b>	<b><u>642</u></b>	<b><u>642</u></b>	<b><u>1,224</u></b>	<b><u>582</u></b>
<b>Total Revenue</b>	<b><u>476,427</u></b>	<b><u>476,427</u></b>	<b><u>439,235</u></b>	<b><u>(37,192)</u></b>
<b>EXPENDITURES:</b>				
<b>General Government:</b>				
Board of Supervisors				
Salaries & Benefits	1,808	1,855	1,851	4
Services & Supplies	198	167	154	13
Other Financing Uses	197	76		76
	<u>2,203</u>	<u>2,098</u>	<u>2,005</u>	<u>93</u>
Administrative Office				
Salaries & Benefits	2,054	1,963	1,961	2
Services & Supplies	222	267	250	17
Other Charges	23	18	16	2
Transfers & Reimbursements	(91)	(91)	(71)	(20)
Other Financing Uses	345	339		339
	<u>2,553</u>	<u>2,496</u>	<u>2,156</u>	<u>340</u>
Clerk of the Board				
Salaries & Benefits	436	434	433	1
Services & Supplies	171	158	147	11
Transfers & Reimbursements	(42)	(42)	(38)	(4)
Other Financing Uses	393	375		375
	<u>958</u>	<u>925</u>	<u>542</u>	<u>383</u>
Special Services				
Salaries & Benefits	154	154	138	16
Services & Supplies	4,899	5,199	2,709	2,490
Other Charges	2,795	2,816	2,540	276
	<u>7,848</u>	<u>8,169</u>	<u>5,387</u>	<u>2,782</u>

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

Page 7 of 13

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
General Government (Continued):				
Auditor-Controller				
Salaries & Benefits	\$ 2,870	\$ 2,694	\$ 2,607	\$ 87
Services & Supplies	399	402	388	14
Transfers & Reimbursements	(164)	(164)	(186)	22
Other Financing Uses	501	501		501
	<u>3,606</u>	<u>3,433</u>	<u>2,809</u>	<u>624</u>
Travel Agent Expense				
Services & Supplies	3,300	3,608	3,513	95
Transfers & Reimbursements	(1,940)	(1,940)	(1,845)	(95)
	<u>1,360</u>	<u>1,668</u>	<u>1,668</u>	
Treasurer - Tax Collector				
Salaries & Benefits	2,207	2,141	1,963	178
Services & Supplies	1,923	2,081	1,697	384
Fixed Assets		165	145	20
Other Financing Uses	557	405		405
	<u>4,687</u>	<u>4,792</u>	<u>3,805</u>	<u>987</u>
Assessor				
Salaries & Benefits	6,796	6,846	6,687	159
Services & Supplies	341	341	311	30
Transfers & Reimbursements	(56)	(106)	(53)	(53)
	<u>7,081</u>	<u>7,081</u>	<u>6,945</u>	<u>136</u>
Assessor - Property Tax Administration				
Salaries & Benefits	896	896	840	56
Services & Supplies	547	502	420	82
	<u>1,443</u>	<u>1,398</u>	<u>1,260</u>	<u>138</u>
Purchasing-Division of General Services				
Salaries & Benefits	541	376	376	
Services & Supplies	40	40	36	4
	<u>581</u>	<u>416</u>	<u>412</u>	<u>4</u>
General Services-Mail Services				
Salaries & Benefits	267	211	211	
Services & Supplies	1,547	1,547	1,309	238
Transfers & Reimbursements	(828)	(828)	(769)	(59)
	<u>986</u>	<u>930</u>	<u>751</u>	<u>179</u>
Reprographics				
Salaries & Benefits	428	343	343	
Services & Supplies	919	951	529	422
Transfers & Reimbursements	(535)	(535)	(364)	(171)
Other Charges	60	60	37	23
	<u>872</u>	<u>819</u>	<u>545</u>	<u>274</u>
Information Technology Service				
Salaries & Benefits	5,419	5,342	5,336	6
Services & Supplies	7,393	7,256	4,990	2,266
Fixed Assets	55	103	101	2
Transfers & Reimbursements	(2,987)	(2,987)	(2,270)	(717)
Other Financing Uses	601	523		523
	<u>10,481</u>	<u>10,237</u>	<u>8,157</u>	<u>2,080</u>

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
General Government (Continued):				
County Counsel				
Salaries & Benefits	\$ 5,045	\$ 5,132	\$ 5,132	\$
Services & Supplies	374	387	368	19
Transfers & Reimbursements	(778)	(778)	(863)	85
Other Charges	8			
Other Financing Uses	509	395		395
	<u>5,158</u>	<u>5,136</u>	<u>4,637</u>	<u>499</u>
Personnel				
Salaries & Benefits	1,745	1,780	1,756	24
Services & Supplies	231	201	170	31
Other Financing Uses	161	16		16
Transfers & Reimbursements	(28)	(28)	(24)	(4)
	<u>2,109</u>	<u>1,969</u>	<u>1,902</u>	<u>67</u>
Elections				
Salaries & Benefits	700	692	678	14
Services & Supplies	1,225	2,367	2,300	67
Other Charges	254	254	254	
	<u>2,179</u>	<u>3,313</u>	<u>3,232</u>	<u>81</u>
Communications				
Salaries & Benefits	1,410	1,363	1,340	23
Services & Supplies	632	700	679	21
Transfers & Reimbursements	(247)	(247)	(284)	37
	<u>1,795</u>	<u>1,816</u>	<u>1,735</u>	<u>81</u>
General Services				
Salaries & Benefits	6,208	6,340	6,176	164
Services & Supplies	1,769	1,744	1,202	542
Transfers & Reimbursements	(478)	(478)	(408)	(70)
Other Charges	12	12	12	
Other Financing Uses	574	574		574
	<u>8,085</u>	<u>8,192</u>	<u>6,982</u>	<u>1,210</u>
Utility Payments				
Services & Supplies	6,302	6,302	5,433	869
Transfers & Reimbursements	(352)	(352)	(230)	(122)
Other Charges	195	195	195	
	<u>6,145</u>	<u>6,145</u>	<u>5,398</u>	<u>747</u>
Property Management				
Salaries & Benefits	391	262	262	
Services & Supplies	45	45	11	34
Transfers & Reimbursements	(17)	(17)	(20)	3
	<u>419</u>	<u>290</u>	<u>253</u>	<u>37</u>
ADA Compliance				
Services & Supplies	416	416	40	376
	<u>416</u>	<u>416</u>	<u>40</u>	<u>376</u>
Construction Services-Division General Service				
Salaries & Benefits	1,586	1,571	1,422	149
Services & Supplies	663	622	410	212
Transfers & Reimbursements	(909)	(909)	(1,000)	91
	<u>1,340</u>	<u>1,284</u>	<u>832</u>	<u>452</u>

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
General Government (Continued):				
General Service-Major Maintenance-General				
Services & Supplies	\$ 3,364	\$ 4,083	\$ 2,708	\$ 1,375
	<u>3,364</u>	<u>4,083</u>	<u>2,708</u>	<u>1,375</u>
Board of Trade				
Salaries & Benefits	364	397	396	1
Services & Supplies	123	102	90	12
Other Charges	9	9	9	
Other Financing Uses	57	6		6
	<u>553</u>	<u>514</u>	<u>495</u>	<u>19</u>
Engineering & Survey Services				
Salaries & Benefits	2,922	3,154	3,138	16
Services & Supplies	294	423	385	38
Fixed Assets	30			
Transfers & Reimbursements	(180)	(180)	(85)	(95)
Other Charges	41	41	41	
Other Financing Uses	529	249		249
	<u>3,636</u>	<u>3,687</u>	<u>3,479</u>	<u>208</u>
Risk Management				
Salaries & Benefits	1,634	1,634	1,607	27
Services & Supplies	2,591	2,461	1,698	763
Other Charges	671	783	780	3
Fixed Assets			6	(6)
Transfers & Reimbursements	(208)	(258)	(304)	46
	<u>4,688</u>	<u>4,620</u>	<u>3,787</u>	<u>833</u>
Capital Projects				
Fixed Assets	1,905	19,655	17,704	1,951
	<u>1,905</u>	<u>19,655</u>	<u>17,704</u>	<u>1,951</u>
Debt Service				
Services & Supplies	220	220	220	
	<u>220</u>	<u>220</u>	<u>220</u>	
<b>Total General Government</b>	<b><u>86,671</u></b>	<b><u>105,802</u></b>	<b><u>89,846</u></b>	<b><u>15,956</u></b>
<b>Public Protection:</b>				
Contribution - Trial Court Funding				
Services & Supplies	16,415	17,466	17,462	4
	<u>16,415</u>	<u>17,466</u>	<u>17,462</u>	<u>4</u>
Grand Jury				
Salaries & Benefits	56	56	53	3
Services & Supplies	181	155	140	15
Other Financing Uses	4	4		4
	<u>241</u>	<u>215</u>	<u>193</u>	<u>22</u>
Indigent Defense Services				
Services & Supplies	3,810	3,945	3,928	17
	<u>3,810</u>	<u>3,945</u>	<u>3,928</u>	<u>17</u>
District Attorney				
Salaries & Benefits	16,638	16,632	16,628	4
Services & Supplies	1,346	1,649	1,626	23
Other Charges	210	206	206	
Fixed Assets		8	8	
Other Financing Uses	40			
Transfers & Reimbursements	(65)	(65)	(62)	(3)
	<u>18,169</u>	<u>18,430</u>	<u>18,406</u>	<u>24</u>

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

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	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Public Protection (Continued):				
Public Defender				
Salaries & Benefits	\$ 7,552	\$ 8,199	\$ 8,199	\$
Services & Supplies	735	589	556	33
Other Financing Uses	876	139		139
Fixed Assets				
	<u>9,163</u>	<u>8,927</u>	<u>8,755</u>	<u>172</u>
Forensic Sciences-Division of District Attorney				
Salaries & Benefits	2,363	2,275	2,262	13
Services & Supplies	1,327	1,360	1,337	23
Other Charges	69	69	69	
Fixed Assets		215	215	
Transfers & Reimbursements	(60)	(60)	(71)	11
	<u>3,699</u>	<u>3,859</u>	<u>3,812</u>	<u>47</u>
Sheriff				
Salaries & Benefits	94,017	93,289	92,886	403
Services & Supplies	19,766	20,483	18,995	1,488
Other Charges	3,568	3,292	3,253	39
Other Financing Uses	91	91		91
Fixed Assets	121	640	607	33
Transfers & Reimbursements	(72)	(72)	(55)	(17)
	<u>117,491</u>	<u>117,723</u>	<u>115,686</u>	<u>2,037</u>
Probation				
Salaries & Benefits	34,045	34,833	33,490	1,343
Services & Supplies	3,729	4,769	4,545	224
Other Charges	773	744	581	163
Other Financing Uses	1,256	1,256		1,256
Fixed Assets		168	150	18
Transfers & Reimbursements		(5)	(6)	1
	<u>39,803</u>	<u>41,765</u>	<u>38,760</u>	<u>3,005</u>
Agricultural Commissioner				
Salaries & Benefits	4,267	4,197	4,192	5
Services & Supplies	933	957	892	65
Other Charges	46	46	46	
Other Financing Uses	605	605		605
Transfers & Reimbursements			(1)	1
	<u>5,851</u>	<u>5,805</u>	<u>5,129</u>	<u>676</u>
Code Compliance				
Salaries & Benefits	727	692	671	21
Services & Supplies	599	565	354	211
Fixed Assets		17	16	1
	<u>1,326</u>	<u>1,274</u>	<u>1,041</u>	<u>233</u>
Recorder				
Salaries & Benefits	\$ 1,297	\$ 1,340	\$ 1,307	\$ 33
Services & Supplies	655	778	612	166
Fixed Assets	94	390	231	159
Other Financing Uses	362	362		362
	<u>2,408</u>	<u>2,870</u>	<u>2,150</u>	<u>720</u>
Resource Management Agency				
Salaries & Benefits	1,024	1,029	1,025	4
Services & Supplies	57	70	48	22
Other Charges	6	6	6	
Transfers & Reimbursements	(142)	(141)	(152)	11
	<u>945</u>	<u>964</u>	<u>927</u>	<u>37</u>



**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

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	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Public Protection (Continued):</b>				
Planning				
Salaries & Benefits	2,201	2,248	2,235	13
Services & Supplies	312	844	843	1
Fixed Assets		28	28	
Other Financing Uses	542	238		238
Transfers & Reimbursements	(6)	(6)	(6)	
	<u>3,049</u>	<u>3,352</u>	<u>3,100</u>	<u>252</u>
Animal Control				
Salaries & Benefits	1,552	1,508	1,311	197
Services & Supplies	661	673	666	7
Other Financing Uses	172	162		162
	<u>2,385</u>	<u>2,343</u>	<u>1,977</u>	<u>366</u>
<b>Total Public Protection</b>	<b><u>224,755</u></b>	<b><u>228,938</u></b>	<b><u>221,326</u></b>	<b><u>7,612</u></b>
<b>Health and Sanitation:</b>				
Department of Public Health				
Salaries & Benefits	17,779	16,590	16,590	
Services & Supplies	3,673	4,797	4,155	642
Other Charges	6	66	66	
Fixed Assets		35	35	
Transfers & Reimbursements	(502)	(502)	(499)	(3)
	<u>20,956</u>	<u>20,986</u>	<u>20,347</u>	<u>639</u>
Air Quality Control				
Salaries & Benefits	\$ 676	\$ 602	\$ 602	\$
Services & Supplies	8	7	7	
	<u>684</u>	<u>609</u>	<u>609</u>	
Environmental Health				
Salaries & Benefits	3,203	3,230	3,230	
Services & Supplies	440	395	375	20
Other Charges	3	3	3	
Other Financing Uses	255	42		42
Fixed Assets		7	7	
Transfers & Reimbursements	(4)	(4)	(4)	
	<u>3,897</u>	<u>3,673</u>	<u>3,611</u>	<u>62</u>
Emergency Medical Services				
Salaries & Benefits	709	717	717	
Services & Supplies	135	743	212	531
Other Financing Uses	193	193		193
	<u>1,037</u>	<u>1,653</u>	<u>929</u>	<u>724</u>
Contribution for Medical Care				
Other Charges		76,761	69,519	7,242
		<u>76,761</u>	<u>69,519</u>	<u>7,242</u>
California Children Services				
Salaries & Benefits	3,247	2,950	2,945	5
Services & Supplies	1,425	2,400	2,122	278
Fixed Assets		9	9	
	<u>4,672</u>	<u>5,359</u>	<u>5,076</u>	<u>283</u>
Waste Management				
Salaries & Benefits	2,037	2,037	1,567	470
Services & Supplies	183	184	158	26
Transfers & Reimbursements	(189)	(189)	(105)	(84)
	<u>2,031</u>	<u>2,032</u>	<u>1,620</u>	<u>412</u>
<b>Total Health and Sanitation</b>	<b><u>33,277</u></b>	<b><u>111,073</u></b>	<b><u>101,711</u></b>	<b><u>9,362</u></b>
<b>Public Assistance:</b>				
Veterans Service				
Salaries & Benefits	449	460	460	
Services & Supplies	51	49	42	7
Other Financing Uses	63	25		25
	<u>563</u>	<u>534</u>	<u>502</u>	<u>32</u>
Employers Training Resource				
Salaries & Benefits	13,183	13,183	9,963	3,220
Services & Supplies	4,570	5,098	4,382	716
Other Expenses				
Fixed Assets		1		1
	<u>17,753</u>	<u>18,282</u>	<u>14,345</u>	<u>3,937</u>

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

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	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Public Assistance (Continued):				
Community Development Program Agency				
Salaries & Benefits	\$ 1,670	\$ 1,575	\$ 1,413	\$ 162
Services & Supplies	552	651	503	148
	<u>2,222</u>	<u>2,226</u>	<u>1,916</u>	<u>310</u>
<b>Total Public Assistance</b>	<b>20,538</b>	<b>21,042</b>	<b>16,763</b>	<b>4,279</b>
<b>Education:</b>				
Kern County Library				
Salaries & Benefits	6,139	6,065	6,046	19
Services & Supplies	1,909	1,769	1,678	91
Other Charges	34	34	34	
Other Financing Uses	541	421		421
	<u>8,623</u>	<u>8,289</u>	<u>7,758</u>	<u>531</u>
Farm & Home Advisor				
Salaries & Benefits	311	279	251	28
Services & Supplies	148	152	102	50
Other Financing Uses	180	180		180
	<u>639</u>	<u>611</u>	<u>353</u>	<u>258</u>
<b>Total Education</b>	<b>9,262</b>	<b>8,900</b>	<b>8,111</b>	<b>789</b>
<b>Recreation and Culture:</b>				
Parks and Recreation				
Salaries & Benefits	8,013	7,639	7,449	190
Services & Supplies	3,463	3,531	3,283	248
Other Charges	189	215	214	1
Fixed Assets	381	416	376	40
Other Financing Uses	141	11		11
	<u>12,187</u>	<u>11,812</u>	<u>11,322</u>	<u>490</u>
<b>Total Recreation and Culture</b>	<b>12,187</b>	<b>11,812</b>	<b>11,322</b>	<b>490</b>
<b>Debt Service - General Fund</b>				
Debt Service - Principal	31	31	31	
Debt Service - Interest	1,486	1,486	1,486	
	<u>1,517</u>	<u>1,517</u>	<u>1,517</u>	
<b>Total Debt Service - General Fund</b>	<b>1,517</b>	<b>1,517</b>	<b>1,517</b>	
<b>Contingencies and Reserves</b>				
Appropriations for Contingencies		9,653		9,653
<b>Total Expenditures</b>	<b>388,207</b>	<b>498,737</b>	<b>450,596</b>	<b>48,141</b>
Excess (Deficiency) of Revenues Over Expenditures	88,220	(22,310)	(11,361)	10,949
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	42,989	42,989	46,328	3,339
Transfers Out	(61,163)	(61,163)	(68,218)	(7,055)
	<u>(18,174)</u>	<u>(18,174)</u>	<u>(21,890)</u>	<u>(3,716)</u>
<b>Total Other Financing Sources (Uses)</b>	<b>(18,174)</b>	<b>(18,174)</b>	<b>(21,890)</b>	<b>(3,716)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	70,046	(40,484)	(33,251)	7,233
Fund Balance (Deficit), July 1, 2003	98,314	98,314	98,314	
Fund Balance (Deficit), June 30, 2004	\$ <u>168,360</u>	\$ <u>57,830</u>	\$ <u>65,063</u>	\$ <u>7,233</u>

**COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2004 (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>439,235</u>
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Expenditures

Actual amount budgetary basis from the budgetary comparison schedule	\$ 450,596
Differences - Budget to GAAP	
Encumbrances for supplies and services ordered but not received within the recognition period	(8,636)
Capital outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources	12,748
Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ <u>454,708</u>

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
KERN COUNTY DEPARTMENT OF CHILD SUPPORT  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Revenues from Use of Money and Property	\$ 50	\$ 50	\$ 77	\$ 27
Aid from Other Governmental Agencies	28,852	28,852	28,196	(656)
Other Revenues	<u>9</u>	<u>9</u>	<u>9</u>	<u>9</u>
<b>Total Revenues</b>	<u>28,902</u>	<u>28,902</u>	<u>28,282</u>	<u>(620)</u>
<b>EXPENDITURES:</b>				
Current:				
Public Protection				
Salaries & Benefits	17,163	16,763	16,683	80
Services & Supplies	11,071	11,721	11,283	438
Other Charges	189	341	332	9
Fixed Assets	<u>92</u>	<u>92</u>	<u>92</u>	<u>92</u>
<b>Total Expenditures</b>	<u>28,423</u>	<u>28,917</u>	<u>28,390</u>	<u>527</u>
Excess (Deficiency) of Revenues Over Expenditures	479	(15)	(108)	(93)
Fund Balance (Deficit), July 1, 2003	<u>385</u>	<u>385</u>	<u>385</u>	<u>385</u>
Fund Balance (Deficit), June 30, 2004	<u>\$ 864</u>	<u>\$ 370</u>	<u>\$ 277</u>	<u>\$ (93)</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 \$ 28,282

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 28,390

Differences - Budget to GAAP

    Encumbrances for supplies and services ordered but not received within the recognition period (43)

    Capital outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources 14

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 28,361

**COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 EMPLOYERS' TRAINING RESOURCE  
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Revenues from Use of Money and Property	\$	\$	\$ 11	\$ 11
Aid from Other Governmental Agencies	30,568	30,568	23,099	(7,469)
Other Revenues	<u>50</u>	<u>50</u>	<u>56</u>	<u>6</u>
Total Revenues	<u>30,618</u>	<u>30,618</u>	<u>23,166</u>	<u>(7,452)</u>
<b>EXPENDITURES:</b>				
Current:				
Public Assistance				
Services & Supplies	8,601	19,485	14,951	4,534
Other Charges	<u>18,571</u>	<u>11,478</u>	<u>9,903</u>	<u>1,575</u>
Total Expenditures	<u>27,172</u>	<u>30,963</u>	<u>24,854</u>	<u>6,109</u>
Excess (Deficiency) of Revenues Over Expenditures	3,446	(345)	(1,688)	(1,343)
Fund Balance (Deficit), July 1, 2003	<u>402</u>	<u>402</u>	<u>402</u>	
Fund Balance (Deficit), June 30, 2004	<u>\$ 3,848</u>	<u>\$ 57</u>	<u>\$ (1,286)</u>	<u>\$ (1,343)</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 \$ 23,166

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 24,854

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (1,740)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 23,114

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
HUMAN SERVICES  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Revenues from Use of Money and Property	\$ 109	\$ 109	\$ 61	\$ (48)
Aid from Other Governmental Agencies	286,892	286,892	267,949	(18,943)
Charges for Current Services	207	207	175	(32)
Other Revenues	<u>3,250</u>	<u>3,250</u>	<u>2,715</u>	<u>(535)</u>
Total Revenues	<u>290,458</u>	<u>290,458</u>	<u>270,900</u>	<u>(19,558)</u>
<b>EXPENDITURES:</b>				
Current:				
Public Assistance				
Salaries & Benefits	79,979	79,979	75,369	4,610
Services & Supplies	47,746	50,252	43,187	7,065
Other Charges	163,743	168,929	168,103	826
Fixed Assets	<u>400</u>	<u>727</u>	<u>326</u>	<u>401</u>
Total Expenditures	<u>291,868</u>	<u>299,887</u>	<u>286,985</u>	<u>12,902</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,410)</u>	<u>(9,429)</u>	<u>(16,085)</u>	<u>(6,656)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	<u>14,906</u>	<u>14,906</u>	<u>15,036</u>	<u>130</u>
Total Other Financing Sources (Uses)	<u>14,906</u>	<u>14,906</u>	<u>15,036</u>	<u>130</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	13,496	5,477	(1,049)	(6,526)
Fund Balance (Deficit), July 1, 2003	<u>(5,159)</u>	<u>(5,159)</u>	<u>(5,159)</u>	
Fund Balance (Deficit), June 30, 2004	<u>\$ 8,337</u>	<u>\$ 318</u>	<u>\$ (6,208)</u>	<u>\$ (6,526)</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 \$ 270,900

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 286,985

Differences - Budget to GAAP  
Encumbrances for supplies and services ordered but not received within the recognition period (381)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 286,604

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
MENTAL HEALTH  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Revenues from Use of Money and Property	\$ 261	\$ 261	\$ 207	\$ (54)
Aid from Other Governmental Agencies	58,357	58,357	46,275	(12,082)
Charges for Current Services	34,602	34,602	29,235	(5,367)
Other Revenues	<u>171</u>	<u>171</u>	<u>424</u>	<u>253</u>
Total Revenues	<u>93,391</u>	<u>93,391</u>	<u>76,141</u>	<u>(17,250)</u>
<b>EXPENDITURES:</b>				
Current:				
Health and Sanitation				
Salaries & Benefits	36,205	34,145	33,508	637
Services & Supplies	47,984	55,479	51,295	4,184
Other Charges	5,002	6,381	6,333	48
Fixed Assets	<u>178</u>	<u>178</u>	<u>107</u>	<u>71</u>
Total Expenditures	<u>89,369</u>	<u>96,183</u>	<u>91,243</u>	<u>4,940</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,022</u>	<u>(2,792)</u>	<u>(15,102)</u>	<u>(12,310)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,072	1,072	1,073	1
Transfers Out	<u>          </u>	<u>          </u>	<u>(250)</u>	<u>(250)</u>
Total Other Financing Sources (Uses)	<u>1,072</u>	<u>1,072</u>	<u>823</u>	<u>(249)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	5,094	(1,720)	(14,279)	(12,559)
Fund Balance (Deficit), July 1, 2003	21,805	21,805	21,805	
Prior Period Adjustment	<u>          </u>	<u>(4,534)</u>	<u>(4,534)</u>	<u>          </u>
Fund Balance (Deficit), June 30, 2004	<u>\$ 26,899</u>	<u>\$ 15,551</u>	<u>\$ 2,992</u>	<u>\$ (12,559)</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 \$ 76,141

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 91,243

Differences - Budget to GAAP  
Encumbrances for supplies and services ordered but not received within the recognition period (15,017)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 76,226

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
ROAD  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Taxes	\$ 1,537	\$ 1,537	\$ 1,834	\$ 297
Revenues from Use of Money and Property	175	175	96	(79)
Aid from Other Governmental Agencies	18,868	18,868	18,384	(484)
Charges for Current Services	1,706	1,706	2,727	1,021
Other Revenues	<u>2,013</u>	<u>2,013</u>	<u>44</u>	<u>(1,969)</u>
Total Revenues	<u>24,299</u>	<u>24,299</u>	<u>23,085</u>	<u>(1,214)</u>
<b>EXPENDITURES:</b>				
Current:				
Public Ways and Facilities				
Salaries & Benefits	12,152	12,152	10,909	1,243
Services & Supplies	23,496	31,121	24,928	6,193
Other Charges	288	288	264	24
Fixed Assets	<u>330</u>	<u>424</u>	<u>374</u>	<u>50</u>
Total Expenditures	<u>36,266</u>	<u>43,985</u>	<u>36,475</u>	<u>7,510</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(11,967)</u>	<u>(19,686)</u>	<u>(13,390)</u>	<u>6,296</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	<u>5,060</u>	<u>5,060</u>	<u>5,075</u>	<u>15</u>
Total Other Financing Sources (Uses)	<u>5,060</u>	<u>5,060</u>	<u>5,075</u>	<u>15</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(6,907)	(14,626)	(8,315)	6,311
Fund Balance (Deficit), July 1, 2003	<u>21,835</u>	<u>21,835</u>	<u>21,835</u>	
Fund Balance (Deficit), June 30, 2004	<u>\$ 14,928</u>	<u>\$ 7,209</u>	<u>\$ 13,520</u>	<u>\$ 6,311</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 \$ 23,085

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 36,475

Differences - Budget to GAAP  
Encumbrances for supplies and services ordered but not received within the recognition period (8,803)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 27,672



**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
STRUCTURAL FIRE  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 38,719	\$ 38,719	\$ 30,094	\$ (8,625)
Licenses, Permits and Franchises			1	1
Fines, Forfeitures and Penalties	24	24	30	6
Revenues from Use of Money and Property	456	456	143	(313)
Aid from Other Governmental Agencies	4,717	4,717	2,601	(2,116)
Charges for Current Services	17,596	17,596	19,947	2,351
Other Revenues	576	576	396	(180)
<b>Total Revenues</b>	<b>62,088</b>	<b>62,088</b>	<b>53,212</b>	<b>(8,876)</b>
<b>EXPENDITURES:</b>				
Current:				
Public Protection				
Salaries & Benefits	61,487	65,746	65,335	411
Services & Supplies	9,973	10,522	8,402	2,120
Other Charges	2,353	2,355	1,523	832
Fixed Assets	2,844	3,470	1,548	1,922
<b>Total Expenditures</b>	<b>76,657</b>	<b>82,093</b>	<b>76,808</b>	<b>5,285</b>
Excess (Deficiency) of Revenues Over Expenditures	(14,569)	(20,005)	(23,596)	(3,591)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	12,085	12,085	12,106	21
Transfers Out	(817)	(817)	(3,617)	(2,800)
<b>Total Other Financing Sources (Uses)</b>	<b>11,268</b>	<b>11,268</b>	<b>8,489</b>	<b>(2,779)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(3,301)	(8,737)	(15,107)	(6,370)
Fund Balance (Deficit), July 1, 2003	25,222	25,222	25,222	
Fund Balance (Deficit), June 30, 2004	\$ 21,921	\$ 16,485	\$ 10,115	\$ (6,370)

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>53,212</u>
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Expenditures

Actual amount budgetary basis from the budgetary comparison schedule	\$ 76,808
Differences - Budget to GAAP	
Encumbrances for supplies and services ordered but not received within the recognition period	(755)
Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ <u>76,053</u>

**COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 TOBACCO SECURITIZATION PROCEEDS  
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Revenues from Use of Money and Property	\$ _____	\$ _____	\$ 106	\$ 106
Total Revenues	_____	_____	106	106
EXPENDITURES:				
Current:				
General Government				
Capital Outlay	_____	32,745	4,468	28,277
Total Expenditures	_____	32,745	4,468	28,277
Excess (Deficiency) of Revenues Over Expenditures	_____	(32,745)	(4,362)	28,383
OTHER FINANCING SOURCES (USES):				
Transfers Out	_____	_____	(850)	(850)
Total Other Financing Sources (Uses)	_____	_____	(850)	(850)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	_____	(32,745)	(5,212)	27,533
Fund Balance (Deficit), July 1, 2003	_____	71,944	71,944	_____
Fund Balance (Deficit), June 30, 2004	\$ _____	\$ 39,199	\$ 66,732	\$ 27,533

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 \$ 106

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 4,468

Differences - Budget to GAAP

    Encumbrances for supplies and services ordered but not received within the recognition period (1,501)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 2,967

**COUNTY OF KERN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2004**

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**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 August 30 for each 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 Public Improvement Districts Nonmajor Governmental Fund, the District Attorney Equipment Automation Nonmajor Governmental Fund, the District Attorney Local Forfeitures Nonmajor Governmental Fund, The Property Tax Administration Nonmajor Governmental Fund, the Sheriff Inmate Welfare Nonmajor Governmental Fund, The Sheriff Fingerprint Identification Nonmajor Governmental Fund and certain other nonmajor governmental funds. Annual Budgets are also not adopted for the Accumulative Capital Outlay-Road Nonmajor Governmental Fund, and the County of Kern Asset Leasing Nonmajor Governmental Fund, Public Health Facility Loan Trustee Nonmajor Governmental Fund, and Pension Obligation Trustee Nonmajor Governmental Fund. Accordingly, a budgetary comparison schedule is not presented for these funds.

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 also 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 4/5 vote of the Board of Supervisors.

The County budgets by fund and 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, Fixed 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. Risk Management exceeded appropriations by a total of \$6 (in thousands). The excess in appropriations is

**COUNTY OF KERN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2004**

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**I. BUDGETARY BASIS OF ACCOUNTING (continued)**

**A. BUDGETARY INFORMATION (continued)**

unanticipated purchases of fixed assets. There were no other 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. Transfers of appropriations between departments must be approved by the Board. Supplemental appropriations necessary and normally financed by unanticipated revenue during the year must also be approved by the Board. Unanticipated Revenues of \$84,510,391 were added to appropriations in the General Fund during the fiscal year.

Transfers of appropriations between objects of expenditures within the same budget unit must be approved by the Board or the County Administrative Office, depending upon the amount transferred. 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 contracts 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 contracts in process at year-end are completed. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

**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"). The accompanying budgetary comparison schedules present comparisons of the legally adopted budget with actual data on a budgetary basis. The following adjustments are necessary to provide a meaningful comparison of the actual results of operation with the budget (in thousands):

**COUNTY OF KERN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2004**

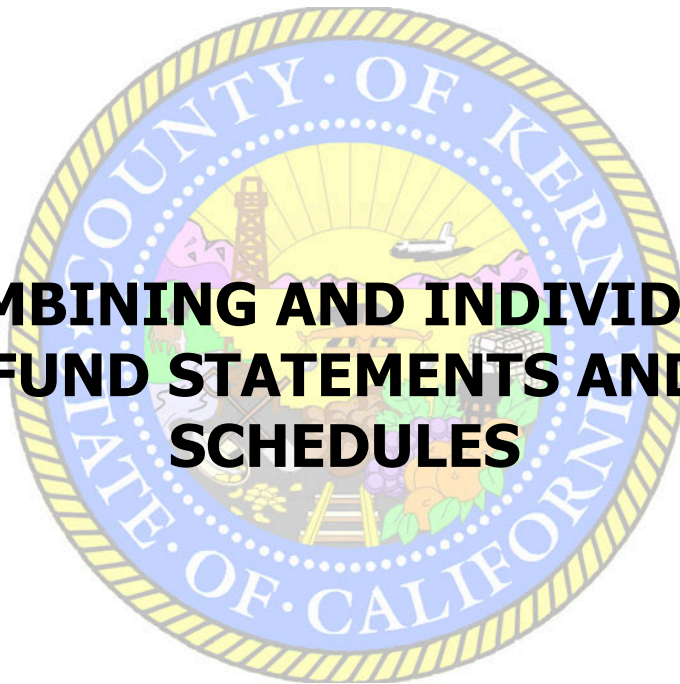
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**I. BUDGETARY BASIS OF ACCOUNTING (CONTINUED)**

**B. RECONCILIATION OF BUDGETARY BASIS TO GAAP (continued)**

	<u>Basis Differences</u>				
	Fund Balance (Budgetary Basis)	Capital Lease- Inceptions	Capital Lease-Other Financing Source	Outstanding Encumbrances for Budgeted Funds	Fund Balance (Modified Accrual Basis)
General Fund	\$ 65,063	\$ (12,748)	\$ 12,748	\$ 8,637	\$ 73,700
Kern Co. Dept. of Child Support	277	(14)	14	42	319
Employer's Training Resource	(1,286)			1,740	454
Human Services	(6,208)			380	(5,828)
Mental Health	2,992			15,017	18,009
Road	13,520			8,802	22,322
Structural Fire	10,115			754	10,869
Tobacco Securitization	66,732			1,501	68,233
Total	<u>\$ 151,205</u>	<u>\$ (12,762)</u>	<u>\$ 12,762</u>	<u>\$ 36,873</u>	<u>\$ 188,078</u>

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND  
SCHEDULES**





**NONMAJOR  
GOVERNMENTAL FUNDS**

**COUNTY OF KERN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2004 IN THOUSANDS)**

	<b>SPECIAL REVENUE FUNDS</b>	<b>CAPITAL PROJECTS FUNDS</b>	<b>DEBT SERVICE FUNDS</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>				
Assets:				
Pooled Cash and Investments	\$ 31,588	\$ 1,294	\$ 17,642	\$ 50,524
Revolving Fund Cash	2			2
Cash and Investments Deposited With Trustee		694	35,368	36,062
Receivables:				
Accounts Receivable				
Loans				
Interest	107	1	43	151
Taxes Receivable	554			554
Accrued Revenue	8,545			8,545
Due from Other Funds	497			497
Advances to Other Funds			1,088	1,088
Total Assets	<u>\$ 41,293</u>	<u>\$ 1,989</u>	<u>\$ 54,141</u>	<u>\$ 97,423</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Payables:				
Accounts	\$ 753			\$ 753
Salaries and Employee Benefits	379			379
Loans	205			205
Due to Other Funds	5,211	13		5,224
Advances from Other Funds	871	4,046		4,917
Deferred Revenue	536			536
Total Liabilities	<u>7,955</u>	<u>4,059</u>		<u>12,014</u>
Fund Balance (Deficit):				
Reserved	15,129		54,141	69,270
Unreserved, reported in:				
Special Revenue Funds	18,209			18,209
Capital Projects Funds		(2,070)		(2,070)
Total Fund Balance (Deficit):	<u>33,338</u>	<u>(2,070)</u>	<u>54,141</u>	<u>85,409</u>
Total Liabilities and Fund Balance	<u>\$ 41,293</u>	<u>\$ 1,989</u>	<u>\$ 54,141</u>	<u>\$ 97,423</u>



**COUNTY OF KERN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>SPECIAL REVENUE FUNDS</b>	<b>CAPITAL PROJECTS FUNDS</b>	<b>DEBT SERVICE FUNDS</b>	<b>TOTAL NONMAJOR GOVERNMENTAL FUNDS</b>
<b>REVENUES:</b>				
Taxes	\$ 2,127	\$	\$	\$ 2,127
Licenses, Permits and Franchises	4,833			4,833
Fines, Forfeitures and Penalties	6,088			6,088
Revenues From Use of Money and Property	249	58	2,847	3,154
Aid from Other Governmental Agencies	58,756		7,045	65,801
Charges for Current Services	2,990			2,990
Other Revenues	3,481	2,992	20,179	26,652
<b>Total Revenues</b>	<b>78,524</b>	<b>3,050</b>	<b>30,071</b>	<b>111,645</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	53		743	796
Public Protection	4,417		128	4,545
Health and Sanitation	2,502			2,502
Public Assistance	24,100			24,100
Education				
Public Ways and Facilities	1,665			1,665
Capital Outlay		8,535		8,535
Debt Service:				
Principal			16,166	16,166
Interest			25,804	25,804
<b>Total Expenditures</b>	<b>32,737</b>	<b>8,535</b>	<b>42,841</b>	<b>84,113</b>
Excess Deficiency of Revenues Over (Under) Expenditures	45,787	(5,485)	(12,770)	27,532
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	7,682	1,181	17,495	26,358
Transfers Out	(49,567)	(81)	(8,435)	(58,083)
Proceeds of Long Term Debt		3,943		3,943
<b>Total Other Financing Sources (Uses)</b>	<b>(41,885)</b>	<b>5,043</b>	<b>9,060</b>	<b>(27,782)</b>
Net Changes in Fund Balance	3,902	(442)	(3,710)	(250)
Fund Balance, July 1, 2003 (As Previously Reported)	29,436	(1,628)	45,925	73,733
Prior Period Adjustment			11,926	11,926
<b>Fund Balance, June 30, 2004</b>	<b>\$ 33,338</b>	<b>\$ (2,070)</b>	<b>\$ 54,141</b>	<b>\$ 85,409</b>

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUND DESCRIPTIONS

Special Revenue Funds account for revenues derived from specific taxes or other designated revenue sources. Primary revenue sources are: taxes; fines, forfeitures and penalties; use of money and property; aid from other governmental agencies; charges for current services; and other revenues. Expenditures are made only for specific activities 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** – These funds account 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** – These funds account 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.

## **NONMAJOR 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, Micrographics, 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, Family Law H & S 10605, 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.

**COUNTY OF KERN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
JUNE 30, 2004 (IN THOUSANDS)**

Page 1 of 2

	<u>TOTAL</u>	<u>AGING AND ADULT SERVICES</u>	<u>BUILDING INSPECTION</u>	<u>COMMUNITY DEVELOPMENT PROGRAM</u>
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 31,588	\$	\$ 6,937	\$ 680
Revolving Fund Cash	2	2		
Interest Receivable	107	2	27	3
Taxes Receivable	554			
Accrued Revenue	8,545	1,578		
Due from Other Funds	497			
Total Assets	<u>\$ 41,293</u>	<u>\$ 1,582</u>	<u>\$ 6,964</u>	<u>\$ 683</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	\$ 753	\$ 438	\$ 24	\$ 291
Salaries and Employee Benefits Payable	379	260	119	
Advances from Other Funds	871	596		
Due to Other Funds	5,211	6		185
Loans Payable	205			
Deferred Revenue	536			
Total Liabilities	<u>7,955</u>	<u>1,300</u>	<u>143</u>	<u>476</u>
Fund Balance (Deficit):				
Reserved	15,129	25	3,332	7,146
Unreserved:				
Designated	3,422			
Undesignated	14,787	257	3,489	(6,939)
Total Fund Balance (Deficit)	<u>33,338</u>	<u>282</u>	<u>6,821</u>	<u>207</u>
Total Liabilities and Fund Balance	<u>\$ 41,293</u>	<u>\$ 1,582</u>	<u>\$ 6,964</u>	<u>\$ 683</u>

<u>COUNTY SERVICE AREAS</u>	<u>DISTRICT ATTORNEY EQUIPMENT AUTOMATION</u>	<u>DISTRICT ATTORNEY LOCAL FORFEITURES</u>	<u>EMERGENCY MEDICAL SERVICES</u>		
<b>ASSETS</b>					
\$ 5,981	\$ 519	\$ 431	\$ 239	Pooled Cash and Investments	
21	2	6	3	Revolving Fund Cash	
554				Interest Receivable	
				Taxes Receivable	
				Accrued Revenue	
			160	Due from Other Funds	
<u>\$ 6,556</u>	<u>\$ 521</u>	<u>\$ 437</u>	<u>\$ 402</u>	Total Assets	
<b>LIABILITIES AND FUND BALANCE</b>					
\$	\$	\$	\$	Liabilities:	
				Accounts Payable	
				Salaries and Employee Benefits Payable	
				Advances from Other Funds	
				Due to Other Funds	
				Loans Payable	
				Deferred Revenue	
205				Total Liabilities	
536				Fund Balance (Deficit):	
<u>741</u>				Reserved	
				Unreserved:	
4,399				Designated	
205			45	Undesignated	
1,211	521	437	357	Total Fund Balance (Deficit)	
<u>5,815</u>	<u>521</u>	<u>437</u>	<u>402</u>	Total Liabilities and Fund Balance	
<u>\$ 6,556</u>	<u>\$ 521</u>	<u>\$ 437</u>	<u>\$ 402</u>		

**COUNTY OF KERN  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
JUNE 30, 2004 (IN THOUSANDS)**

Page 2 of 2

	<b>LOCAL PUBLIC SAFETY</b>	<b>PLANNED LOCAL DRAINAGE</b>	<b>PROPERTY TAX ADMINISTRATION</b>	<b>PUBLIC IMPROVEMENT DISTRICTS</b>
<b>ASSETS</b>				
Pooled Cash and Investments	\$	\$ 726	\$ 1,079	\$ 12
Revolving Fund Cash				
Interest Receivable		3	4	
Taxes Receivable				
Accrued Revenue	6,643			
Due from Other Funds				
Total Assets	<u>\$ 6,643</u>	<u>\$ 729</u>	<u>\$ 1,083</u>	<u>\$ 12</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	\$	\$	\$	\$
Salaries and Employee Benefits Payable				
Advances from Other Funds				25
Due to Other Funds	5,020			
Loans Payable				
Deferred Revenue				
Total Liabilities	<u>5,020</u>			<u>25</u>
Fund Balance (Deficit):				
Reserved		154		
Unreserved:				
Designated		222		
Undesignated	1,623	353	1,083	(13)
Total Fund Balance (Deficit)	<u>1,623</u>	<u>729</u>	<u>1,083</u>	<u>(13)</u>
Total Liabilities and Fund Balance	<u>\$ 6,643</u>	<u>\$ 729</u>	<u>\$ 1,083</u>	<u>\$ 12</u>

<u>SHERIFF INMATE WELFARE</u>	<u>SHERIFF FINGERPRINT IDENTIFICATION</u>	<u>TOBACCO LITIGATION SETTLEMENT</u>	<u>OTHER SPECIAL REVENUE</u>	
\$ 2,814	\$ 2,032	\$ 98	\$ 10,040	
10	7	1	18	
<u>2,824</u>	<u>2,039</u>	<u>99</u>	<u>10,719</u>	
				<b>ASSETS</b>
				Pooled Cash and Investments
				Revolving Fund Cash
				Interest Receivable
				Taxes Receivable
				Accrued Revenue
				Due from Other Funds
				Total Assets
				<b>LIABILITIES AND FUND BALANCE</b>
\$	\$	\$	\$	Liabilities:
				Accounts Payable
				Salaries and Employee Benefits Payable
				Advances from Other Funds
				Due to Other Funds
				Loans Payable
				Deferred Revenue
				Total Liabilities
				Fund Balance (Deficit):
				Reserved
				Unreserved:
				Designated
				Undesignated
<u>2,824</u>	<u>2,039</u>	<u>99</u>	<u>10,469</u>	Total Fund Balance (Deficit)
<u>2,824</u>	<u>2,039</u>	<u>99</u>	<u>10,719</u>	Total Liabilities and Fund Balance

**COUNTY OF KERN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

Page 1 of 2

	<u>TOTAL</u>	<u>AGING AND ADULT SERVICES</u>	<u>BUILDING INSPECTION</u>	<u>COMMUNITY DEVELOPMENT PROGRAM</u>
REVENUES:				
Taxes	\$ 2,127	\$	\$	\$
Licenses, Permits and Franchises	4,833		4,688	
Fines, Forfeitures and Penalties	6,088			
Revenues from Use of Money and Property	249	12	53	2
Aid from Other Governmental Agencies	58,756	8,221		8,982
Charges for Current Services	2,990	686	14	
Other Revenues	3,481	152	20	1,998
Total Revenues	<u>78,524</u>	<u>9,071</u>	<u>4,775</u>	<u>10,982</u>
EXPENDITURES:				
Current:				
General Government	53			
Public Protection	4,417		3,851	
Health and Sanitation	2,502			
Public Assistance	24,100	9,849		7,444
Public Ways and Facilities	1,665			
Total Expenditures	<u>32,737</u>	<u>9,849</u>	<u>3,851</u>	<u>7,444</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>45,787</u>	<u>(778)</u>	<u>924</u>	<u>3,538</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	7,682	806		
Transfers Out	(49,567)			
Total Other Financing Sources (Uses)	<u>(41,885)</u>	<u>806</u>		
Net Changes in Fund Balance	3,902	28	924	3,538
Fund Balance (Deficit), July 1, 2003	<u>29,436</u>	<u>254</u>	<u>5,897</u>	<u>(3,331)</u>
Fund Balance (Deficit), June 30, 2004	<u>\$ 33,338</u>	<u>\$ 282</u>	<u>\$ 6,821</u>	<u>\$ 207</u>



<b>COUNTY SERVICE AREAS</b>	<b>DISTRICT ATTORNEY EQUIPMENT AUTOMATION</b>	<b>DISTRICT ATTORNEY LOCAL FORFEITURES</b>	<b>EMERGENCY MEDICAL SERVICES</b>	
\$ 2,112	\$	\$	\$	REVENUES:
37			1,721	Taxes
42	5	23	13	Licenses, Permits and Franchises
2			464	Fines, Forfeitures and Penalties
42			1	Revenues from Use of Money and Property
<u>2,235</u>	<u>5</u>	<u>23</u>	<u>2,199</u>	Aid from Other Governmental Agencies
				Charges for Current Services
				Other Revenues
				Total Revenues
				EXPENDITURES:
34				Current:
428			2,074	General Government
<u>1,642</u>				Public Protection
				Health and Sanitation
<u>2,104</u>			<u>2,074</u>	Public Assistance
				Public Ways and Facilities
				Total Expenditures
<u>131</u>	<u>5</u>	<u>23</u>	<u>125</u>	Excess (Deficiency) of Revenues Over Expenditures
				OTHER FINANCING SOURCES (USES):
		(877)	(549)	Transfers In
				Transfers Out
		(877)	(549)	Total Other Financing Sources (Uses)
131	5	(854)	(424)	Net Changes in Fund Balance
<u>5,684</u>	<u>516</u>	<u>1,291</u>	<u>826</u>	Fund Balance (Deficit), July 1, 2003
<u>\$ 5,815</u>	<u>\$ 521</u>	<u>\$ 437</u>	<u>\$ 402</u>	Fund Balance (Deficit), June 30, 2004

**COUNTY OF KERN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) (CONTINUED)  
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

Page 2 of 2

	<b>LOCAL PUBLIC SAFETY</b>	<b>PLANNED LOCAL DRAINAGE</b>	<b>PROPERTY TAX ADMINISTRATION</b>	<b>PUBLIC IMPROVEMENT DISTRICTS</b>
<b>REVENUES:</b>				
Taxes	\$	\$	\$	\$ 15
Licenses, Permits and Franchises		45		
Fines, Forfeitures and Penalties				
Revenues from Use of Money and Property		5	6	
Aid from Other Governmental Agencies	40,372			
Charges for Current Services				
Other Revenues				
<b>Total Revenues</b>	<u>40,372</u>	<u>50</u>	<u>6</u>	<u>15</u>
<b>EXPENDITURES:</b>				
Current:				
General Government				
Public Protection				
Health and Sanitation				
Public Assistance				
Public Ways and Facilities				23
<b>Total Expenditures</b>				<u>23</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>40,372</u>	<u>50</u>	<u>6</u>	<u>(8)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In				
Transfers Out	(41,552)		(26)	
<b>Total Other Financing Sources (Uses)</b>	<u>(41,552)</u>		<u>(26)</u>	
Net Changes in Fund Balance	(1,180)	50	(20)	(8)
Fund Balance (Deficit), July 1, 2003	<u>2,803</u>	<u>679</u>	<u>1,103</u>	<u>(5)</u>
Fund Balance (Deficit), June 30, 2004	<u>\$ 1,623</u>	<u>\$ 729</u>	<u>\$ 1,083</u>	<u>\$ (13)</u>

<b>SHERIFF INMATE WELFARE</b>	<b>SHERIFF FINGERPRINT IDENTIFICATION</b>	<b>TOBACCO LITIGATION SETTLEMENT</b>	<b>OTHER SPECIAL REVENUE</b>	
\$	\$	\$	\$	REVENUES:
				Taxes
			100	Licenses, Permits and Franchises
			4,330	Fines, Forfeitures and Penalties
21	12	4	51	Revenues from Use of Money and Property
		195	522	Aid from Other Governmental Agencies
			2,288	Charges for Current Services
314	281	27	646	Other Revenues
<u>335</u>	<u>293</u>	<u>226</u>	<u>7,937</u>	Total Revenues
				EXPENDITURES:
				Current:
			53	General Government
			532	Public Protection
				Health and Sanitation
			6,807	Public Assistance
				Public Ways and Facilities
			<u>7,392</u>	Total Expenditures
335	293	226	545	Excess (Deficiency) of Revenues Over Expenditures
	239		6,637	OTHER FINANCING SOURCES (USES):
		(516)	(6,047)	Transfers In
				Transfers Out
	<u>239</u>	<u>(516)</u>	<u>590</u>	Total Other Financing Sources (Uses)
335	532	(290)	1,135	Net Changes in Fund Balance
<u>2,489</u>	<u>1,507</u>	<u>389</u>	<u>9,334</u>	Fund Balance (Deficit), July 1, 2003
<u>\$ 2,824</u>	<u>\$ 2,039</u>	<u>\$ 99</u>	<u>\$ 10,469</u>	Fund Balance (Deficit), June 30, 2004

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>AGING AND ADULT SERVICES</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Revenues from Use of Money and Property	\$	\$	\$ 12	\$ 12
Aid from Other Governmental Agencies	8,685	8,685	8,221	(464)
Charges for Current Services	599	599	686	87
Other Revenues	170	170	152	(18)
<b>Total Revenues</b>	<b>9,454</b>	<b>9,454</b>	<b>9,071</b>	<b>(383)</b>
<b>EXPENDITURES:</b>				
Current:				
Public Assistance				
Salaries & Benefits	5,973	5,973	5,575	398
Services & Supplies	3,591	4,038	3,890	148
Other Charges	402	434	404	30
Fixed Assets			1	(1)
<b>Total Expenditures</b>	<b>9,966</b>	<b>10,445</b>	<b>9,870</b>	<b>575</b>
Excess (Deficiency) of Revenues Over Expenditures	(512)	(991)	(799)	192
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	806	806	806	
<b>Total Other Financing Sources (Uses)</b>	<b>806</b>	<b>806</b>	<b>806</b>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	294	(185)	7	192
Fund Balance (Deficit), July 1, 2003	254	254	254	
Fund Balance (Deficit), June 30, 2004	\$ 548	\$ 69	\$ 261	\$ 192

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 \$ 9,071

**Expenditures**

Actual amount budgetary basis from the budgetary comparison schedule \$ 9,870

Differences - Budget to GAAP  
Encumbrances for supplies and services ordered but not received within the recognition period (21)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 9,849

**COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>BUILDING INSPECTION</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Licenses, Permits and Franchises	\$ 2,505	\$ 2,505	\$ 4,688	\$ 2,183
Revenues from Use of Money and Property	67	67	53	(14)
Charges for Current Services	12	12	14	2
Other Revenues	<u>10</u>	<u>10</u>	<u>20</u>	<u>10</u>
Total Revenues	<u>2,594</u>	<u>2,594</u>	<u>4,775</u>	<u>2,181</u>
<b>EXPENDITURES:</b>				
Current:				
Public Protection				
Salaries & Benefits	2,825	2,825	2,527	298
Services & Supplies	1,664	1,778	1,227	551
Other Charges	115	115	92	23
Fixed Assets	338	449	256	193
Appropriation for Contingencies	<u>336</u>	<u>225</u>	<u></u>	<u>225</u>
Total Expenditures	<u>5,278</u>	<u>5,392</u>	<u>4,102</u>	<u>1,290</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,684)	(2,798)	673	3,471
Fund Balance (Deficit), July 1, 2003	<u>5,897</u>	<u>5,897</u>	<u>5,897</u>	<u></u>
Fund Balance (Deficit), June 30, 2004	<u>\$ 3,213</u>	<u>\$ 3,099</u>	<u>\$ 6,570</u>	<u>\$ 3,471</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 \$ 4,775

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 4,102

Differences - Budget to GAAP  
 Encumbrances for supplies and services ordered but not received within the recognition period (251)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 3,851

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>COMMUNITY DEVELOPMENT</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Revenues from Use of Money and Property	\$	\$	\$ 2	\$ 2
Aid from Other Governmental Agencies	22,465	22,465	8,982	(13,483)
Charges for Current Services	3	3		(3)
Other Revenues	<u>1,227</u>	<u>1,227</u>	<u>1,998</u>	<u>771</u>
Total Revenues	<u>23,695</u>	<u>23,695</u>	<u>10,982</u>	<u>(12,713)</u>
<b>EXPENDITURES:</b>				
Current:				
Public Assistance				
Services & Supplies	17,660	21,497	14,590	6,907
Appropriation for Contingencies	<u>3,131</u>	<u>2,165</u>		<u>2,165</u>
Total Expenditures	<u>20,791</u>	<u>23,662</u>	<u>14,590</u>	<u>9,072</u>
Excess (Deficiency) of Revenues Over Expenditures	2,904	33	(3,608)	(3,641)
Fund Balance (Deficit), July 1, 2003	<u>(3,331)</u>	<u>(3,331)</u>	<u>(3,331)</u>	
Fund Balance (Deficit), June 30, 2004	<u>\$ (427)</u>	<u>\$ (3,298)</u>	<u>\$ (6,939)</u>	<u>\$ (3,641)</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 \$ 10,982

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 14,590

Differences - Budget to GAAP

    Encumbrances for supplies and services ordered but not received within the recognition period (7,146)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 7,444

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>COUNTY SERVICE AREAS</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES:</b>				
Taxes	\$ 1,873	\$ 1,873	\$ 2,112	\$ 239
Licenses, Permits and Franchises			37	37
Fines, Forfeitures and Penalties	227	227	42	(185)
Revenues from Use of Money and Property			2	2
Charges for Current Services	306	306	42	(264)
Other Revenues				
<b>Total Revenues</b>	<b>2,406</b>	<b>2,406</b>	<b>2,235</b>	<b>(171)</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Public Protection</b>				
Services & Supplies	79	33	35	(2)
Other Charges	1	1		1
Fixed Assets		1		1
Appropriation for Contingencies	10	10		10
<b>Total Public Protection</b>	<b>90</b>	<b>45</b>	<b>35</b>	<b>10</b>
<b>Health and Sanitation</b>				
Services & Supplies	432	383	449	(66)
Other Charges	9	9	9	
Fixed Assets	245	36	36	
Appropriation for Contingencies	61	54		54
<b>Total Health and Sanitation</b>	<b>747</b>	<b>482</b>	<b>494</b>	<b>(12)</b>
<b>Public Ways and Facilities</b>				
Services & Supplies	2,237	1,612	1,639	(27)
Other Charges	33	31	31	
Appropriation for Contingencies	214	210		210
<b>Total Public Ways and Facilities</b>	<b>2,484</b>	<b>1,853</b>	<b>1,670</b>	<b>183</b>
<b>Total Expenditures</b>	<b>3,321</b>	<b>2,380</b>	<b>2,199</b>	<b>181</b>
Excess (Deficiency) of Revenues Over Expenditures	(915)	26	36	10
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(915)	26	36	10
Fund Balance (Deficit), July 1, 2003	5,684	5,684	5,684	
Fund Balance (Deficit), June 30, 2004	\$ 4,769	\$ 5,710	\$ 5,720	\$ 10

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 \$ 2,235

**Expenditures**

Actual amount budgetary basis from the budgetary comparison schedule \$ 2,199

Differences - Budget to GAAP  
Encumbrances for supplies and services ordered but not received within the recognition period (95)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 2,104

**COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>EMERGENCY MEDICAL SERVICES</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES:</b>				
Fines, Forfeitures and Penalties	\$ 1,577	\$ 1,577	\$ 1,721	\$ 144
Revenues from Use of Money and Property	24	24	13	(11)
Aid from Other Governmental Agencies	248	248	464	216
<b>Total Revenues</b>	<u>1,849</u>	<u>1,849</u>	<u>2,198</u>	<u>349</u>
<b>EXPENDITURES:</b>				
Current:				
Health and Sanitation Services & Supplies	2,080	2,080	2,074	6
<b>Total Expenditures</b>	<u>2,080</u>	<u>2,080</u>	<u>2,074</u>	<u>6</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(231)</u>	<u>(231)</u>	<u>124</u>	<u>355</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(444)	(444)	(444)	
<b>Total Other Financing Sources (Uses)</b>	<u>(444)</u>	<u>(444)</u>	<u>(444)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(675)	(675)	(320)	355
Fund Balance (Deficit), July 1, 2003	826	826	826	
Fund Balance (Deficit), June 30, 2004	<u>\$ 151</u>	<u>\$ 151</u>	<u>\$ 506</u>	<u>\$ 355</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 \$ 2,198

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenue, Expenditures, and Changes in Fund Balances \$ 2,074



**COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>LOCAL PUBLIC SAFETY</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance with Final Budget Positive (Negative)</b>
REVENUES:				
Aid from Other Governmental Agencies	\$ 38,749	\$ 38,749	\$ 40,372	\$ 1,623
Total Revenues	<u>38,749</u>	<u>38,749</u>	<u>40,372</u>	<u>1,623</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>38,749</u>	<u>38,749</u>	<u>40,372</u>	<u>1,623</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(38,749)</u>	<u>(38,749)</u>	<u>(41,552)</u>	<u>2,803</u>
Total Other Financing Sources (Uses)	<u>(38,749)</u>	<u>(38,749)</u>	<u>(41,552)</u>	<u>2,803</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses			(1,180)	(1,180)
Fund Balance (Deficit), July 1, 2003	<u>2,803</u>	<u>2,803</u>	<u>2,803</u>	
Fund Balance (Deficit), June 30, 2004	<u>\$ 2,803</u>	<u>\$ 2,803</u>	<u>\$ 1,623</u>	<u>\$ (1,180)</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 \$ 40,372

**COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>PLANNED LOCAL DRAINAGE</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	
REVENUES:				
Licenses, Permits and Franchises	\$	\$	\$ 45	\$ 45
Revenues from Use of Money and Property			5	5
Total Revenues			50	50
EXPENDITURES:				
Current:				
Public Protection				
Fixed Assets				
Total Expenditures				
Excess (Deficiency) of Revenues Over Expenditures			50	50
Fund Balance (Deficit), July 1, 2003	679	679	679	
Fund Balance (Deficit), June 30, 2004	\$ 679	\$ 679	\$ 729	\$ 50

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 \$ 50

**COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>TOBACCO LITIGATION SETTLEMENT</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:				
Revenues from Use of Money and Property	\$	\$	\$ 4	\$ 4
Aid from Other Governmental Agencies			195	195
Other Revenues			27	27
Total Revenues			226	226
Excess (Deficiency) of Revenues Over Expenditures			226	226
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out	(389)	(389)	(516)	(127)
Total Other Financing Sources (Uses)	(389)	(389)	(516)	(127)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(389)	(389)	(290)	99
Fund Balance (Deficit), July 1, 2003	389	389	389	
Fund Balance (Deficit), June 30, 2004	\$	\$	\$ 99	\$ 99

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 \$ 226

**COUNTY OF KERN  
BUDGETARY COMPARISON SCHEDULE  
CERTAIN SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

<b>OTHER SPECIAL REVENUE</b>				
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance Over (Under)</b>
<b>REVENUES:</b>				
Licenses, Permits and Franchises	\$ 96	\$ 96	\$ 100	\$ 4
Fines, Forfeitures and Penalties	3,483	3,483	3,802	319
Revenues from Use of Money and Property	4	4	(18)	(22)
Aid from Other Governmental Agencies	109	109	109	
Charges for Current Services	960	983	1,871	888
<b>Total Revenues</b>	<b>4,652</b>	<b>4,675</b>	<b>5,864</b>	<b>1,189</b>
<b>EXPENDITURES:</b>				
<b>IHSS Public Authority</b>				
Services and Supplies	505	505	283	222
Other Charges	6,545	6,545	6,524	21
<b>Total Public Assistance</b>	<b>7,050</b>	<b>7,050</b>	<b>6,807</b>	<b>243</b>
<b>Range Improvement</b>				
Services & Supplies	50	50	12	38
<b>Wildlife Resources</b>				
Services & Supplies	6	6	6	
Other Charges	19	23	22	1
	25	29	28	1
<b>Total Public Protection</b>	<b>75</b>	<b>79</b>	<b>40</b>	<b>39</b>
<b>Total Expenditures</b>	<b>7,125</b>	<b>7,129</b>	<b>6,847</b>	<b>282</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,473)	(2,454)	(983)	1,471
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfer In	6,621	6,621	6,637	16
Transfer Out	(5,446)	(5,446)	(6,047)	(601)
<b>Total Other Financing Sources (Uses)</b>	<b>1,175</b>	<b>1,175</b>	<b>590</b>	<b>(585)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,298)	(1,279)	(393)	886
Fund Balance (Deficit), July 1, 2003	3,286	3,286	3,286	
Fund Balance (Deficit), June 30, 2004	\$ 1,988	\$ 2,007	\$ 2,893	\$ 886

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	\$ 5,864
Revenues from non-budgeted funds	2,073
<b>Total revenues as reported on the combining statement of revenues, expenditures, and changes in fund balance (Deficit) - Nonmajor Governmental Funds - Special Revenue Funds</b>	<b>7,937</b>

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule	\$ 6,847
Expenditures for non-budgeted funds	545
<b>Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	<b>\$ 7,392</b>

## **NONMAJOR 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. These funds are generally appropriated for capital outlay by the Board of Supervisors.

**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.

**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  
NONMAJOR CAPITAL PROJECT FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>MASTER LEASE</u>
<b><u>ASSETS</u></b>		
Pooled Cash and Investments	\$ 1,294	\$ 624
Cash and Investment Deposited with Trustee	694	694
Interest Receivable	<u>1</u>	
Total Assets	<u>\$ 1,989</u>	<u>\$ 1,318</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>		
Liabilities:		
Due to Other Funds	\$ 13	\$
Advances from Other Funds	<u>4,046</u>	<u>3,496</u>
Total Liabilities	<u>4,059</u>	<u>3,496</u>
Fund Balance:		
Reserved:		
Encumbrances		
Unreserved:		
Undesignated	<u>(2,070)</u>	<u>(2,178)</u>
Total Fund Balance	<u>(2,070)</u>	<u>(2,178)</u>
Total Liabilities and Fund Balance	<u>\$ 1,989</u>	<u>\$ 1,318</u>

<u>ACCUMULATIVE CAPITAL OUTLAY ROAD</u>	<u>CERTIFICATES OF PARTICIPATION</u>	<u>SEPARATION OF GRADE</u>	<u>ASSETS</u>
\$	\$	\$ 670	Pooled Cash and Investments
		1	Cash and Investment Deposited with Trustee
			Interest Receivable
\$	\$	\$ 671	Total Assets
			<u>LIABILITIES AND FUND BALANCE</u>
\$	\$ 13	\$	Liabilities:
		550	Due to Other Funds
			Advances from Other Funds
	13	550	Total Liabilities
			Fund Balance:
			Reserved:
			Encumbrances
	(13)	121	Unreserved:
			Undesignated
	(13)	121	Total Fund Balance
\$	\$	\$ 671	Total Liabilities and Fund Balance

**COUNTY OF KERN  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (DEFICIT)  
NONMAJOR CAPITAL PROJECT FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>MASTER LEASE</u>
REVENUES:		
Revenues From Use of Money	58	58
Aid From Other Governments	2,992	1,124
Other Revenues		
Total Revenues	<u>3,050</u>	<u>1,182</u>
EXPENDITURES:		
Capital Outlay	<u>8,535</u>	<u>7,305</u>
Total Expenditures	<u>8,535</u>	<u>7,305</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(5,485)</u>	<u>(6,123)</u>
OTHER FINANCING SOURCES (USES):		
Transfers In	1,181	1
Transfers Out	(81)	(67)
Proceeds of Long Term Debt	<u>3,943</u>	<u>3,943</u>
Total Other Financing Sources (Uses)	<u>5,043</u>	<u>3,877</u>
Net Changes In Fund Balance	(442)	(2,246)
Fund Balance, July 1, 2003	<u>(1,628)</u>	<u>68</u>
Fund Balance, June 30, 2004	<u>\$ (2,070)</u>	<u>\$ (2,178)</u>



<u>ACCUMULATIVE CAPITAL OUTLAY ROAD</u>	<u>CERTIFICATES OF PARTICIPATION</u>	<u>SEPARATION OF GRADE</u>	
			REVENUES:
		1,868	Revenues From Use of Money
			Aid From Other Governments
			Other Revenues
		<u>1,868</u>	Total Revenues
	1,193	37	EXPENDITURES:
			Capital Outlay
	<u>1,193</u>	<u>37</u>	Total Expenditures
	(1,193)	<u>1,831</u>	Excess (Deficiency) of Revenues over Expenditures
(14)	1,180		OTHER FINANCING SOURCES (USES):
			Operating Transfer In
			Operating Transfer Out
			Proceeds of Long Term Debt
<u>(14)</u>	<u>1,180</u>		Total Other Financing Sources (Uses)
(14)	(13)	1,831	Net Changes In Fund Balance
<u>14</u>		<u>(1,710)</u>	Fund Balance, July 1, 2003
<u>\$</u>	<u>\$ (13)</u>	<u>\$ 121</u>	Fund Balance, June 30, 2004

**COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR CAPITAL PROJECT FUNDS  
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>MASTER LEASE</b>			
	<u>Original Budget</u>	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Revenues From Use of Money	\$ 58	\$ 58	\$ 58	\$
Aid From Other Governments	<u>1,124</u>	<u>1,124</u>	<u>1,124</u>	
Total Revenues	<u>1,182</u>	<u>1,182</u>	<u>1,182</u>	
EXPENDITURES:				
General Government				
Capital Outlay	<u>8,669</u>	<u>8,669</u>	<u>7,304</u>	<u>1,365</u>
Total Expenditures	<u>8,669</u>	<u>8,669</u>	<u>7,304</u>	<u>1,365</u>
Excess (Deficiency) of Revenues over Expenditures	(7,487)	(7,487)	(6,122)	1,365
OTHER FINANCING SOURCES (USES):				
Transfers In			1	1
Transfers Out			(67)	(67)
Proceeds of Long Term Debt	<u>3,943</u>	<u>3,943</u>	<u>3,943</u>	
Total Other Financing Sources (Uses)	<u>3,943</u>	<u>3,943</u>	<u>3,877</u>	<u>(66)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(3,544)	(3,544)	(2,245)	1,299
Fund Balance, July 1, 2003	<u>68</u>	<u>68</u>	<u>68</u>	
Fund Balance, June 30, 2004	<u>\$ (3,476)</u>	<u>\$ (3,476)</u>	<u>\$ (2,177)</u>	<u>\$ 1,299</u>

**COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR CAPITAL PROJECT FUNDS  
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>SEPARATION OF GRADE</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Revenues From Use of Money	\$	\$	\$	\$
Aid From Other Governments	<u>1,723</u>	<u>1,723</u>	<u>1,868</u>	<u>145</u>
Total Revenues	<u>1,723</u>	<u>1,723</u>	<u>1,869</u>	<u>145</u>
EXPENDITURES:				
General Government				
Capital Outlay	<u>10</u>	<u>10</u>	<u>37</u>	<u>(27)</u>
Total Expenditures	<u>10</u>	<u>10</u>	<u>37</u>	<u>(27)</u>
Excess (Deficiency) of Revenues over Expenditures	1,713	1,713	1,831	118
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out				
Total Other Financing Sources (Uses)				
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	1,713	1,713	1,831	(118)
Fund Balance, July 1, 2003	<u>(1,710)</u>	<u>(1,710)</u>	<u>(1,710)</u>	
Fund Balance, June 30, 2004	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 121</u>	<u>\$ (118)</u>

## **NONMAJOR 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 for 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 non-profit 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 non-profit 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  
 NONMAJOR DEBT SERVICE FUNDS  
 JUNE 30, 2004 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>ACCUMULATIVE CAPITAL OUTLAY GENERAL</u>	<u>ACCUMULATIVE CAPITAL OUTLAY FIRE</u>	<u>KERN COUNTY TOBACCO FUNDING CORP.</u>
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 17,642	\$ 14,544	\$ 3,098	
Cash and Investments Deposited with Trustee	35,368			12,336
Loans Receivable				
Interest Receivable	43	42	1	
Advances to Other Funds	1,088	1,088		
Total Assets	<u>\$ 54,141</u>	<u>\$ 15,674</u>	<u>\$ 3,099</u>	<u>\$ 12,336</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Fund Balance:				
Reserved	<u>54,141</u>	<u>15,674</u>	<u>3,099</u>	<u>12,336</u>
Total Fund Balance	<u>54,141</u>	<u>15,674</u>	<u>3,099</u>	<u>12,336</u>
Total Liabilities and Fund Balance	<u>\$ 54,141</u>	<u>\$ 15,674</u>	<u>\$ 3,099</u>	<u>\$ 12,336</u>

<u>KERN ASSET LEASING</u>	<u>PENSION OBLIGATION BOND TRUSTEE</u>	<u>PUBLIC HEALTH FACILITY LOAN TRUSTEE</u>
\$ 22,364	\$ 668	\$
<u>22,364</u>	<u>668</u>	<u></u>
<u>\$ 22,364</u>	<u>\$ 668</u>	<u>\$</u>
<u>22,364</u>	<u>668</u>	<u></u>
<u>22,364</u>	<u>668</u>	<u></u>
<u>\$ 22,364</u>	<u>\$ 668</u>	<u>\$</u>

**ASSETS**

Pooled Cash and Investments
Cash and Investments Deposited with Trustee
Loans Receivable
Interest Receivable
Advances to Other Funds
Total Assets

**LIABILITIES AND FUND BALANCE**

Fund Balance:
Reserved
Total Fund Balance
Total Liabilities and Fund Balance

**COUNTY OF KERN  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (DEFICIT)  
NONMAJOR DEBT SERVICE FUNDS  
YEAR ENDED JUNE 30, 2004 (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 or Property	\$ 2,847	\$ 456	\$	\$ 486
Aid from Other Governmental Agencies	7,045			7,045
Other Revenues	<u>20,179</u>			
Total Revenues	<u>30,071</u>	<u>456</u>		<u>7,531</u>
EXPENDITURES:				
General Government	743	697		46
Public Protection	128		128	
Debt Service:				
Principal	16,166			750
Interest	<u>25,804</u>			<u>6,493</u>
Total Expenditures	<u>42,841</u>	<u>697</u>	<u>128</u>	<u>7,289</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(12,770)</u>	<u>(241)</u>	<u>(128)</u>	<u>242</u>
OTHER FINANCING SOURCES (USES):				
Transfer In	17,495	3,200	2,800	195
Transfer Out	<u>(8,435)</u>	<u>(5,689)</u>	<u>(926)</u>	<u>(27)</u>
Total Other Financing Sources (Uses)	<u>9,060</u>	<u>(2,489)</u>	<u>1,874</u>	<u>168</u>
Net Changes in Fund Balance	<u>(3,710)</u>	<u>(2,730)</u>	<u>1,746</u>	<u>410</u>
Fund Balance, July 1, 2003 (As Previously Reported)	45,925	18,404	1,353	
Prior Period Adjustment	<u>11,926</u>			<u>11,926</u>
Fund Balance, June 30, 2004	<u>\$ 54,141</u>	<u>\$ 15,674</u>	<u>\$ 3,099</u>	<u>\$ 12,336</u>

<b>KERN ASSET LEASING</b>	<b>PENSION OBLIGATION BOND TRUSTEE</b>	<b>PUBLIC HEALTH FACILITY LOAN TRUSTEE</b>
\$ 1,142	\$ 763	\$
	20,179	
<u>1,142</u>	<u>20,942</u>	
11,650	2,866	900
1,483	17,314	514
<u>13,133</u>	<u>20,180</u>	<u>1,414</u>
<u>(11,991)</u>	<u>762</u>	<u>(1,414)</u>
9,886		1,414
<u>(1,698)</u>	<u>(95)</u>	
<u>8,188</u>	<u>(95)</u>	<u>1,414</u>
<u>(3,803)</u>	<u>667</u>	
26,167	1	
<u><u>22,364</u></u>	<u><u>668</u></u>	<u><u></u></u>

REVENUES:  
 Revenues from Use of Money or Property  
 Aid from Other Governmental Agencies  
 Other Revenues

Total Revenues

EXPENDITURES:  
 General Government  
 Public Protection  
 Debt Service:  
 Principal  
 Interest

Total Expenditures

Excess (Deficiency) of Revenues over Expenditures

OTHER FINANCING SOURCES (USES):  
 Transfer In  
 Transfer Out

Total Other Financing Sources (Uses)

Net Changes in Fund Balance

Fund Balance, July 1, 2003 (As Previously Reported)  
 Prior Period Adjustment

Fund Balance, June 30, 2004

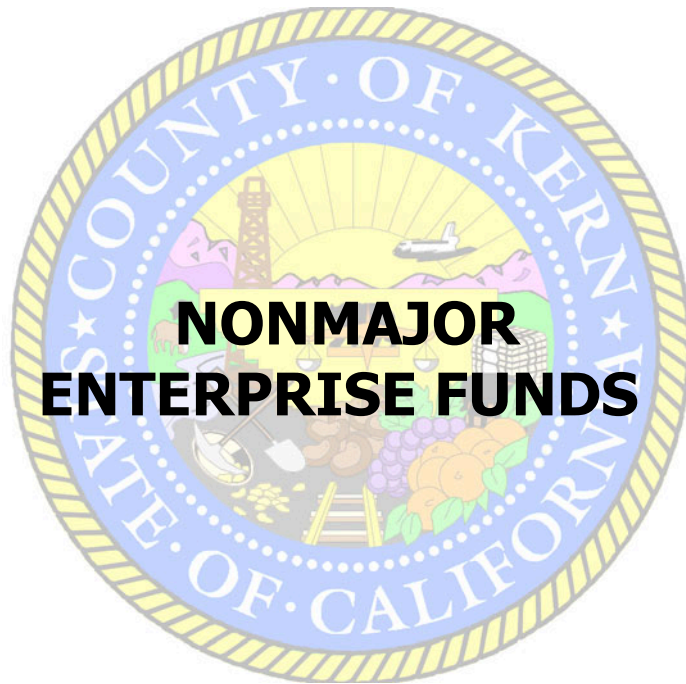


**COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>ACCUMULATIVE CAPITAL OUTLAY - GENERAL</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES:</b>				
Revenues from Use of Money or Property	\$ 349	\$ 349	\$ 456	\$ 107
Total Revenues	<u>349</u>	<u>349</u>	<u>456</u>	<u>107</u>
<b>EXPENDITURES:</b>				
General Government				
Services and Supplies	554	754	697	57
Appropriation for Contingencies	1,480	1,280		1,280
Total Expenditures	<u>2,034</u>	<u>2,034</u>	<u>697</u>	<u>1,337</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,685)</u>	<u>(1,685)</u>	<u>(241)</u>	<u>1,444</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In			3,200	3,200
Transfers Out	(9,311)	(9,311)	(5,689)	3,622
Total Other Financing Sources (Uses)	<u>(9,311)</u>	<u>(9,311)</u>	<u>(2,489)</u>	<u>6,822</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(10,996)	(10,996)	(2,730)	8,266
Fund Balance, July 1, 2003	<u>18,404</u>	<u>18,404</u>	<u>18,404</u>	<u></u>
Fund Balance, June 30, 2004	<u>\$ 7,408</u>	<u>\$ 7,408</u>	<u>\$ 15,674</u>	<u>\$ 8,266</u>

**COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<b>ACCUMULATIVE CAPITAL OUTLAY - FIRE</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual on Budgetary Basis</b>	<b>Variance Favorable (Unfavorable)</b>
REVENUES:				
Revenues from Use of Money or Property	\$ _____	\$ _____	\$ _____	\$ _____
Total Revenues	_____	_____	_____	_____
EXPENDITURES:				
Public Protection				
Services and Supplies	90	130	128	2
Appropriation for Contingencies	_____	_____	_____	_____
Total Expenditures	90	130	128	2
Excess (Deficiency) of Revenues over Expenditures	(90)	(130)	(128)	2
OTHER FINANCING SOURCES (USES):				
Transfer In			2,800	2,800
Transfers Out	(1,350)	(1,220)	(926)	294
Total Other Financing Sources (Uses)	(1,350)	(1,220)	1,874	3,094
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(1,440)	(1,350)	1,746	3,096
Fund Balance, July 1, 2003	1,353	1,353	1,353	_____
Fund Balance, June 30, 2004	\$ (87)	\$ 3	\$ 3,099	\$ 3,096



**NONMAJOR  
ENTERPRISE FUNDS**

## **NONMAJOR ENTERPRISE FUNDS**

### **FUNDS DESCRIPTIONS**

Enterprise funds are used to account for operations: (a) that are financed and operated in a manner similar 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 Sanitation District. 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 in 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 which encompasses the more densely populated unincorporated areas of metropolitan Bakersfield and South Taft.

**COUNTY OF KERN  
COMBINING STATEMENT OF NET ASSETS  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2004 (IN THOUSANDS)**

	<b>TOTAL</b>	<b>COUNTY SANITATION DISTRICTS</b>
<b>ASSETS</b>		
Current Assets:		
Pooled Cash and Investments	\$ 10,285	\$ 6,351
Interest Receivable	42	25
Accounts Receivable - Net	270	270
Accrued Revenue	319	
Total Current Assets	<u>10,916</u>	<u>6,646</u>
Noncurrent Assets:		
Cash and Investments Deposited with Trustee	697	
Taxes Receivable - Net	1,310	385
Investment in Joint Venture	1,477	1,477
Capital Assets:		
Nondepreciable:		
Land	668	603
Construction in Progress	43	43
Depreciable:		
Structures and Improvements	14,899	8,309
Equipment	7,441	890
Subsurface Lines	6,709	6,709
Accumulated Depreciation and Amortization	<u>(11,688)</u>	<u>(7,771)</u>
Total Noncurrent Assets	<u>21,556</u>	<u>10,645</u>
Total Assets	<u>32,472</u>	<u>17,291</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	945	658
Salaries and Employee Benefits Payable	11	
Due to Other Funds	109	1
Current Portion of Long Term Debt	203	
Interest Payable - Current	51	
Deferred Income	448	
Current Portion of Compensated Absences	<u>7</u>	
Total Current Liabilities	<u>1,774</u>	<u>659</u>
Noncurrent Liabilities:		
Advances Payable	2,500	
Compensated Absences Payable	9	
Long Term Debt - Certificates of Participation	3,420	
Long Term Debt - Pension Obligation Bonds	113	
Interest Payable - Pension Obligation Bonds	<u>23</u>	
Total Noncurrent Liabilities	<u>6,065</u>	
Total Liabilities	<u>7,839</u>	<u>659</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	14,452	8,783
Restricted	697	
Unrestricted	<u>9,484</u>	<u>7,849</u>
Total Net Assets	<u>\$ 24,633</u>	<u>\$ 16,632</u>

<u>GOLF COURSE</u>	<u>PUBLIC TRANSPORTATION</u>	<u>UNIVERSAL COLLECTION</u>	
\$ 1,109	\$ 193	\$ 2,632	<b>ASSETS</b>
4	2	11	Current Assets:
	319		Pooled Cash and Investments
			Interest Receivable
			Accounts Receivable - Net
			Accrued Revenue
<u>1,113</u>	<u>514</u>	<u>2,643</u>	Total Current Assets
697		925	Noncurrent Assets:
			Cash and Investments Deposited with Trustee
			Taxes Receivable - Net
			Investment in Joint Venture
			Capital Assets:
65			Nondepreciable:
			Land
			Construction in Progress
6,483	107		Depreciable:
	6,551		Structures and Improvements
			Equipment
			Subsurface Lines
<u>(1,444)</u>	<u>(2,473)</u>		Accumulated Depreciation and Amortization
<u>5,801</u>	<u>4,185</u>	<u>925</u>	Total Noncurrent Assets
<u>6,914</u>	<u>4,699</u>	<u>3,568</u>	Total Assets
			<b>LIABILITIES</b>
	287		Current Liabilities:
	11		Accounts Payable
	108		Salaries and Employee Benefits Payable
200	3		Due to Other Funds
49	2		Current Portion of Long Term Debt
	448		Interest Payable - Current
	7		Deferred Income
			Current Portion of Compensated Absences
<u>249</u>	<u>866</u>		Total Current Liabilities
		2,500	Noncurrent Liabilities:
	9		Advances Payable
3,420			Compensated Absences Payable
	113		Long Term Debt - Certificates of Participation
	23		Long Term Debt - Pension Obligation Bonds
			Interest Payable - Pension Obligation Bonds
<u>3,420</u>	<u>145</u>	<u>2,500</u>	Total Noncurrent Liabilities
<u>3,669</u>	<u>1,011</u>	<u>2,500</u>	Total Liabilities
			<b>NET ASSETS</b>
1,484	4,185		Invested in Capital Assets, Net of Related Debt
697			Restricted
<u>1,064</u>	<u>(497)</u>	<u>1,068</u>	Unrestricted
\$ <u><u>3,245</u></u>	\$ <u><u>3,688</u></u>	\$ <u><u>1,068</u></u>	Total Net Assets

**COUNTY OF KERN  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET ASSETS (DEFICIT)  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SANITATION DISTRICTS</u>
OPERATING REVENUES:		
Charges for Current Services	\$ 5,182	\$ 317
Revenues from Use of Property	<u>37</u>	<u>37</u>
Total Operating Revenues	<u>5,219</u>	<u>354</u>
OPERATING EXPENSES:		
Salaries and Employee Benefits	264	
Services and Supplies	17,206	2,374
Other Charges	48	27
Depreciation	<u>1,228</u>	<u>378</u>
Total Operating Expenses	<u>18,746</u>	<u>2,779</u>
Operating Income (Loss)	<u>(13,527)</u>	<u>(2,425)</u>
NON-OPERATING REVENUES (EXPENSES):		
Taxes and Assessments	12,117	2,033
Fines, Forfeitures and Penalties	122	67
Licenses, Permits and Franchises	9	9
Interest on Bank Deposits and Investments	101	46
Aid from Other Governmental Agencies	3,739	
Interest Expense	(277)	
Other Non-Operating Revenues	34	17
Gain (Loss) on Sale of Fixed Assets	<u>(76)</u>	
Total Non-Operating Revenues (Expenses)	<u>15,769</u>	<u>2,172</u>
Change in Net Assets	2,242	(253)
Net Assets (Deficit), July 1, 2003 (as previously reported)	23,261	17,661
Prior Period Adjustment	<u>(870)</u>	<u>(776)</u>
Net Assets(Deficit), June 30 , 2004	\$ <u>24,633</u>	\$ <u>16,632</u>

	<b>GOLF COURSE</b>	<b>PUBLIC TRANSPORTATION</b>	<b>UNIVERSAL COLLECTION</b>	
\$	4,340	\$ 525	\$	OPERATING REVENUES:
				Charges for Current Services
				Revenues from Use of Property
	<u>4,340</u>	<u>525</u>		Total Operating Revenues
		264		OPERATING EXPENSES:
	4,092	4,100	6,640	Salaries and Employee Benefits
		21		Services and Supplies
	148	702		Other Charges
				Depreciation
	<u>4,240</u>	<u>5,087</u>	<u>6,640</u>	Total Operating Expenses
	<u>100</u>	<u>(4,562)</u>	<u>(6,640)</u>	Operating Income (Loss)
		2,705	7,379	NON-OPERATING REVENUES (EXPENSES):
			55	Taxes and Assessments
				Fines, Forfeitures and Penalties
				Licenses, Permits and Franchises
	33	7	15	Interest on Bank Deposits and Investments
		3,739		Aid from Other Governmental Agencies
	(197)	(10)	(70)	Interest Expense
		17		Other Non-Operating Revenues
		(76)		Gain (Loss) on Sale of Fixed Assets
	<u>(164)</u>	<u>6,382</u>	<u>7,379</u>	Total Non-Operating Revenues (Expenses)
	(64)	1,820	739	Change in Net Assets
	3,403	1,868	329	Net Assets (Deficit), July 1, 2003 (as previously reported)
	<u>(94)</u>			Prior Period Adjustment
\$	<u><u>3,245</u></u>	<u><u>3,688</u></u>	<u><u>1,068</u></u>	Net Assets(Deficit), June 30 , 2004



**COUNTY OF KERN  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

Page 1 of 2

	<u>TOTAL</u>	<u>COUNTY SANITATION DISTRICTS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received for Current Services	\$ 5,299	\$ 434
Cash Received for Use of Property	37	37
Cash Received for Other Operations	34	17
Cash Received as Fines, Forfeitures, and Penalties	122	67
Cash Received as Licenses and Permits	9	9
Cash Paid for Salaries and Benefits	(274)	
Cash Paid for Services and Supplies	(16,829)	(1,926)
Cash Paid for Interfund Services and Supplies	(39)	
Cash Paid for Other Charges	(48)	(27)
Net Cash Provided (Used) by Operating Activities	<u>(11,689)</u>	<u>(1,389)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Taxes and Special Assessments	12,045	2,078
Aid from Other Governmental Agencies	3,775	
Payment of Long Term Debt - Pension Obligation Bond	(2)	
Interest Paid	(76)	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>15,742</u>	<u>2,078</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition or Construction of Capital Assets	(2,790)	(30)
Proceeds from Disposal of Capital Assets	15	
Payment of Long Term Debt - Certificates of Participation	(200)	
Interest Paid on Long Term Debt	(195)	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,170)</u>	<u>(30)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Collections From Loan Receivable	59	59
Interest on Bank Deposits and Investments	112	53
Net Cash Provided (Used) by Investing Activities	<u>171</u>	<u>112</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,054	771
Cash and Cash Equivalents, July 1, 2003	<u>9,928</u>	<u>5,580</u>
Cash and Cash Equivalents, June 30, 2004	<u>\$ 10,982</u>	<u>\$ 6,351</u>

<u>GOLF COURSE</u>	<u>PUBLIC TRANSPORTATION</u>	<u>UNIVERSAL COLLECTION</u>	
\$ 4,340	\$ 525	\$	CASH FLOWS FROM OPERATING ACTIVITIES:
	17	55	Cash Received for Current Services
	(274)		Cash Received for Use of Property
(4,092)	(4,171)	(6,640)	Cash Received for Other Operations
	(39)		Cash Received as Fines, Forfeitures, and Penalties
	(21)		Cash Received as Licenses and Permits
			Cash Paid for Salaries and Benefits
			Cash Paid for Services and Supplies
			Cash Paid for Interfund Services and Supplies
			Cash Paid for Other Charges
<u>248</u>	<u>(3,963)</u>	<u>(6,585)</u>	Net Cash Provided (Used) by Operating Activities
			CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:
	2,705	7,262	Taxes and Special Assessments
	3,775		Aid from Other Governmental Agencies
	(2)		Payment of Long Term Debt - Pension Obligation Bond
	(6)	(70)	Interest Paid
	<u>6,472</u>	<u>7,192</u>	Net Cash Provided (Used) by Non-Capital Financing Activities
			CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
	(2,760)		Acquisition or Construction of Capital Assets
	15		Proceeds from Disposal of Capital Assets
(200)			Payment of Long Term Debt - Certificates of Participation
(195)			Interest Paid on Long Term Debt
<u>(395)</u>	<u>(2,745)</u>		Net Cash Provided (Used) by Capital and Related Financing Activities
			CASH FLOWS FROM INVESTING ACTIVITIES:
	8	15	Cash Collections From Loan Receivable
36			Interest on Bank Deposits and Investments
<u>36</u>	<u>8</u>	<u>15</u>	Net Cash Provided (Used) by Investing Activities
(111)	(228)	622	Net Increase (Decrease) in Cash and Cash Equivalents
<u>1,917</u>	<u>421</u>	<u>2,010</u>	Cash and Cash Equivalents, July 1, 2003
<u>\$ 1,806</u>	<u>\$ 193</u>	<u>\$ 2,632</u>	Cash and Cash Equivalents, June 30, 2004

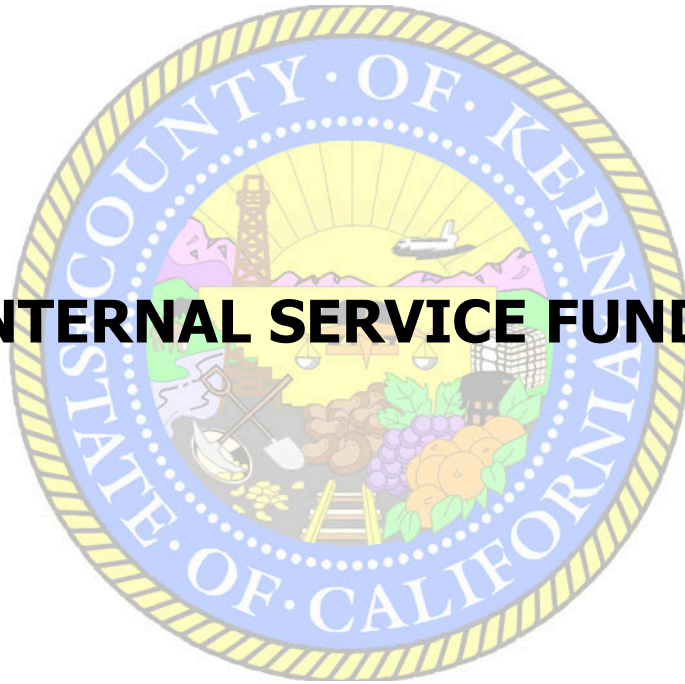
**COUNTY OF KERN  
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

Page 2 of 2

	<u>TOTAL</u>	<u>COUNTY SANITATION DISTRICTS</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ <u>(13,527)</u>	\$ <u>(2,425)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Other Non-Operating Revenues	165	93
Depreciation	1,228	378
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	117	117
Increase (Decrease) in Accounts Payable	388	510
Increase (Decrease) in Due to Others	11	
Increase (Decrease) in Salaries & Benefits Payable	(1)	
Increase (Decrease) in Compensated Absences Payable	(8)	
Increase (Decrease) in Investment in Joint Venture	<u>(62)</u>	<u>(62)</u>
Total Adjustments	<u>1,838</u>	<u>1,036</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(11,689)</u></u>	\$ <u><u>(1,389)</u></u>

<u>GOLF COURSE</u>	<u>PUBLIC TRANSPORTATION</u>	<u>UNIVERSAL COLLECTION</u>	
			RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES
\$ 100	\$ (4,562)	\$ (6,640)	Operating Income (Loss)
			Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
			Other Non-Operating Revenues
148	17	55	Depreciation
	702		Changes in Assets and Liabilities:
	(122)		(Increase) Decrease in Accounts Receivable
	11		Increase (Decrease) in Accounts Payable
	(1)		Increase (Decrease) in Due to Others
	(8)		Increase (Decrease) in Salaries & Benefits Payable
			Increase (Decrease) in Compensated Absences Payable
			Increase (Decrease) in Investment in Joint Venture
<u>148</u>	<u>599</u>	<u>55</u>	Total Adjustments
<u>\$ 248</u>	<u>\$ (3,963)</u>	<u>\$ (6,585)</u>	Net Cash Provided (Used) by Operating Activities

**INTERNAL SERVICE FUNDS**



## INTERNAL SERVICE FUNDS DESCRIPTIONS

Internal Service Funds account for services furnished to other County departments and are financed primarily by charges for such services. Because they are divorced from the regular County operation, 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  
INTERNAL SERVICE FUNDS  
JUNE 30, 2004 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>GENERAL LIABILITY</u>	<u>GENERAL SERVICES- GARAGE</u>	<u>GROUP HEALTH</u>
<b>ASSETS</b>				
Current Assets:				
Pooled Cash and Investments	\$ 40,442	\$ 6,046	\$ 2,227	\$ 14,565
Due from Other Funds	149		149	
Accounts Receivable	1,276		204	1,072
Interest Receivable	173	26	8	62
Inventory- Materials and Supplies	55		55	
Total Current Assets	<u>42,095</u>	<u>6,072</u>	<u>2,643</u>	<u>15,699</u>
Noncurrent Assets:				
Deposits with Others	447			447
Equipment (Net of Accumulated Depreciation)	3,819		3,819	
Total Noncurrent Assets	<u>4,266</u>		<u>3,819</u>	<u>447</u>
Total Assets	<u>46,361</u>	<u>6,072</u>	<u>6,462</u>	<u>16,146</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	1,153			1,153
Salaries and Employee Benefits Payable	22		22	
Interest Payable - Current	10		10	
Current Portion of Long Term Debt	10		10	
Due to Other Funds	312			
Current Portion of Compensated Absences	23		23	
Liability for Self-Insurance - Current	28,739	2,434		8,400
Total Current Liabilities	<u>30,269</u>	<u>2,434</u>	<u>65</u>	<u>9,553</u>
Noncurrent Liabilities				
Compensated Absences Payable	55		55	
Liability for Self-Insurance - Long Term	35,406	5,678		
Interest Payable - Long-term - Pension Obligation Bonds	104		104	
Long Term Debt - Pension Obligation Bonds	455		455	
Total Noncurrent Liabilities	<u>36,020</u>	<u>5,678</u>	<u>614</u>	
Total Liabilities	<u>66,289</u>	<u>8,112</u>	<u>679</u>	<u>9,553</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	3,819		3,819	
Restricted	447			447
Unrestricted	(24,194)	(2,040)	1,964	6,146
Total Net Assets	<u>\$ (19,928)</u>	<u>\$ (2,040)</u>	<u>\$ 5,783</u>	<u>\$ 6,593</u>

<b>RETIREE GROUP HEALTH</b>	<b>UNEMPLOYMENT COMPENSATION</b>	<b>WORKERS' COMPENSATION</b>		
			<b>ASSETS</b>	
\$ 15,741	\$ 1,230	\$ 633	Current Assets:	
			Pooled Cash and Investments	
			Due from Other Funds	
			Accounts Receivable	
			Interest Receivable	
			Inventory- Materials and Supplies	
60	6	11	Total Current Assets	
15,801	1,236	644	Noncurrent Assets:	
			Deposits with Others	
			Equipment (Net of Accumulated Depreciation)	
			Total Noncurrent Assets	
15,801	1,236	644	Total Assets	
			<b>LIABILITIES</b>	
			Current Liabilities:	
			Accounts Payable	
			Salaries and Employee Benefits Payable	
			Interest Payable - Current	
			Current Portion of Long Term Debt	
		312	Due to Other Funds	
			Current Portion of Compensated Absences	
			Liability for Self-Insurance- Current	
1,050	1,050	16,855	Total Current Liabilities	
1,050	1,050	17,167	Noncurrent Liabilities	
			Compensated Absences Payable	
		29,728	Liability for Self-Insurance- Long Term	
			Interest Payable - Long-term - Pension Obligation Bonds	
			Long Term Debt - Pension Obligation Bonds	
		29,728	Total Noncurrent Liabilities	
1,050	1,050	46,895	Total Liabilities	
			<b>NET ASSETS</b>	
			Invested in Capital Assets, Net of Related Debt	
			Restricted	
			Unrestricted	
15,801	186	(46,251)	Total Net Assets	
\$ 15,801	\$ 186	\$ (46,251)		



**COUNTY OF KERN  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (DEFICIT)  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

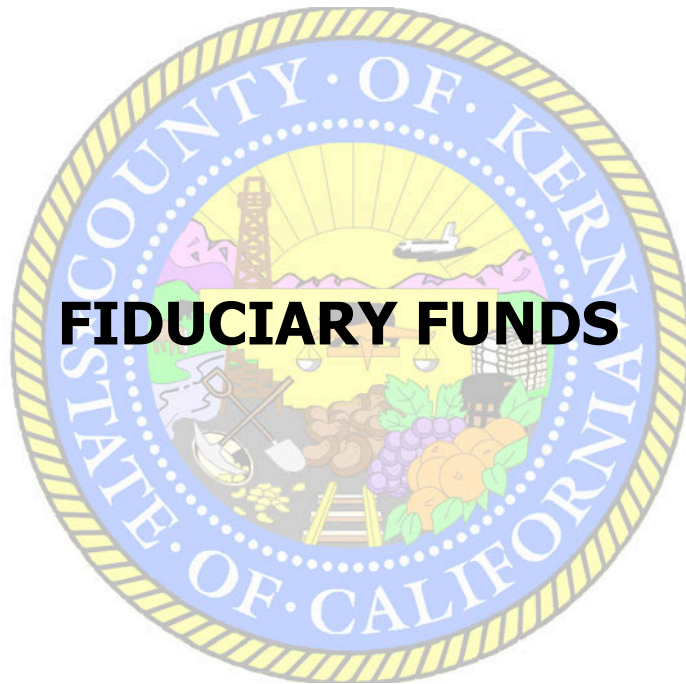
	<u>TOTAL</u>	<u>GENERAL LIABILITY</u>	<u>GENERAL SERVICES- GARAGE</u>	<u>GROUP HEALTH</u>
OPERATING REVENUES:				
Charges for Current Services	\$ 113,547	\$ 5,903	\$ 1,980	\$ 85,020
Total Operating Revenues	<u>113,547</u>	<u>5,903</u>	<u>1,980</u>	<u>85,020</u>
OPERATING EXPENSES:				
Salaries and Employee Benefits	3,483		485	
Services and Supplies	12,507	2,137	796	5,674
Claims Incurred	102,858	2,967		69,860
Other Charges	5,928	368	55	5,272
Depreciation Expense	628		628	
Total Operating Expenses	<u>125,404</u>	<u>5,472</u>	<u>1,964</u>	<u>80,806</u>
Operating Income (Loss)	<u>(11,857)</u>	<u>431</u>	<u>16</u>	<u>4,214</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest on Bank Deposits and Investments	392	55	15	106
Other Revenues	767	528	42	17
Interest Expense	(51)		(51)	
Gain (Loss) on Sale of Fixed Assets	(135)		(135)	
Total Non-Operating Revenues (Expenses)	<u>973</u>	<u>583</u>	<u>(129)</u>	<u>123</u>
Income (Loss) before Transfers	(10,884)	1,014	(113)	4,337
Transfers	287		287	
Change in Net Assets	(10,597)	1,014	174	4,337
Net Assets (Deficit), July 1, 2003 (As Previously Reported)	(9,444)	(3,054)	5,496	2,256
Prior Period Adjustment	113		113	
Net Assets (Deficit), June 30, 2004	<u>\$ (19,928)</u>	<u>\$ (2,040)</u>	<u>\$ 5,783</u>	<u>\$ 6,593</u>

<b>RETIREE GROUP HEALTH</b>	<b>UNEMPLOYMENT COMPENSATION</b>	<b>WORKERS' COMPENSATION</b>	
\$ 3,761	\$ 3,500	\$ 13,383	OPERATING REVENUES:
			Charges for Current Services
<u>3,761</u>	<u>3,500</u>	<u>13,383</u>	Total Operating Revenues
2,998			OPERATING EXPENSES:
126	15	3,759	Salaries and Employee Benefits
	2,385	27,646	Services and Supplies
26	71	136	Claims Incurred
			Other Charges
			Depreciation Expense
<u>3,150</u>	<u>2,471</u>	<u>31,541</u>	Total Operating Expenses
<u>611</u>	<u>1,029</u>	<u>(18,158)</u>	Operating Income (Loss)
131	24	61	NON-OPERATING REVENUES (EXPENSES):
		180	Interest on Bank Deposits and Investments
			Other Revenues
			Interest Expense
			Gain (Loss) on Sale of Fixed Assets
<u>131</u>	<u>24</u>	<u>241</u>	Total Non-Operating Revenues (Expenses)
742	1,053	(17,917)	Income (Loss) before Transfers
			Transfers
742	1,053	(17,917)	Change in Net Assets
15,059	(867)	(28,334)	Net Assets (Deficit), July 1, 2003 (As Previously Reported)
			Prior Period Adjustment
<u>\$ 15,801</u>	<u>\$ 186</u>	<u>\$ (46,251)</u>	Net Assets (Deficit), June 30, 2004

**COUNTY OF KERN  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2004 (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	\$ 112,914	\$ 5,903	\$ 1,826	\$ 84,541
Cash Received for Other Operations	767	528	42	17
Cash Paid for Salaries and Benefits	(3,473)		(475)	
Cash Paid for Services and Supplies	(13,196)	(2,137)	(776)	(6,383)
Cash Paid for Reported Claims	(89,026)	(3,122)		(69,458)
Cash Paid for Other Charges	(5,928)	(368)	(55)	(5,272)
Net Cash Provided (Used) by Operating Activities	<u>2,058</u>	<u>804</u>	<u>562</u>	<u>3,445</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Pension Obligation Bond Principal Paid	(7)		(7)	
Pension Obligation Bond Interest Paid	(26)		(26)	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(33)</u>		<u>(33)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition or Construction of Capital Assets	(327)		(327)	
Proceeds From Sale of Fixed Assets	27		27	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(300)</u>		<u>(300)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Bank Deposits and Investments	431	65	20	80
Net Increase (Decrease) in Cash and Cash Equivalents	2,156	869	249	3,525
Cash and Cash Equivalents, July 1, 2003	38,286	5,177	1,978	11,040
Cash and Cash Equivalents, June 30, 2004	<u>\$ 40,442</u>	<u>\$ 6,046</u>	<u>\$ 2,227</u>	<u>\$ 14,565</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (11,857)	\$ 431	\$ 16	\$ 4,214
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Other Non-Operating Revenues	767	528	42	17
Depreciation	628		628	
Changes in Assets and Liabilities:				
(Increase) Decrease in Inventory	36		36	
(Increase) Decrease in Accounts Receivable	(483)		(4)	(479)
(Increase) Decrease in Due from Others	(149)		(149)	
(Increase) Decrease in Deposits with Others	863			863
Increase (Decrease) in Accrued Expenses	(726)		(17)	(709)
Increase (Decrease) in Due to Others	33			
Increase (Decrease) in Salaries & Benefits Payable	2		2	
Increase (Decrease) in Compensated Absences Payable	8		8	
Increase (Decrease) in Provision for Liability Claims	12,936	(155)		(461)
Total Adjustments	<u>13,915</u>	<u>373</u>	<u>546</u>	<u>(769)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,058</u>	<u>\$ 804</u>	<u>\$ 562</u>	<u>\$ 3,445</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Net Transfers of Fixed Assets (To) From Other Funds	\$ 287		\$ 287	
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 287</u>		<u>\$ 287</u>	

<b>RETIREE GROUP HEALTH</b>	<b>UNEMPLOYMENT COMPENSATION</b>	<b>WORKERS' COMPENSATION</b>	
			<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>
\$ 3,761	\$ 3,500	\$ 13,383	Cash Received for Current Services
		180	Cash Received for Other Operations
(2,998)			Cash Paid for Salaries and Benefits
(126)	(15)	(3,759)	Cash Paid for Services and Supplies
	(2,242)	(14,204)	Cash Paid for Reported Claims
(26)	(71)	(136)	Cash Paid for Other Charges
<u>611</u>	<u>1,172</u>	<u>(4,536)</u>	Net Cash Provided (Used) by Operating Activities
			<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>
			Pension Obligation Bond Principal Paid
			Pension Obligation Bond Interest Paid
			Net Cash Provided (Used) by Non-Capital Financing Activities
			<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>
			Acquisition or Construction of Capital Assets
			Proceeds From Sale of Fixed Assets
			Net Cash Provided (Used) by Capital and Related Financing Activities
			<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>
162	18	86	Interest on Bank Deposits and Investments
773	1,190	(4,450)	Net Increase (Decrease) in Cash and Cash Equivalents
14,968	40	5,083	Cash and Cash Equivalents, July 1, 2003
<u>\$ 15,741</u>	<u>\$ 1,230</u>	<u>\$ 633</u>	Cash and Cash Equivalents, June 30, 2004
			<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>
\$ 611	\$ 1,029	\$ (18,158)	Operating Income (Loss)
			Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
		180	Other Non-Operating Revenues
			Depreciation
			Changes in Assets and Liabilities:
			(Increase) Decrease in Inventory
			(Increase) Decrease in Accounts Receivable
			(Increase) Decrease in Due from Others
			(Increase) Decrease in Deposits with Others
			Increase (Decrease) in Accrued Expenses
		33	Increase (Decrease) in Due to Others
			Increase (Decrease) in Salaries & Benefits Payable
			Increase (Decrease) in Compensated Absences Payable
			Increase (Decrease) in Provision for Liability Claims
	143	13,409	Total Adjustments
	143	13,622	Net Cash Provided (Used) by Operating Activities
<u>\$ 611</u>	<u>\$ 1,172</u>	<u>\$ (4,536)</u>	
			<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>
\$	\$	\$	Net Transfers of Fixed Assets (To) From Other Funds
<u>\$</u>	<u>\$</u>	<u>\$</u>	Total Noncash 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, 2004 (IN THOUSANDS)**

	<b>BALANCE JULY 1, 2003</b>	<b>ADDITIONS</b>	<b>DEDUCTIONS</b>	<b>BALANCE JUNE 30, 2004</b>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 156,583	\$ 4,001,031	\$ 4,008,877	\$ 148,737
Interest Receivable	563	329	563	329
Due from Other Funds	12	929	737	204
Accounts Receivable	21	697	656	62
Loans Receivable	280		75	205
Taxes Receivable	39,280	684,982	682,478	41,784
Due from Other Agencies	6,552	2,993	6,552	2,993
Total Assets	<u>\$ 203,291</u>	<u>\$ 4,690,961</u>	<u>\$ 4,699,938</u>	<u>\$ 194,314</u>
<b>LIABILITIES</b>				
Warrants Payable	\$ 34,606	\$ 1,931,006	\$ 1,940,122	\$ 25,490
Accounts Payable	7	7	14	7
Due to Other Funds	627	666	627	666
Due to Other Governments	167,720	2,027,563	2,027,445	167,838
Unapportioned Installment Redemptions	331	1	12	320
Total Liabilities	<u>\$ 203,291</u>	<u>\$ 3,959,243</u>	<u>\$ 3,968,220</u>	<u>\$ 194,314</u>
<b>CLEARING FUNDS</b>				
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 182	\$ 800,592	\$ 800,095	\$ 679
Due from Other Agencies	211		211	211
Accounts Receivable	10	107	68	49
Total Assets	<u>\$ 403</u>	<u>\$ 800,699</u>	<u>\$ 800,374</u>	<u>\$ 728</u>
<b>LIABILITIES</b>				
Warrant Payable		84,371	83,982	389
Due to Other Governments	\$ 192	\$ 765,189	\$ 765,042	\$ 339
Due to Other Funds	211		211	211
Total Liabilities	<u>\$ 403</u>	<u>\$ 849,560</u>	<u>\$ 849,235</u>	<u>\$ 728</u>
<b>WARRANT CLEARANCE FUNDS</b>				
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 34,606	\$ 1,846,701	\$ 1,856,206	\$ 25,101
Total Assets	<u>\$ 34,606</u>	<u>\$ 1,846,701</u>	<u>\$ 1,856,206</u>	<u>\$ 25,101</u>
<b>LIABILITIES</b>				
Warrants Payable	\$ 34,606	\$ 1,846,635	\$ 1,856,140	\$ 25,101
Total Liabilities	<u>\$ 34,606</u>	<u>\$ 1,846,635</u>	<u>\$ 1,856,140</u>	<u>\$ 25,101</u>

**COUNTY OF KERN  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
AGENCY FUNDS  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

	<u>BALANCE</u> <u>JULY 1, 2003</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2004</u>
<b>STATE FUNDS</b>				
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 4,647	\$ 20,483	\$ 19,219	\$ 5,911
Interest Receivable	5	4	5	4
Total Assets	<u>\$ 4,652</u>	<u>\$ 20,487</u>	<u>\$ 19,224</u>	<u>\$ 5,915</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 4,652	\$ 19,941	\$ 18,678	\$ 5,915
Total Liabilities	<u>\$ 4,652</u>	<u>\$ 19,941</u>	<u>\$ 18,678</u>	<u>\$ 5,915</u>
<b>OTHER FUNDS</b>				
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 103,435	\$ 560,787	\$ 559,435	\$ 104,787
Interest Receivable	360	196	360	196
Due from Other Agencies	6,341	2,993	6,341	2,993
Accounts Receivable	11	590	588	13
Loans Receivable	280		75	205
Total Assets	<u>\$ 110,427</u>	<u>\$ 564,566</u>	<u>\$ 566,799</u>	<u>\$ 108,194</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 7	\$ 7	\$ 14	\$
Due to Other Government	110,420	471,073	473,299	108,194
Total Liabilities	<u>\$ 110,427</u>	<u>\$ 471,080</u>	<u>\$ 473,313</u>	<u>\$ 108,194</u>
<b>UNAPPORTIONED FUNDS</b>				
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 13,713	\$ 772,468	\$ 773,922	\$ 12,259
Interest Receivable	198	129	198	129
Due From Other Funds	12	929	737	204
Taxes Receivable	39,280	684,982	682,478	41,784
Total Assets	<u>\$ 53,203</u>	<u>\$ 1,458,508</u>	<u>\$ 1,457,335</u>	<u>\$ 54,376</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 416	\$ 666	\$ 416	\$ 666
Due to Other Governments	52,456	771,360	770,426	53,390
Unapportioned Installment Redemptions	331	1	12	320
Total Liabilities	<u>\$ 53,203</u>	<u>\$ 772,027</u>	<u>\$ 770,854</u>	<u>\$ 54,376</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 windmill, a plow, a sheaf of wheat, a bunch of grapes, and a basket of oranges. The seal is surrounded by a blue ring with the text "COUNTY OF KERN" at the top and "STATE OF CALIFORNIA" at the bottom, separated by dots. The entire seal is enclosed in a yellow and black striped border.

**CAPITAL ASSETS USED IN  
THE OPERATION OF  
GOVERNMENTAL FUNDS**

**COUNTY OF KERN  
 CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS  
 SCHEDULE BY SOURCE<sup>1</sup>  
 YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

**Governmental Funds Capital Assets:**

Land	\$	19,407
Structures & Improvements		305,977
Equipment		111,982
Infrastructure		44,591
Construction in Progress		44,528
Total Governmental Funds Capital Assets	\$	<u>526,485</u>

**Investments in Governmental Funds Capital Assets by Source:**

General Fund	\$	264,364
Special Revenue Fund		111,810
Capital Projects Fund		140,886
Donations		9,425
Total Governmental Funds Capital Assets	\$	<u>526,485</u>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service fund are excluded from the above numbers. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

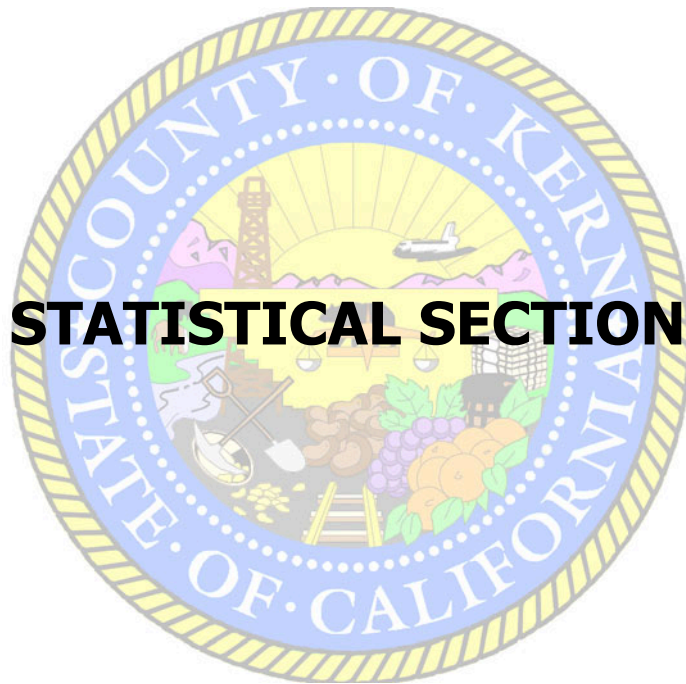
**COUNTY OF KERN  
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS  
SCHEDULE OF FUNCTION AND ACTIVITY  
YEAR ENDED JUNE 30, 2004 (IN THOUSANDS)**

Function & Activity	Department #	Land	Structures & Improvements	Equipment	Construction in Progress	Infrastructure	Total
<b>General Activity</b>							
Board of Supervisors - Dist #1	1011	\$	\$	\$ 39	\$	\$	39
Board of Supervisors - Dist #2	1012			74			74
County Administrative Office	1020			162			162
Clerk of the Board	1030			31			31
Auditor-Controller	1110			169			169
Treasurer	1120			638			638
Assessor	1130	9	1,072	51			1,132
Assessor - Property Tax	1140			112			112
General Services - Mail Services	1151			58			58
Reprographics	1153			226			226
Information Systems	1160			2,502			2,502
County Counsel	1210		46	103			149
Personnel	1310			99			99
Elections - County Clerk	1420			5,129			5,129
Communications	1510		4,525	14,216	9,992		28,733
General Services**	1610	2,422	71,800	2,508	156		76,886
General Services - Construction	1640			19			19
Board of Trade	1812		139	44			183
Engineering & Survey Services	1900		1,727	567	23	10,386	12,703
Risk Management	1910			28			28
<b>Total General Activity</b>		<b>2,431</b>	<b>79,309</b>	<b>26,775</b>	<b>10,171</b>	<b>10,386</b>	<b>129,072</b>
<b>Public Safety</b>							
Superior Court	2115	401	40,994				41,395
District Attorney	2180			986			986
Children Support Services	2183			1,275			1,275
Public Defender	2190		3,809	305			4,114
DA Forensic	2200		139	2,025			2,164
Sheriff	2210	7,107	56,379	22,612			86,157
Probation	2340	219	20,291	2,755	18,555		41,820
Fire	2415	1,186	25,721	25,050	2		51,959
Dept. of Ag & Measure Standard	2610	317	2,563	408			3,288
Code Compliance	2620			111			111
Building Inspection	2625			633			633
Recorder	2705			973			973
Resource Management Agency	2730			123			123
Planning	2750			57			57
Animal Control	2760		1,850	59			1,909
LAFCO	2770			7			7
<b>Total Public Safety</b>		<b>9,230</b>	<b>151,746</b>	<b>57,379</b>	<b>18,616</b>		<b>236,971</b>
<b>Public Ways</b>							
Road	3000	1,648	6,624	10,697	353	34,205	53,527
<b>Total Public Ways</b>		<b>1,648</b>	<b>6,624</b>	<b>10,697</b>	<b>353</b>	<b>34,205</b>	<b>53,527</b>
<b>Health</b>							
Public Health	4110	209	2,514	570	10,909		14,202
Environmental Health	4113			185			185
Mental Health	4120		2,481	667			3,148
Mental Health - Substance Abuse	4123			13			13
California Children's Services	4300			17			17
<b>Total Health</b>		<b>209</b>	<b>4,995</b>	<b>1,452</b>	<b>10,909</b>		<b>17,565</b>
<b>Public Assistance</b>							
Human Services	5120	6	2,201	5,475			7,682
Veterans Services	5510		34				34
Aging & Adult Services	5610		240	198			438
Employers Training Resources	5923			1,109			1,109
Community Development Program Agency	5940		97	39			136
<b>Total Public Assistance</b>		<b>6</b>	<b>2,572</b>	<b>6,821</b>			<b>9,399</b>
<b>Education</b>							
Library	6210	2,108	25,362	4,252			31,722
Farm & Home Advisor	6310			19			19
Experimental Farm	6320		506				506
<b>Total Education</b>		<b>2,108</b>	<b>25,868</b>	<b>4,271</b>			<b>32,247</b>
<b>Parks &amp; Recreation</b>							
Parks	7100	3,775	34,863	4,587	4,479		47,704
<b>Total Parks &amp; Recreation</b>		<b>3,775</b>	<b>34,863</b>	<b>4,587</b>	<b>4,479</b>		<b>47,704</b>
<b>Total Governmental Funds</b>		<b>\$ 19,407</b>	<b>\$ 305,977</b>	<b>\$ 111,982</b>	<b>\$ 44,528</b>	<b>\$ 44,591</b>	<b>\$ 526,485</b>

\*\*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, 2004 (IN THOUSANDS)**

Function & Activity	Department #	Governmental Funds Capital Assets			Governmental Funds
		6/30/2002	Additions	Deductions	Capital Assets 6/30/2003
<b>General Activity</b>					
Board of Supervisors - Dist #1	1011	\$ 39	\$	\$	39
Board of Supervisors - Dist #2	1012	50	24		74
County Administrative Office	1020	85	77		162
Clerk of the Board	1030	82		51	31
Auditor-Controller	1110	230		61	169
Treasurer	1120	574	70	6	638
Assessor	1130	1,140	59	67	1,132
Assessor - Property Tax	1140	132		20	112
General Services - Mail Services	1151	32	33	7	58
Reprographics	1153	190	36		226
Information Systems	1160	2,430	169	97	2,502
County Counsel	1210	150	1	2	149
Personnel	1310	42	57		99
Elections - County Clerk	1420	1,134	3,995		5,129
Communications	1510	16,301	20,205	7,773	28,733
General Services	1610	75,885	1,468	467	76,886
General Services - Construction	1640	19			19
Board of Trade	1812	183			183
Engineering & Survey Services	1900	5,526	7,200	23	12,703
Risk Management	1910	22	6		28
<b>Total General Activity</b>		<u>104,246</u>	<u>33,400</u>	<u>8,574</u>	<u>129,072</u>
<b>Public Safety</b>					
Superior Court	2115	40,999	592	196	41,395
District Attorney	2180	999	18	31	986
Children Support Services	2183	1,165	162	52	1,275
Public Defender	2190	4,406		292	4,114
DA Forensic	2200	2,075	214	125	2,164
Sheriff	2210	87,909	1,426	3,178	86,157
Probation	2340	30,643	11,261	84	41,820
Fire	2415	51,381	644	66	51,959
Agricultural Commissioner	2610	3,246	42		3,288
Code Compliance	2620	111			111
Building Inspection	2625	521	208	96	633
Recorder	2705	811	231	69	973
Resource Management Agency	2730	123			123
Planning	2750	34	28	5	57
Animal Control	2760	1,910		1	1,909
LAFCO	2770	7			7
<b>Total Public Safety</b>		<u>226,340</u>	<u>14,826</u>	<u>4,195</u>	<u>236,971</u>
<b>Public Ways</b>					
Road	3000	39,324	18,030	3,827	53,527
<b>Total Public Ways</b>		<u>39,324</u>	<u>18,030</u>	<u>3,827</u>	<u>53,527</u>
<b>Health</b>					
Public Health	4110	15,267	243	1,308	14,202
Environmental Health	4113	178	7		185
Mental Health	4120	3,171	76	99	3,148
Mental Health - Substance Abuse	4123	20		7	13
Emergency Medical Services	4200	42		42	
California Children's Services	4300	8	9		17
<b>Total Health</b>		<u>18,686</u>	<u>335</u>	<u>1,456</u>	<u>17,565</u>
<b>Public Assistance</b>					
Human Services	5120	7,700		18	7,682
Veterans Services	5510	34			34
Aging & Adult Services	5610	438			438
Employers Training Resources	5923	1,528		419	1,109
Community Development Program Ager	5940	5,814		5,678	136
<b>Total Public Assistance</b>		<u>15,514</u>		<u>6,115</u>	<u>9,399</u>
<b>Education</b>					
Library	6210	31,735		13	31,722
Farm & Home Advisor	6310	41		22	19
Experimental Farm	6320	506			506
<b>Total Education</b>		<u>32,282</u>		<u>35</u>	<u>32,247</u>
<b>Parks &amp; Recreation</b>					
Parks	7100	40,382	9,082	1,760	47,704
<b>Total Parks &amp; Recreation</b>		<u>40,382</u>	<u>9,082</u>	<u>1,760</u>	<u>47,704</u>
<b>Total Governmental Funds</b>		<u>\$ 476,774</u>	<u>\$ 75,673</u>	<u>\$ 25,962</u>	<u>\$ 526,484</u>



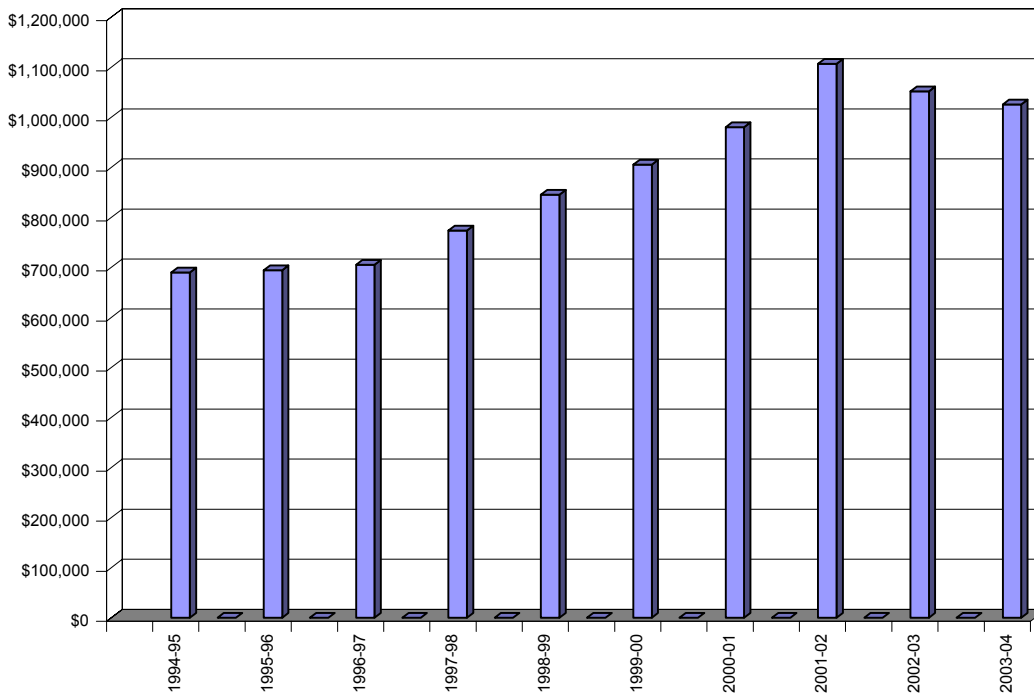
**STATISTICAL SECTION**

**COUNTY OF KERN  
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)  
LAST TEN FISCAL YEARS (IN THOUSANDS)**

<u>SOURCE</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Taxes	\$ 114,397	\$ 119,228	\$ 124,323	\$ 138,034	\$ 132,131
Licenses, Permits and Franchises	7,766	8,189	8,453	8,582	9,710
Fines, Forfeitures and Penalties	6,788	8,701	7,669	12,697	13,926
Revenue from Use of Money and Property	8,928	10,687	10,315	11,840	12,061
Aid from Other Governmental Agencies	398,843	428,170	421,008	440,414	464,590
Charges for Current Services	73,360	77,447	80,267	88,679	105,232
Other Revenue	<u>79,640</u>	<u>42,084</u>	<u>52,987</u>	<u>73,467</u>	<u>107,422</u>
Total	<u>689,722</u>	<u>\$ 694,506</u>	<u>\$ 705,022</u>	<u>\$ 773,713</u>	<u>\$ 845,072</u>

(1) Total General Revenues include all Governmental Activities.

**REVENUE TRENDS**



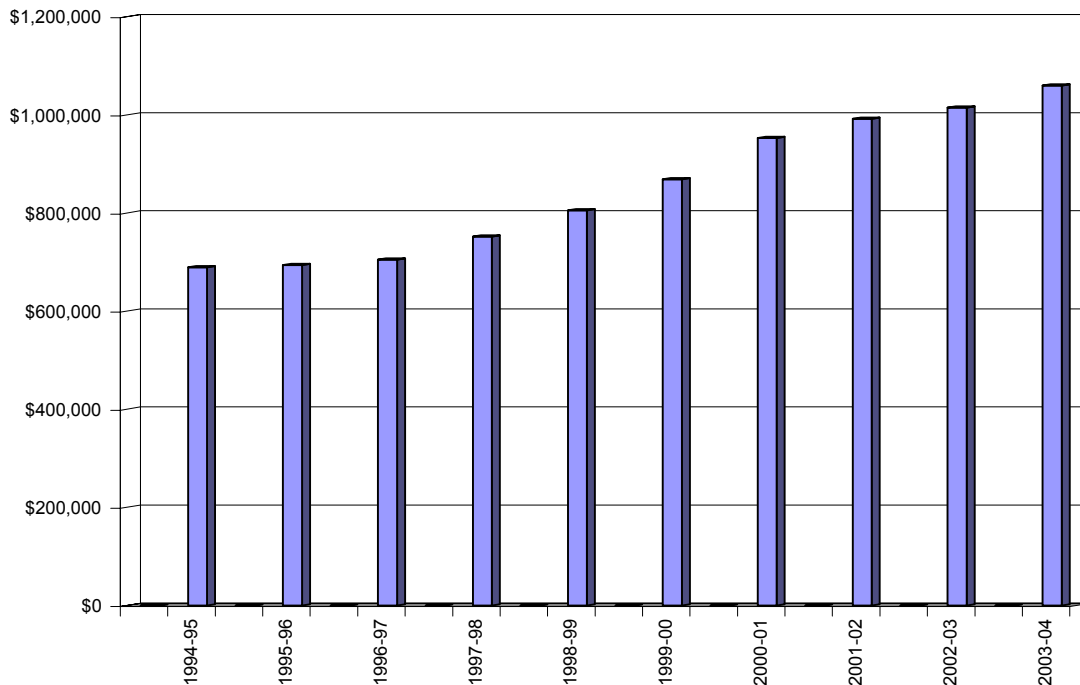
<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>SOURCE</u>
\$ 139,328	\$ 143,060	\$ 158,277	\$ 168,142	\$ 138,075	Taxes
9,492	12,293	13,609	11,988	13,276	Licenses, Permits and Franchises
17,248	17,618	23,787	17,878	21,009	Fines, Forfeitures and Penalties
13,038	19,543	13,466	13,246	8,540	Revenue from Use of Money and Property
521,590	577,078	621,690	624,447	603,631	Aid from Other Governmental Agencies
116,471	132,038	129,066	124,171	135,431	Charges for Current Services
<u>88,256</u>	<u>78,482</u>	<u>146,829</u>	<u>91,856</u>	<u>105,810</u>	Other Revenue
<u>\$ 905,423</u>	<u>\$ 980,112</u>	<u>\$ 1,106,724</u>	<u>\$ 1,051,728</u>	<u>\$ 1,025,772</u>	Total

**COUNTY OF KERN  
GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)  
LAST TEN FISCAL YEARS (IN THOUSANDS)**

<b>FUNCTION</b>	<b>1994-95</b>	<b>1995-96</b>	<b>1996-97</b>	<b>1997-98</b>	<b>1998-99</b>
General Government	\$ 50,778	\$ 53,100	\$ 52,337	\$ 57,246	\$ 66,343
Public Protection	204,075	220,899	227,549	245,748	251,602
Health and Sanitation	108,586	88,878	97,355	120,616	136,385
Public Assistance	275,568	279,640	262,503	251,601	281,877
Education	6,486	6,758	7,064	7,663	7,365
Recreation and Cultural Services	8,795	9,377	8,769	9,010	9,397
Public Ways and Facilities	23,125	22,075	20,806	24,295	24,138
Capital Outlay	3,715	4,839	8,966	14,038	7,411
Debt Service - Principal	4,150	4,300	5,300	6,962	7,406
Debt Service - Interest	4,233	4,185	14,223	14,759	13,620
<b>Total</b>	<b>\$ 689,511</b>	<b>\$ 694,051</b>	<b>\$ 704,872</b>	<b>\$ 751,938</b>	<b>\$ 805,544</b>

(1) Total General Expenditures include all Governmental Activities.

**EXPENDITURE TRENDS**





<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>FUNCTION</u>
\$ 66,461	\$ 69,040	\$ 76,860	\$ 87,676	\$ 85,318	General Government
264,142	300,742	316,154	321,502	327,726	Public Protection
157,362	152,334	144,518	161,553	180,341	Health and Sanitation
309,570	334,562	370,226	355,787	350,059	Public Assistance
7,449	8,377	8,909	10,258	8,055	Education
9,440	9,843	10,591	10,268	11,231	Recreation and Cultural Services
24,194	36,632	27,533	28,380	29,337	Public Ways and Facilities
8,478	17,455	10,363	11,808	24,264	Capital Outlay
8,079	9,816	11,724	13,277	16,197	Debt Service - Principal
13,590	14,139	15,215	14,356	27,290	Debt Service - Interest
<u>\$ 868,765</u>	<u>\$ 952,940</u>	<u>\$ 992,093</u>	<u>\$ 1,014,865</u>	<u>\$ 1,059,818</u>	Total

**COUNTY OF KERN  
COMPARATIVE SCHEDULE OF  
TOTAL TAXES LEVIED ON COUNTY TAX BILLS FOR ALL AGENCIES  
LAST TEN FISCAL YEARS (IN THOUSANDS)**

<u>FISCAL YEAR</u>	<u>DESCRIPTION</u>	<u>TAXES LEVIED</u>	<u>TAXES COLLECTED*</u>	<u>AMOUNT DELINQUENT (JUNE 30)</u>	<u>PERCENTAGE OF DELINQUENCY</u>
1994-95	Secured	393,977	376,846	17,131	
	Unsecured	20,819	20,034	785	
	Total	<u>414,796</u>	<u>396,880</u>	<u>17,916</u>	4.319%
1995-96	Secured	423,449	404,437	19,012	
	Unsecured	19,031	18,271	760	
	Total	<u>442,480</u>	<u>422,708</u>	<u>19,772</u>	4.469%
1996-97	Secured	447,890	429,474	18,416	
	Unsecured	19,204	18,564	640	
	Total	<u>467,094</u>	<u>448,038</u>	<u>19,056</u>	4.080%
1997-98	Secured	467,784	449,604	18,180	
	Unsecured	18,796	18,099	697	
	Total	<u>486,580</u>	<u>467,703</u>	<u>18,877</u>	3.880%
1998-99	Secured	455,527	436,345	19,182	
	Unsecured	21,502	20,900	602	
	Total	<u>477,029</u>	<u>457,245</u>	<u>19,784</u>	4.147%
1999-00	Secured	497,571	480,111	17,460	
	Unsecured	22,847	22,303	544	
	Total	<u>520,418</u>	<u>502,414</u>	<u>18,004</u>	3.460%
2000-01	Secured	518,583	500,720	17,863	
	Unsecured	23,736	23,295	441	
	Total	<u>542,319</u>	<u>524,015</u>	<u>18,304</u>	3.375%
2001-02	Secured	551,988	534,278	17,710	
	Unsecured	23,805	23,369	436	
	Total	<u>575,793</u>	<u>557,647</u>	<u>18,146</u>	3.152%
2002-03	Secured	552,471	538,096	14,375	
	Unsecured	24,208	23,689	519	
	Total	<u>576,679</u>	<u>561,785</u>	<u>14,894</u>	2.583%
2003-04	Secured	581,097	565,237	15,860	
	Unsecured	26,512	26,010	502	
	Total	<u>607,609</u>	<u>591,247</u>	<u>16,362</u>	2.693%

\* The above amounts do not include any penalties collected or any penalties due with delinquency amount.

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

**COUNTY OF KERN  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(% PER \$100 OF ASSESSED VALUE)  
LAST TEN FISCAL YEARS**

<b>FISCAL YEAR</b>	<b>COUNTYWIDE</b>	<b>SPECIAL DISTRICTS</b>	<b>SCHOOLS</b>	<b>TOTAL</b>
1994-95	1.0	0.060391	0.065063	1.125454
1995-96	1.0	0.084461	0.078741	1.163202
1996-97	1.0	0.080662	0.088116	1.168778
1997-98	1.0	0.076735	0.095754	1.172489
1998-99	1.0	0.075166	0.064374	1.139540
1999-00	1.0	0.074314	0.087712	1.162026
2000-01	1.0	0.068755	0.087712	1.156467
2001-02	1.0	0.061936	0.055685	1.117621
2002-03	1.0	0.060665	0.099861	1.160526
2003-04	1.0	0.063662	0.082729	1.146391

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

Notes: The above tax rates are for tax rate area 001-001, which applies to most property within the County of Kern.

California voters, on June 6, 1978, approved a constitutional amendment to Article XIII A of the California Constitution, (commonly known as Statutes of 1978, Chapter 292, as amended) which provides that notwithstanding any other law, local agencies may not levy any property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each County will levy the maximum tax permitted by Article XIII A of \$1.00 per \$100.00 of full cash value. For fiscal years thereafter, the assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978.

**COUNTY OF KERN  
COMPARATIVE SCHEDULE OF ASSESSED VALUATIONS  
SECURED AND UNSECURED  
LAST TEN FISCAL YEARS ( IN THOUSANDS)**

<b>FISCAL YEAR</b>	<b>REAL ESTATE INSIDE</b>	<b>REAL ESTATE OUTSIDE</b>	<b>IMPROVEMENTS INSIDE</b>	<b>IMPROVEMENTS OUTSIDE</b>	<b>PERSONAL PROPERTY INSIDE</b>
1994-95	2,971,643	9,045,397	7,975,038	10,224,350	527,016
1995-96	3,092,515	10,791,556	8,371,689	10,427,513	550,462
1996-97	3,135,975	11,800,346	8,546,839	10,563,722	550,479
1997-98	3,202,950	13,706,174	8,737,682	10,860,330	565,488
1998-99	3,257,755	12,192,527	9,005,070	10,217,692	653,895
1999-00	3,411,557	14,645,217	9,692,268	10,830,481	634,079
2000-01	3,549,682	16,163,965	10,244,613	11,027,657	760,543
2001-02	3,691,765	17,697,552	10,599,854	11,783,305	784,787
2002-03	3,892,717	14,169,623	11,320,839	13,200,573	798,871
2003-04	4,224,299	13,578,934	12,441,700	14,618,761	828,664

\* The Net Total County Valuation figures are before subtracting the State Subvented Homeowners and Business Inventory Exemptions.

\*\* Beginning with 1988-89 fiscal year, Unitary and Operating Non-Unitary properties are assessed countywide as required by Assembly Bill 454.

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

<b>PERSONAL PROPERTY OUTSIDE</b>	<b>COUNTYWIDE UNITARY AND OPERATING NON-UNITARY**</b>	<b>TOTAL COUNTY VALUATION</b>	<b>LESS NON-SUBVENTED EXEMPTIONS</b>	<b>NET TOTAL COUNTY VALUATIONS*</b>	<b>FISCAL YEAR</b>
967,722	1,742,344	33,453,510	638,988	32,814,522	1994-95
960,068	1,717,325	35,911,128	670,985	35,240,143	1995-96
912,295	1,709,893	37,219,549	711,575	36,507,974	1996-97
922,785	1,622,220	39,617,629	733,440	38,884,189	1997-98
958,951	1,619,550	37,905,440	781,115	37,124,325	1998-99
1,040,266	1,556,419	41,810,287	816,531	40,993,756	1999-00
1,167,124	1,525,556	44,439,140	873,551	43,565,589	2000-01
1,133,795	1,419,551	47,110,609	927,025	46,183,584	2001-02
1,122,234	1,501,357	46,006,214	1,003,827	45,002,387	2002-03
1,138,086	1,433,776	48,264,220	1,031,002	47,233,218	2003-04

**COUNTY OF KERN  
BUILDING PERMITS  
LAST TEN FISCAL YEARS (IN THOUSANDS)**

**COUNTY OF KERN  
BUILDING PERMITS (2)**

<u>Fiscal Year</u>	<u>Permits Issued</u>	<u>Value of Buildings</u>
1994-95	6,603	458,797
1995-96	6,750	448,664
1996-97	6,001	426,811
1997-98	6,674	525,390
1998-99	6,719	644,182
1999-00	6,556	537,434
2000-01	6,795	712,214
2001-02	8,124	937,147
2002-03	8,390	986,885
2003-04	10,280	1,267,032

(2) Source: Building Inspection, County of Kern

**COUNTY OF KERN  
COMPUTATION OF LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS (IN THOUSANDS)**

**Legislation does not mandate a debt limit for the County of Kern.**

**COUNTY OF KERN  
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO TOTAL GENERAL  
GOVERNMENTAL EXPENDITURES  
LAST TEN FISCAL YEARS (IN THOUSANDS)**

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>TOTAL DEBT SERVICE</b>	<b>TOTAL GENERAL EXPENDITURES (1)</b>	<b>RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES</b>
1994-95	4,150	4,233	8,383	689,511	1.22%
1995-96	4,300	4,185	8,485	694,051	1.22%
1996-97	5,300	14,224	19,524	704,872	2.77%
1997-98	6,962	14,759	21,721	751,938	2.89%
1998-99	7,406	13,620	21,026	805,544	2.61%
1999-00	8,079	13,591	21,670	868,765	2.49%
2000-01	9,816	14,139	23,955	952,940	2.51%
2001-02	11,724	15,215	26,939	992,093	2.72%
2002-03	13,277	14,356	27,633	1,014,865	2.72%
2003-04	16,197	27,290	43,487	1,059,818	4.10%

Notes:

(1) Total General Expenditures include all Governmental Activities.

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



**COUNTY OF KERN  
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT  
JUNE 30, 2004 (IN THOUSANDS)**

**2003-04 Assessed Valuation: \$45,862,199 (After deducting \$1,283,734 Redevelopment Incremental Valuation; Includes unitary utility valuation)**

	Percentage Applicable	Debt 05/01/04
<b><u>Overlapping Tax and Assessment Debt:</u></b>		
Kern Community College School Facilities Improvement District	91.42%	\$ 68,607
Delano Joint Union High School District	71.50%	18,471
Kern County Union High School District	100	65,035
Unified School Districts	100	47,681
Bakersfield School District	100	26,844
Delano Union School District	100	22,060
Fruitvale School District and Lease Tax Obligations	100	13,430
Greenfield Union School District	100	11,580
Taft School District	100	11,375
Other School Districts	100	60,234
City of Bakersfield	100	3,050
Kern County Water Agency I.D. #4	100	2,230
Other Water Districts	Various	7,770
Belridge Water Storage District	100	3,565
Wheeler Ridge-Maricopa Water Storage District	100	11,860
Semitropic Water Storage District Improvement Districts	100	10,720
Other Water Storage Districts	100	889
Bear Valley Community Services District, I.D. No. 2	100	6,915
Community Facilities Districts	100	46,340
1915 Act bonds (Estimated)	100	103,578
Total Gross Overlapping Tax and Assessment Debt		\$ 542,234
Less:		
City of Bakersfield Water Bonds (100% self-supporting)		3,050
Water Storage Districts (100% self-supporting)		12,489
Cawelo Water District (100% self-supporting)		3,050
Total Net Overlapping Tax and Assessment Debt		\$ 523,645
<b><u>Overlapping General Fund Obligation Debt:</u></b>		
	Percentage Applicable	Debt 05/01/04
Kern County Board of Education Certificates of Participation	100	\$ 97,575
Community College District Certificates of Participation	Various	71,609
Kern County Union High School District Certificates of Participation	100	94,400
Other High School Certificates of Participation	Various	1,740
Unified School District General Fund Obligations	Various	25,430
School District General Fund Obligations	100	31,455
City of Bakersfield General Fund Obligations	100	34,640
City of Ridgecrest Certificates of Participation	100	9,475
Other City General Fund Obligations	100	1,701
Total Overlapping General Fund Obligation Debt		\$ 368,025
Total Net Overlapping General Fund Obligation Debt		368,025
TOTAL NET OVERLAPPING DEBT		\$ 891,670
<b><u>Direct General Fund Obligation Debt:</u></b>		
	Percentage Applicable	Debt 05/01/04
Kern County Certificates of Participation	100	\$ 107,391 (1)
Kern County Pension Obligations	100	500,639 (1)
Total Net Direct General Fund Obligation Debt		608,030
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>		<b>\$ 1,499,700 (2)</b>

**NOTES:**

- (1) Excludes tax and revenue anticipation notes.
- (2) Excludes tax and revenue anticipation notes, revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**Ratios to Assessed Valuation:**

Total Gross Overlapping Tax and Assessment Debt	1.15%
Total Net Overlapping Tax and Assessment Debt	1.11%

**Ratios to Adjusted Assess Valuation:**

Combined Direct Debt (\$608,030)	1.33%
Gross Combined Total Debt	3.31%
Net Combined Total Debt	3.27%

Source: California Municipal Statistics.

**COUNTY OF KERN  
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE  
AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS (IN THOUSANDS)**

<b>FISCAL YEAR</b>	<b>POPULATION (1)</b>	<b>ASSESSED VALUE (2)</b>	<b>BONDED DEBT (3)</b>	<b>RATIO OF NET BONDED DEBT</b>	<b>NET BONDED DEBT PER CAPITA</b>
1994-95	628	32,814,522	-	-	-
1995-96	625	34,145,028	193,095	0.006	309
1996-97	628	36,507,975	193,187	0.005	308
1997-98	640	37,784,760	193,187	0.005	302
1998-99	648	36,127,467	185,462	0.005	286
1999-00	659	39,958,881	185,462	0.005	281
2000-01	686	42,545,294	185,140	0.004	270
2001-02	688	45,025,587	184,070	0.004	268
2002-03	703	43,797,242	182,152	0.004	259
2003-04	725	45,862,203	179,287	0.004	247

(1) Source: California Department of Finance

(2) Valuations exclude redevelopment tax allocations.

(3) Bonded debt amount includes only general obligation bonds. The County had no general obligation bonds the five years prior to fiscal year ending June 30, 1996.

**COUNTY OF KERN  
 ASSESSED VALUATION OF REDEVELOPMENT AGENCY INCREMENT  
 JUNE 30, 2004 (IN THOUSANDS)**

	<b>BOND RATE</b>	<b>COUNTY ASSESSMENT SECURED</b>	<b>COUNTY ASSESSMENT UNSECURED</b>	<b>STATE ASSESSMENT UTILITIES</b>	<b>TOTAL</b>
<b><u>ASSESSED VALUATION OF INSIDE PROPERTY</u></b>					
Arvin		\$ 163,146	\$ 15,309	\$ 310	\$ 178,765
Bakersfield		11,947,360	483,753	26,994	12,458,107
California City		312,658	1,633	130	314,421
Delano		609,808	11,188	1,860	622,856
Maricopa		16,571	1,935	3	18,509
McFarland		167,376	2,115	138	169,629
Ridgecrest		453,306	22,692	11	476,009
Shafter		375,116	19,646	1,523	396,285
Taft		201,622	14,268	415	216,305
Tehachapi		233,535	12,032	2,387	247,954
Wasco		260,874	13,889	1,396	276,159
Total Assessed Value of Inside Property		<u>14,741,372</u>	<u>598,460</u>	<u>35,167</u>	<u>15,374,999</u>
<b><u>ASSESSED VALUE OF OUTSIDE PROPERTY</u></b>					
Road Fund - Outside		<u>25,764,316</u>	<u>1,307,887</u>	<u>1,848,786</u>	<u>28,920,989</u>
<b><u>ASSESSED VALUATION OF COUNTYWIDE PROPERTY</u></b>					
Unitary and Operating Non-Unitary (GENERAL LEVY =1.000000)	0.149895			<u>1,433,776</u>	<u>1,433,776</u>
Pipeline Right of Way (GENERAL LEVY =1.000000)	0.153466		<u>127,743</u>	<u>4,696</u>	<u>132,439</u>
Total Inside and Outside (Excluding Aircraft and Redevelopment)		<u>40,505,688</u>	<u>2,034,090</u>	<u>3,322,425</u>	<u>45,862,203</u>
Arvin		57,184	(10,177)	3	47,010
Bakersfield - Downtown		106,718	35,788	(82)	142,424
Bakersfield - Old Town		25,084	14,160	(3,925)	35,319
Bakersfield - Southeast		62,126	12,005	746	74,877
California City		187,474	4,094	(13)	191,555
Delano #1		25,266	336	-	25,602
Delano		158,234	14,833	(518)	172,549
Ridgecrest		357,753	4,732	(10)	362,475
Shafter #1		64,107	966	410	65,483
Shafter #2		63,065	9,339	-	72,404
Taft		16,551	1,770	2,218	20,539
Tehachapi		20,771	4,512	(832)	24,451
Wasco		53,784	(4,356)	(75)	49,353
Wasco #1		(307)	-	-	(307)
Total Redevelopment Agency		<u>1,197,810</u>	<u>88,002</u>	<u>(2,078)</u>	<u>1,283,734</u>
Grand Total - Countywide Taxable Value		<u>\$ 41,703,498</u>	<u>\$ 2,122,092</u>	<u>\$ 3,320,347</u>	<u>\$ 47,145,937</u>

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

**COUNTY OF KERN  
BUILDING PERMIT VALUATIONS, DWELLING UNITS AND BANK DEPOSITS  
LAST TEN CALENDAR YEARS (IN THOUSANDS)**

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<b>Valuations:(1)</b>					
Residential	\$ 333,865	\$ 290,196	\$ 274,743	\$ 360,455	\$ 361,140
Non-Residential	<u>114,799</u>	<u>136,615</u>	<u>144,408</u>	<u>202,899</u>	<u>164,388</u>
Total	\$ <u>448,664</u>	\$ <u>426,811</u>	\$ <u>419,151</u>	\$ <u>563,354</u>	\$ <u>525,528</u>
<b>New Dwelling Units:(1)</b>					
Single Family	\$ 275,226	\$ 245,186	\$ 244,134	\$ 314,658	\$ 320,811
Multiple Family	<u>40,450</u>	<u>22,089</u>	<u>11,132</u>	<u>28,770</u>	<u>17,953</u>
Total	\$ <u>315,676</u>	\$ <u>267,275</u>	\$ <u>255,266</u>	\$ <u>343,428</u>	\$ <u>338,764</u>
<b>Bank Deposits:(2)</b>	\$ <u>3,197,000</u>	\$ <u>3,058,000</u>	\$ <u>3,092,000</u>	\$ <u>3,179,000</u>	\$ <u>3,268,000</u>

(1) Source: Construction Industry Research Board.

(2) Source: Federal Deposit Insurance Corporation.

<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	
					<b>Valuations:(1)</b>
\$ 399,392	\$ 480,294	\$ 624,316	\$ 842,396	\$ 251,120	Residential
<u>155,276</u>	<u>327,804</u>	<u>296,909</u>	<u>304,641</u>	<u>54,567</u>	Non-Residential
\$ <u><u>554,668</u></u>	\$ <u><u>808,098</u></u>	\$ <u><u>921,225</u></u>	\$ <u><u>1,147,037</u></u>	\$ <u><u>305,687</u></u>	Total
					<b>New Dwelling Units:(1)</b>
\$ 357,260	\$ 445,556	\$ 578,454	\$ 776,323	\$ 224,736	Single Family
<u>12,947</u>	<u>10,042</u>	<u>17,897</u>	<u>31,539</u>	<u>17,102</u>	Multiple Family
\$ <u><u>370,207</u></u>	\$ <u><u>455,598</u></u>	\$ <u><u>596,351</u></u>	\$ <u><u>807,862</u></u>	\$ <u><u>241,838</u></u>	Total
\$ <u><u>3,265,000</u></u>	\$ <u><u>3,545,000</u></u>	\$ <u><u>3,752,000</u></u>	\$ <u><u>4,047,000</u></u>	\$ <u><u>4,272,000</u></u>	<b>Bank Deposits:(2)</b>

**COUNTY OF KERN  
 DEMOGRAPHIC STATISTICS  
 LAST TEN FISCAL YEARS (IN THOUSANDS)**

<b>FISCAL YEAR</b>	<b>POPULATION COUNTY OF KERN (1)</b>	<b>POPULATION STATE OF CALIFORNIA (1)</b>	<b>POPULATION UNITED STATES (2)</b>	<b>SCHOOL ENROLLMENT COUNTY OF KERN (1)</b>	<b>UNEMPLOYMENT RATE COUNTY OF KERN (3)</b>
1994-95	628	31,368	262,176	134	13.8%
1995-96	625	31,558	264,023	137	12.8%
1996-97	628	31,857	267,636	140	13.4%
1997-98	640	32,268	268,790	139	13.1%
1998-99	648	32,667	270,299	139	12.2%
1999-00	659	33,145	272,691	142	10.8%
2000-01	686	34,818	276,059	144	11.4%
2001-02	688	35,037	286,943	146	10.8%
2002-03	703	35,591	291,384	150	12.2%
2003-04	725	36,144	293,623	160	12.4%

(1) Source: California Department of Finance

(2) Source: U.S. Census Bureau

(3) Source: State of California Employment Development Department

**COUNTY OF KERN  
MISCELLANEOUS STATISTICAL DATA  
JUNE 30, 2004**

**GEOGRAPHIC LOCATION:** The County of Kern was organized from portions of Los Angeles and Tulare Counties making it the southernmost county of California's San Joaquin Valley.

**ALTITUDE:** Elevation ranges from a high of 8,755 feet above sea level to a low of 300 feet above sea level.

**AREA OF COUNTY:** 8,170 Square Miles: 5,230,080 acres

**COUNTY SEAT:** Bakersfield, California

**FORM OF GOVERNMENT:** General Law County

**DATE OF FORMATION:** April 2, 1866

**FISCAL YEAR:** July 1 - June 30

**REGISTERED VOTERS:** 271,482 as of June 30, 2004

**ESTIMATED POPULATION OF THE COUNTY OF KERN AS OF JANUARY 1, 2004**

**INCORPORATED CITIES (1):**

Arvin	14,500
Bakersfield	279,700
California City	11,300
Delano	43,200
Maricopa	1,140
McFarland	11,150
Ridgecrest	25,850
Shafter	13,700
Taft	8,950
Tehachapi	11,700
Wasco	22,850
Unincorporated	280,900
Total Population	<u>724,940</u>

**COUNTY EMPLOYEES (2)(3):**

1994-95	7,759
1995-96	7,597
1996-97	7,727
1997-98	7,542
1998-99	7,913
1999-00	8,287
2000-01	9,262
2001-02	9,059
2002-03	9,140
2003-04	8,545

Notes:

- (1) Source: California Department of Finance
- (2) Source: County of Kern
- (3) Figures including full-time, part-time, temporary, extra help, retired-rehired employees and Board or Commission members.

**COUNTY OF KERN  
 PRINCIPAL TAXPAYERS  
 JUNE 30, 2004 (IN THOUSANDS)**

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>NET ASSESSED VALUATION</u>	<u>TOTAL TAX</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUATION</u>
Chevron USA, Inc.	Oil	\$ 3,631,866	\$ 38,359	8.97%
Aera Energy LLC	Oil	2,971,684	30,732	7.34%
Occidental of Elk Hills, Inc.	Oil	2,605,327	27,314	6.43%
La Paloma Generating Trust LTD	Utility	681,000	6,973	1.68%
Pastoria Energy Facility, LLC	Utility	503,100	5,560	1.24%
Pacific Gas & Electric Co.	Utility	370,265	4,440	0.91%
Nuevo Energy Co.	Oil	386,154	3,960	0.95%
U.S. Borax, Inc.	Mining	349,724	3,786	0.86%
Sunrise Power Company, LLC	Utility	327,000	3,340	0.81%
Elk Hills Power, LLC	Utility	311,400	3,333	0.77%
Total		<u>\$ 12,137,520</u>	<u>\$ 127,797</u>	<u>29.96%</u>