



**COUNTY OF KERN  
STATE OF CALIFORNIA**

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2003**

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

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2003



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, 2003  
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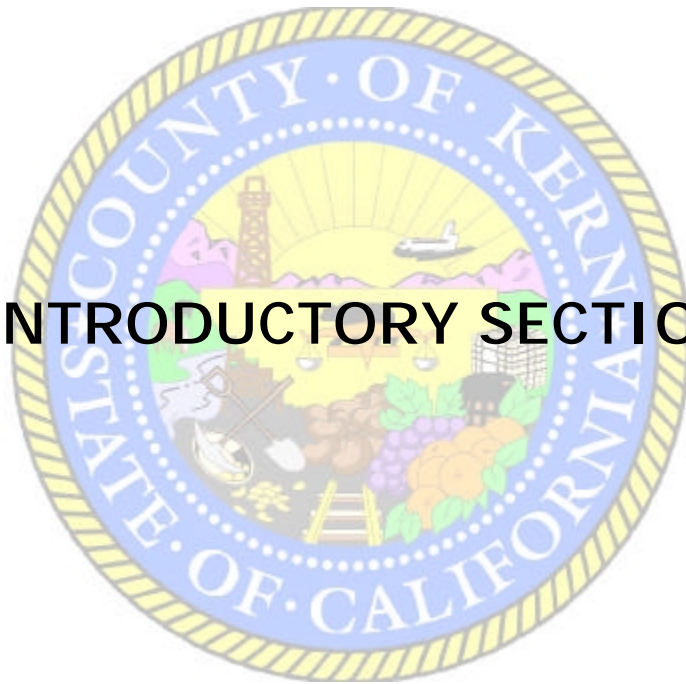
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# INTRODUCTORY SECTION



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



November 26, 2003

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, 2003 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, 2003 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, 2003 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 703,000 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 nonmajor 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 nonmajor 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. Seven of the top ten taxpayers of the County are oil producers or closely related to the oil industry.

The Assessor's final oil and gas assessed valuation roll filed on June 30, 2003 reflected a 23% decline in value, which reduced available property taxes to the County in fiscal year 2002-03 by more than \$3 million.

Agriculture continues to remain relatively stable and the unemployment rate increased from 10.8% in 2001-02 to 12.2% in 2002-03. The population of the County increased by 2.16% from 688,000 to 702,905. The County's major employers are 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, 2001 the County issued \$60,000,000 in Tax and Revenue Anticipation Notes which matured on July 2, 2002. On July 2, 2002, the County issued an additional \$75,000,000 in Tax and Revenue Anticipation Notes which matured on July 2, 2003.

As of June 30, 2003, the County had outstanding certificates of participation in a principal amount of \$117,640,000. 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, 2003 includes (in thousands):

Description of Issue	Date Issued	Maturity	Principal Outstanding
Kern County Public Facilities Project, Series A, B, C and D	1986	2006	\$ 45,200
Kern Medical Center Emergency Facilities	1991	2006	4,925
Solid Waste Systems Improvements	1994	2009	10,010
Rosamond Library Project	1994	2014	1,445
Kern Medical Center Surgical Services Facility	1995	2005	2,555
Beale Memorial Library	1996	2007	7,745
Golf Course Capital Improvement	1996	2016	3,815
Fire Department	1997	2017	7,985
1999 Capital Improvement Projects	1999	2019	19,795
Solid Waste Systems Improvements	2002	2017	14,165
Total:			<u>\$ 117,640</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, 2003 the Treasurer's Pooled Cash included cash and investments totaling \$1.622 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, 2003 averaged 2.68%, which compares with 1.32% 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 \$1,000,000 and up to \$26,000,000. 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 \$1,000,000 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 571 retired employees receiving the Retiree Health Premium Supplement Program and 2,366 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, 2002, the sixth 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

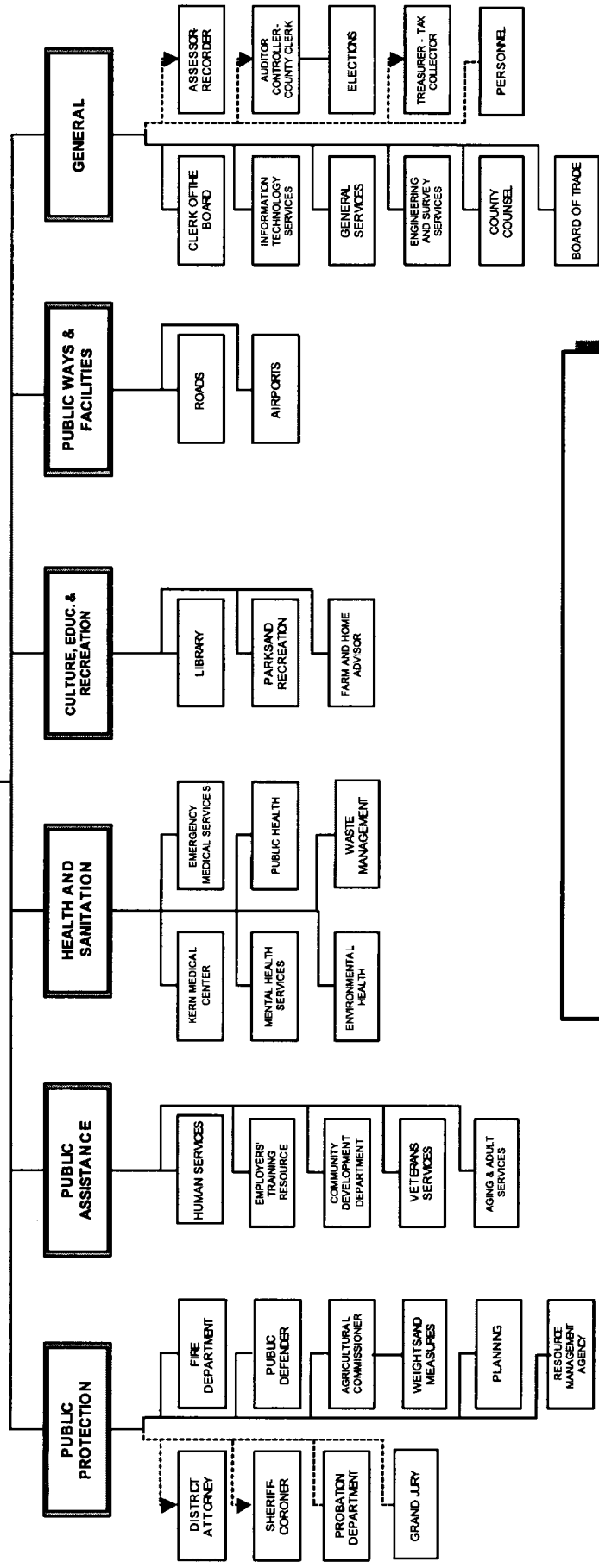
## APPOINTED

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 (INTERIM)  
EMPLOYERS' TRAINING RESOURCE .....VERNA LEWIS  
ENGINEERING & SURVEY SERVICES .....CHARLES LACKEY  
ENVIRONMENTAL HEALTH SERVICES..... STEVE McCALLEY  
FARM AND HOME ADVISOR ..... DARLENE LIESCH  
FIRE DEPARTMENT .....STEPHEN GAGE  
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 ..... LARRY J. RHOADES  
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

# ELECTORATE OF KERN COUNTY

## BOARD OF SUPERVISORS

### COUNTY ADMINISTRATIVE OFFICE



### LEGEND

- FULL ACCOUNTABILITY TO BOARD OF SUPERVISORS
- - - - FISCAL ACCOUNTABILITY TO BOARD OF SUPERVISORS
- ▼ ELECTIVE OFFICE

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## County of Kern, California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2002

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.



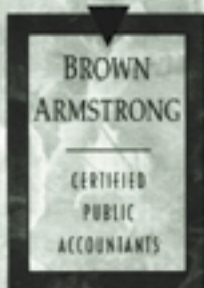
President

Executive Director



**FINANCIAL SECTION**





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

■ **Main Office**  
4200 Truxtun Ave., Suite 300  
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e-mail: barrinfo@barrcpa.com

■ **Shafter Office**  
560 Central Avenue  
Shafter, California 93263  
Tel 661-746-2145 Fax 661-746-1218

Peter C. Brown, CPA  
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Aileen K. Keeter, CPA

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Melinda A. McDaniels, CPA  
Thomas M. Young, CPA  
Amanda E. Wilson, CPA  
Sharon Jones, CPA, MST  
Rosalva Flores, CPA  
Debbie A. Rapp, CPA  
Julie A. Auvel, CPA  
Connie M. Perez, CPA  
Patricia W. Welch, CPA  
Matthew R. Gilligan, CPA  
Shawn M. Canaday, CPA

**INDEPENDENT AUDITOR'S REPORT**

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, 2003, 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.

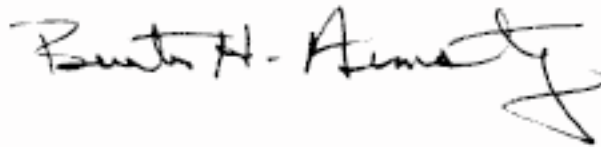
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the County of Kern, California, as of June 30, 2003, 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 November 26, 2003 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, appearing to read "Brent H. Armstrong". The signature is written in a cursive style with a large, stylized initial "A" at the end.

Bakersfield, California  
November 26, 2003



**MANAGEMENT'S  
DISCUSSION AND ANALYSIS**

**County of Kern  
Management's Discussion and Analysis  
For the Year Ended June 30, 2003  
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, 2003. 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 2002-2003 fiscal year by \$357,260 (*Net Assets*). Of this amount \$12,113 (*Unrestricted Net Assets*) may be used to meet the County's ongoing obligations to citizens and the creditors and \$35,101 (*Restricted Net Assets*) may be used for the County's ongoing obligations with external restrictions. (See detail at Note XI. C on page 44 for restrictions of Net Assets).
- The County's net assets increased by \$15,521 during the current fiscal year. Governmental activities increased the County's net assets by \$25,735; this increase was offset by the \$10,214 decrease in business-type activities' net assets.
- As of June 30, 2003, the County's governmental funds reported total ending fund balances of \$308,477, an increase of 1.5% in comparison with the prior year. Approximately 46% or \$140,381 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 \$30,349 or 7.1 % of total General Fund expenditures.
- The County's total long-term debt had a net increase of \$285,850. The net increase is the result of increases in Accrued Landfill Closure/Postclosure Liabilities, the issuance of the Pension Obligation Bonds, the acquisition of a new touch screen voting system and the retrofitting of the Sheriff's Department's Lerdo Facility with lines of credit, and decreases of existing long-term debt as 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 Kern Medical Center and Waste Management, both 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 to 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 \$357,260 (see Table 1 on page 15) at the close of the current fiscal year.

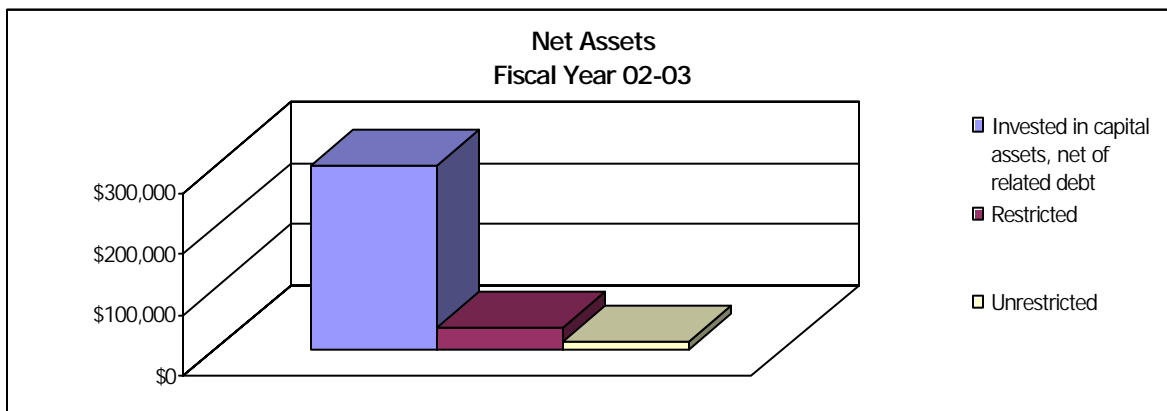
The largest portion of the County's net assets, \$310,046, reflects its investment in capital assets (e.g. land, buildings and improvements, roads, flood control channels, machinery and equipment, and construction in progress), less any related outstanding debt used to acquire those assets. The County 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, \$35,101, 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 of \$12,113 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County as a whole and for its governmental activities reported positive balances in all three categories of net assets. In the business-type activities the County reported negative unrestricted net assets of \$34,857. 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 net assets of Waste Management were a result of higher closure liability accruals during the fiscal year.

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

	Governmental Activities		Business- Type Activities		Total		Total Change
	2003	2002	2003	2002	2003	2002	
Current and Other Asset	\$ 791,254	\$ 291,398	\$ 118,505	\$ 125,622	\$ 909,759	\$ 417,020	\$ 492,739
Capital Assets	301,546	488,760	126,853	125,829	428,399	614,589	(186,190)
<b>Total Assets</b>	<b>1,092,800</b>	<b>780,158</b>	<b>245,358</b>	<b>251,451</b>	<b>1,338,158</b>	<b>1,031,609</b>	<b>306,549</b>
Current and Other Liabilities	170,820	166,068	16,087	18,308	186,907	184,376	2,531
Long - Term Liabilities	629,774	346,071	164,217	162,070	793,991	508,141	285,850
<b>Total Liabilities</b>	<b>800,594</b>	<b>512,139</b>	<b>180,304</b>	<b>180,378</b>	<b>980,898</b>	<b>692,517</b>	<b>288,381</b>
<b>Net Assets</b>							
Invested in Capital Assets, Net of Related Debt	217,758	195,245	92,288	90,467	310,046	285,712	24,334
Restricted	27,478	27,658	7,623	5,935	35,101	33,593	1,508
Unrestricted	46,970	45,116	(34,857)	(25,329)	12,113	19,787	(7,674)
<b>Total Net Assets</b>	<b>\$ 292,206</b>	<b>\$ 268,019</b>	<b>\$ 65,054</b>	<b>\$ 71,073</b>	<b>\$ 357,260</b>	<b>\$ 339,092</b>	<b>\$ 18,168</b>



As shown in Table 2, the County's net assets increased by \$18,168, of which \$15,521 is for current year activity and \$2,647 for prior period activity. The increase is due to increased collections in property taxes and increases in operating grants and contributions for all functions. The increase was offset by a decline in charges for current services due to lower collections for Medi-Cal and Medicare patients and reclassification of health care expense offset as to patient revenue.

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

	Governmental Activities		Business- Type Activities		Total		Total Change
	2003	2002	2003	2002	2003	2002	
<b>Revenues</b>							
Program Revenues							
Charges for Services	\$ 233,719	\$ 221,481	\$ 136,201	\$ 178,489	\$ 369,920	\$ 399,970	\$ (30,050)
Operating Grants and Contributions	616,677	601,913	34,275	24,679	650,952	626,592	24,360
Capital Grants and Contributions	5,619	-	1,283	5,649	6,902	5,649	1,253
General Revenues							
Property Taxes	139,434	129,580	-	-	139,434	129,580	9,854
Aircraft Taxes	175	117	-	-	175	117	58
Sales and Use Taxes	22,808	23,047	-	-	22,808	23,047	(239)
Transient Occupancy Tax	1,172	1,551	-	-	1,172	1,551	(379)
Transfer Tax	2,780	2,040	-	-	2,780	2,040	740
Other Taxes	963	800	-	-	963	800	163
Unrestricted Investment Earnings	12,312	11,770	1,929	3,451	14,241	15,221	(980)
Other	2,413	1,998	2,441	676	4,854	2,674	2,180
<b>Total Revenues</b>	<b>1,038,072</b>	<b>994,297</b>	<b>176,129</b>	<b>212,944</b>	<b>1,214,201</b>	<b>1,207,241</b>	<b>6,960</b>
Expenses							
General Government	86,271	74,021	-	-	86,271	74,021	12,250
Public Protection	311,333	312,049	-	-	311,333	312,049	(716)
Public Ways and Facilities	36,774	24,837	-	-	36,774	24,837	11,937
Health and Sanitation	158,830	137,690	-	-	158,830	137,690	21,140
Public Assistance	354,479	344,798	-	-	354,479	344,798	9,681
Education	10,697	9,131	-	-	10,697	9,131	1,566
Culture and Recreation	7,790	9,608	-	-	7,790	9,608	(1,818)
Interest on Short and Long-Term Debt	14,396	20,606	-	-	14,396	20,606	(6,210)
Airports	-	-	3,888	4,413	3,888	4,413	(525)
County Sanitation Districts	-	-	2,328	2,327	2,328	2,327	1
Golf Course	-	-	4,555	4,718	4,555	4,718	(163)
Kern Medical Center	-	-	167,710	197,543	167,710	197,543	(29,833)
Public Transportation	-	-	5,153	3,951	5,153	3,951	1,202
Universal Collection	-	-	5,962	5,997	5,962	5,997	(35)
Waste Management	-	-	28,514	25,599	28,514	25,599	2,915
<b>Total Expenses</b>	<b>980,570</b>	<b>932,740</b>	<b>218,110</b>	<b>244,548</b>	<b>1,198,680</b>	<b>1,177,288</b>	<b>21,392</b>
Excess of Revenues Over Expenses							
Before Special Items and Transfers	57,502	61,557	(41,981)	(31,604)	15,521	29,953	(14,432)
Special Items	-	83,922	-	-	-	83,922	(83,922)
Transfers	(31,767)	(19,182)	31,767	19,182	-	-	-
<b>Increase (Decrease) in Net Assets</b>	<b>25,735</b>	<b>126,297</b>	<b>(10,214)</b>	<b>(12,422)</b>	<b>15,521</b>	<b>113,875</b>	<b>(98,354)</b>
Net Assets at Beginning of Year	266,471	141,722	75,268	83,495	341,739	225,217	116,522
Net Assets at End of Year	<b>\$ 292,206</b>	<b>\$ 268,019</b>	<b>\$ 65,054</b>	<b>\$ 71,073</b>	<b>\$ 357,260</b>	<b>\$ 339,092</b>	<b>\$ 18,168</b>

## Governmental Activities

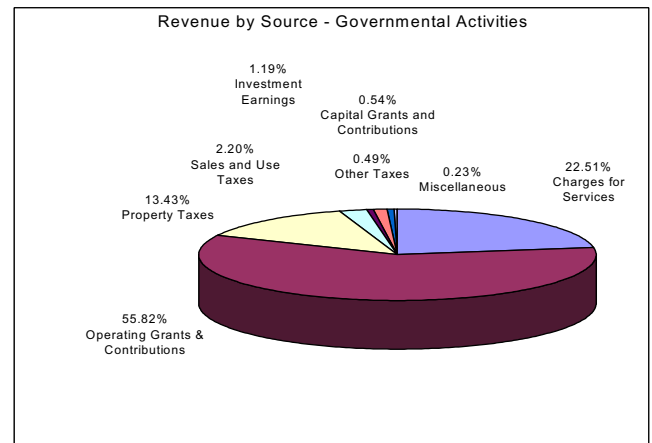
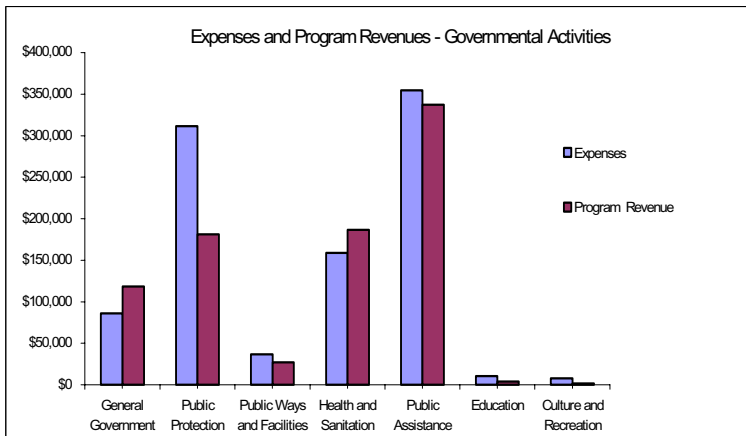
Governmental activities increased the County's net assets by \$25,735 for the year ended June 30, 2003, thereby accounting for 100% of the total growth in the net assets of the County. Key element of this increase was fueled by the growth of the County's significant revenue sources of taxes.

- Total revenue for the County's governmental activities increased 19% over the previous year.
- As an arm of the state government, operating grants and contributions serve multiple programs, representing 72% 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 increased 2.5% over the prior year primarily due to increased funding related to mandated programs.
- Taxes and investment earnings that are generated locally provide the Board of Supervisors (Board) with most of its discretionary spending power. The increase in tax revenue is primarily due to the following:

1. Property taxes increased 7% due to increases in assessed property values and higher collection rates.

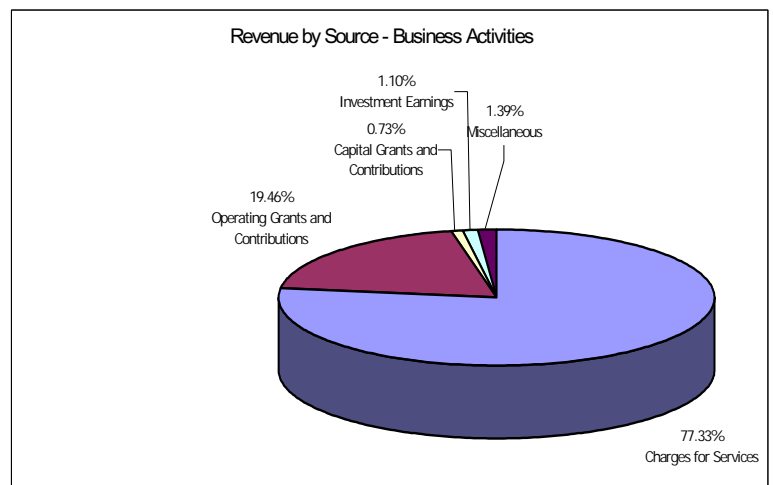
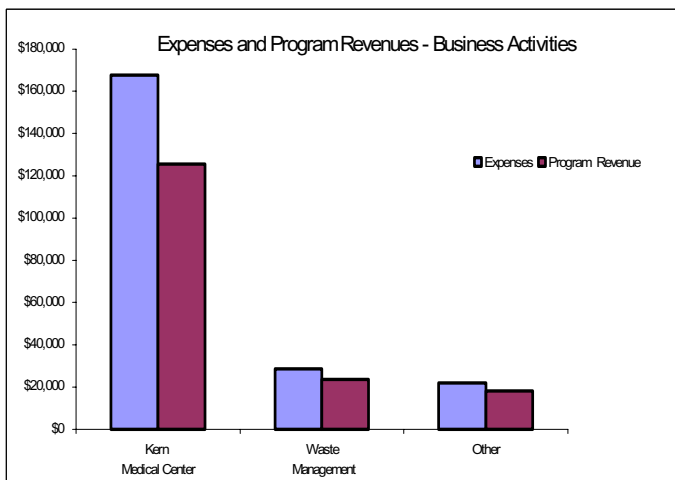


2. Sales taxes and transient occupancy taxes decreased 1% and 24% respectively.
  3. Aircraft taxes increased 50%.
  4. Other taxes increased 13%.
- Total expenses for governmental activities increased by 1.5% with increases in all major functions except public ways and facilities. The County's major cost component is salaries and benefits.



### Business-type Activities

Business-type activities' net assets decreased the County's net assets by \$10,214. The main reason for this decrease is due to Kern Medical Center's increase in operating expenses, coupled with federal and state reimbursements for indigent care not matching the cost of providing such care. Additionally, Waste Management experienced a decrease of \$3,364 resulting from higher accrual of closure/postclosure liability in the current fiscal year.



## 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, 2003, The County's governmental funds reported total fund balances of \$308,477, a 1.5% increase in comparison with the prior year. Approximately 55% or \$170,730 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, \$42,159; 2) reserve for debt service, \$26,168; 3) reserve for encumbrances, \$55,338; and 4) a variety of other restricted purposes, \$44,431.

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, 2003, unreserved fund balance of the General Fund was \$30,349. 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 3% of total General Fund expenditures, while total fund balance represents 10% of total General Fund expenditures.

The other governmental funds' fund balances decreased slightly by 0.8% or \$1,643. The following major governmental funds had increases in fund balance:

- Mental Health – Fund balance increased by 20% or \$3,813, primarily a result of higher Medi-Cal reimbursements. This increase was reduced by an adjustment for prior year liabilities.
- Structural Fire – Fund balance increased by 74% or \$10,686 due to increases in property tax revenue and higher fire cost reimbursement by state and federal agencies.
- Human Services – Fund balance increased by 9% or \$513. This decrease was the result of cost savings.
- Road – Fund balance increased by 70% or \$8,961 due to higher federal grants and contributions received during the year and increased sales and use tax revenue.
- Employers' Training Resource – Fund balance increased by 286% or \$618 as a result of cost savings.

The following major funds had decreases in fund balance:

- Tobacco Securitization Proceeds – Fund balance decreased by 15% or \$12,216 due to the proceeds from the sale of tobacco rights being used for the County radio communication system construction, Meadows Field runway extension, road maintenance and repair, and other small capital projects during the fiscal year.

- Child Support – Fund balance decreased by 23% or \$116 due to the decrease in interest earnings resulting from the County's lower average cash balance during the year.

### **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 8.8% or \$6,493 and can be summarized as following:

- Kern Medical Center had a decrease of 83% or \$8,616 in net assets primarily due to an increase of salaries and benefits and a decrease in state funding.
- Waste Management had a decrease of 1.8 % or \$3,364 primarily due to increases in closure liability accruals and salaries and benefits, and a decrease in interest earnings as a result of the County's lower average cash balance in the fiscal year.
- Nonmajor Enterprise funds had an increase of \$5,487 or 12.7% as a result of a prior period adjustment in the County Sanitation District-Nonmajor Enterprise fund to record the previously unrecorded subsurface lines, and a decrease in expenses due to the postponement of plant expansion.
- The internal services funds continued to carry a negative unrestricted net assets as a result of recognition of self-insurance liabilities.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the County's final budget and original budget resulted in a \$80,751 increase in supplemental appropriations that is briefly summarized as follows:

- A majority of the increase, \$55,710, 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.
- The County's capital projects and General Services – Major Maintenance budgets increased by \$3,335 during the fiscal year. This increase is primarily a result of improvements to the Hart Part Water Pipelines, East Bakersfield Sheriff Substation, Panama Park, Delano Court Building, Panama Road Ditch and Metro Park that were not originally budgeted. There were also increases attributable to budgetary transfers of unexpended commitments from other capital projects.
- The appropriation for public protection increased by \$6,649 during the fiscal year. 80% of the increase was due to higher overtime cost and equipment maintenance in Fire Department; 20% of the increase was due to police vehicles, fingerprint work station, and a mobile surveillance platform in the Sheriff's Department that were not originally budgeted.
- An increase of \$3,578 in public assistance during the year was primarily related to the higher

salaries and wages for extra help and professional services in the Employers' Training Resource Department, a result from an increased need for employment and training services.

- The remainder of the appropriation increase consists of small increases in appropriations for normal operations in the remaining forty-six budget units in the General Fund.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2003, the County's investment in capital assets for its governmental and business-type activities amounted to \$428,399 (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 \$20,154. 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
	2003	2002	2003	2002	2003	2002	
Land	\$ 19,563	\$ 19,473	\$ 20,935	\$ 20,064	\$ 40,498	\$ 39,537	\$ 961
Land Acquisition in Progress	-	-	9	9	9	9	-
Construction in Progress	27,627	20,954	9,906	20,824	37,533	41,778	(4)
Infrastructure	17,595	12,832	2,559	739	20,154	13,571	7
Structures and Improvements	185,272	183,976	79,090	67,238	264,362	251,214	13
Equipment	51,489	54,163	14,354	16,748	66	70,911	(5)
<b>Total</b>	<b>\$ 301,546</b>	<b>\$ 291,398</b>	<b>\$ 126,853</b>	<b>\$ 125,622</b>	<b>\$ 428,399</b>	<b>\$ 417,020</b>	<b>\$ 11,379</b>

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

- The General Fund purchased \$998 for a touch-screen voting system, \$1,200 for equipment for the Fire Department and Sheriff, and \$748 worth of leased vehicles for the District Attorney.
- Completion of capital projects: Microwave Communication System, HAVC Upgrade, Animal Shelter and several other projects totaling \$6,696.
- Major construction projects in progress during the year, which includes the North Lamont Channel Project, South Shafter Water System, Panama Road Ditch Improvements, Lamont Segrue/Hall Curb & Gutter Project and the Juvenile Treatment Facility.
- The Roads Department completed a variety of street reconstruction projects in amount of \$7,746 during the year. New roads in an amount of \$2,384 were donated to the County by developers.
- Waste Management Enterprise Fund purchased \$912 of land for use as a buffer zone. Construction of Bena Gatehouse & Entrance Improvement, China Grade LF Gas Control System, Landfill Ground Water Well and several other projects are in progress.

Additional information of the County's capital assets can be found in Note VII on page 62 of this report.

## Long-Term Debt

At the end of the current fiscal year, the County had total long-term debt outstanding of \$637,650. This amount is comprised of \$117,640 of certificates of participation that are secured by the County's lease rental payments. \$504,034 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 Pension Obligation Bonds in the amount of \$288,177 to finance the unfunded accrued actuarial liability as calculated by the actuarial report dated December 21, 2002. The proceeds were subsequently transferred to the Kern County Employees' Retirement Association.

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 on page 66 of this report.

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

	Governmental Activities		Business- Type Activities		Total		Total
	2003	2002	2003	2002	2003	2002	Change
Lease Purchase Agreements	\$ 6,336	\$ 8,728	\$ 25	\$ 48	\$ 6,361	\$ 8,776	\$ (2,415)
Certificates of Participation	68,515	78,970	49,125	52,790	117,640	131,760	(14,120)
Facility lease	453	512	-	-	453	512	(59)
Loans Payable	8,937	8,455	-	-	8,937	8,455	482
Bonds Payable	225	225	-	-	225	225	-
Pension Obligation Bonds	470,802	184,548	33,232	33,582	504,034	218,130	285,904
<b>Total</b>	<b>\$ 555,268</b>	<b>\$ 281,438</b>	<b>\$ 82,382</b>	<b>\$ 86,420</b>	<b>\$ 637,650</b>	<b>\$ 367,858</b>	<b>\$ 269,792</b>

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The State's economic downturn and the state budget cut for local governments remain the major determining factors in determining the County's budget for fiscal year 2003-2004 and beyond.

Sales tax revenue is expected to decrease by \$2.1 million or 8.99% because of the unfavorable economic environment.

Motor Vehicle License Fee (MVLFF), which was 21% of total discretionary revenue, is threatened by a \$14 million loss due to the State's actions to reduce its deficits.

Property tax revenue is budgeted to increase \$8 million or 9.81% because of the increased assessed value of properties and the growth of real estate industries in the county. The increase in property tax revenue will help the County to offset the decrease in discretionary revenue.

The County's overall cost of employees' salaries and benefits is projected to substantially increase in fiscal year 2003-04 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 2003-04 totals \$982.3 million, which is \$8.1 million or 8% higher than total appropriations for fiscal year 2002-03. The slight increase is mainly a result of a minimal increase in State and Federal subventions that the County expects to receive for operating specific and mandated programs. The County Administrative Office has required every County department to exercise serious "belt-tightening " in their fiscal year 03-04 operations, and has subsequently mandated mid-year budget reductions of 8 percent for all departments.

#### **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, 2003 (IN THOUSANDS)

	Primary Government		Totals
	Governmental Activities	Business-type Activities	
<b>ASSETS</b>			
Cash and Investments	\$ 353,325	64,627	\$ 417,952
Restricted cash and Investments	26,168	22,201	48,369
Revolving Fund Cash	1,266	13	1,279
Receivables (Net)	108,179	35,544	143,723
Due from other governments	772		772
Inventories and prepaid expenses	2,362	3,541	5,903
Deposits with Other	1,310		1,310
Internal Balances	9,695	(9,695)	
Investment in Joint Venture		2,274	2,274
Net Pension Obligation	288,177		288,177
Capital assets:			
Nondepreciable	47,190	30,850	78,040
Depreciable (Net)	254,356	96,003	350,359
Total Assets	\$ 1,092,800	\$ 245,358	\$ 1,338,158
<b>LIABILITIES</b>			
Accounts payable	\$ 15,692	\$ 6,301	\$ 21,993
Salaries and Employee Benefits Payable	18,848	4,325	23,173
Claims Payable		2,500	2,500
Tax revenue anticipation note payable	75,000		75,000
Accrued interest payable	7,336	1,402	8,738
Deferred Revenue		553	553
Current Portion of Long-Term Debt	18,040	4,373	22,413
Current Portion of Compensated Absences	13,863	946	14,809
Current Portion of Liability for Self Insurance	22,041		22,041
Long-Term Liabilities			
Portion due or payable after one year:			
Professional Liabilities		8,513	8,513
Certificates of Participation	56,917	45,300	102,217
Bonds and notes payable	468,516	32,709	501,225
Loans Payable	7,876		7,876
Accrued interest	31,031	5,619	36,650
Capital leases	3,920		3,920
Compensated absences	32,346	7,542	39,888
Accrued landfill closure/postclosure costs		60,221	60,221
Liability for Self Insurance	29,168		29,168
Total Liabilities	800,594	180,304	980,898
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	217,758	92,288	310,046
Restricted (Note XI C)	27,478	7,623	35,101
Unrestricted (deficit)	46,970	(34,857)	12,113
Total Net Assets	\$ 292,206	\$ 65,054	\$ 357,260

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



COUNTY OF KERN  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2003  
(IN THOUSANDS)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 86,271	\$ 54,658	\$ 60,055	\$ 3,619	\$ 32,061	\$	\$ 32,061
Public protection	311,333	75,771	105,310		(130,252)		(130,252)
Public ways and facilities	36,774	4,787	20,391	2,000	(9,596)		(9,596)
Health and sanitation	158,830	89,824	96,752		27,746		27,746
Public assistance	354,479	4,102	333,066		(17,311)		(17,311)
Education	10,697	2,826	1,095		(6,776)		(6,776)
Culture and recreation	7,790	1,751	8		(6,031)		(6,031)
Interest on short and long-term debt	14,396				(14,396)		(14,396)
Total governmental activities	<u>980,570</u>	<u>233,719</u>	<u>616,677</u>	<u>5,619</u>	<u>(124,555)</u>		<u>(124,555)</u>
Business-type activities:							
Airports	3,888	2,548	865	692		217	217
County Sanitation Districts	2,328	2,510				182	182
Golf Course	4,555	4,492				(63)	(63)
Kern Medical Center	167,710	93,626	31,873			(42,211)	(42,211)
Public Transportation	5,153	3,865	1,187	591		490	490
Universal Collection	5,962	5,926				(36)	(36)
Waste Management	28,514	23,234	350			(4,930)	(4,930)
Total business-type activities	<u>218,110</u>	<u>136,201</u>	<u>34,275</u>	<u>1,283</u>		<u>(46,351)</u>	<u>(46,351)</u>
Total	<u>\$ 1,198,680</u>	<u>\$ 369,920</u>	<u>\$ 650,952</u>	<u>\$ 6,902</u>	<u>\$ (124,555)</u>	<u>\$ (46,351)</u>	<u>\$ (170,906)</u>
General revenues:							
Taxes:							
Property taxes					139,434		139,434
Aircraft taxes					175		175
Sales and use taxes					22,808		22,808
Transient occupancy tax					1,172		1,172
Transfer taxes					2,780		2,780
Other taxes					963		963
Grants and contributions not restricted to specific programs							
Unrestricted investment earnings					12,312	1,929	14,241
Miscellaneous					2,413	2,441	4,854
Transfers					(31,767)	31,767	
Total General revenues and Transfers					<u>150,290</u>	<u>36,137</u>	<u>186,427</u>
Change in Net Assets					25,735	(10,214)	15,521
Net Assets--beginning (Note II. A)					266,471	75,268	341,739
Net Assets--ending					<u>\$ 292,206</u>	<u>\$ 65,054</u>	<u>\$ 357,260</u>

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



# **BASIC FINANCIAL STATEMENTS**

**Fund Financial Statements**

COUNTY OF KERN  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2003 (IN THOUSANDS)

Page 1 of 1

	GENERAL FUND	KERN CO. DEPT OF CHILD SUPPORT	EMPLOYERS' TRAINING RESOURCE	HUMAN SERVICES	MENTAL HEALTH
<b>ASSETS</b>					
Pooled Cash and Investments	\$ 138,546	\$ 486	\$ 396	\$ 304	\$ 20,091
Revolving Fund Cash	1,105	52		101	4
Cash and Investments Deposited With Trustee					
Interest Receivable	667	33	6	31	117
Accounts Receivable				14,078	176
Loans Receivable					
Taxes Receivable	27,648				
Accrued Revenue	22,308	2,985	4,987	10,667	4,615
Due from Other Funds	8,192				
Advances to Other Funds	21,817				
Deposits with Others	205				
Inventory- Materials and Supplies	36				
<b>Total Assets</b>	<b>\$ 220,524</b>	<b>\$ 3,556</b>	<b>\$ 5,389</b>	<b>\$ 25,181</b>	<b>\$ 25,003</b>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts Payable	\$ 7,584	\$ 506	\$ 2,116	\$ 1,074	\$ 288
Salaries and Employee Benefits Payable	10,586	666		2,903	1,362
Advances from Other Funds		2,000		12,500	
Due to Other Funds	1		2,871		
Due to Other Agencies					1,548
Loans Payable					
Tax Anticipation Note Payable	75,000				
Interest Payable	1,870				
Deferred Revenue	27,169			13,864	
<b>Total Liabilities</b>	<b>122,210</b>	<b>3,172</b>	<b>4,987</b>	<b>30,341</b>	<b>3,198</b>
<b>Fund Balance (Deficit):</b>					
Reserved (Note XI. A)	67,965	1,858	1,946	3,120	9,318
Unreserved, reported in:					
General Fund	30,349				
Special Revenue Funds		(1,474)	(1,544)	(8,280)	12,487
Capital Project Funds					
<b>Total Fund Balance (Deficit)</b>	<b>98,314</b>	<b>384</b>	<b>402</b>	<b>(5,160)</b>	<b>21,805</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 220,524</b>	<b>\$ 3,556</b>	<b>\$ 5,389</b>	<b>\$ 25,181</b>	<b>\$ 25,003</b>

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>	
\$ 17,569	\$ 22,630	\$ 21,651	\$ 43,207	\$ 264,880	<u>ASSETS</u>
	2		2	1,266	Pooled Cash and Investments
		50,159	26,168	76,327	Revolving Fund Cash
72	143	134	275	1,478	Cash and Investments Deposited With Trustee
				14,254	Interest Receivable
	990		4,964	4,964	Accounts Receivable
3,456	4,744		572	29,210	Loans Receivable
122	568		8,475	62,237	Taxes Receivable
			458	9,340	Accrued Revenue
			2,050	23,867	Due from Other Funds
				205	Advances to Other Funds
1,585	444			2,065	Deposits with Others
					Inventory- Materials and Supplies
<u>\$ 22,804</u>	<u>\$ 29,521</u>	<u>\$ 71,944</u>	<u>\$ 86,171</u>	<u>\$ 490,093</u>	Total Assets
					<u>LIABILITIES AND FUND BALANCE</u>
\$ 558	\$ 755	\$	\$ 931	\$ 13,812	Liabilities:
412	2,589		312	18,830	Accounts Payable
			3,366	17,866	Salaries and Employee Benefits Payable
	1		3,616	6,489	Advances from Other Funds
				1,548	Due to Other Funds
			3,656	3,656	Due to Other Agencies
	955			75,000	Loans Payable
			557	1,870	Tax Anticipation Note Payable
				42,545	Interest Payable
					Deferred Revenue
970	4,300		12,438	181,616	Total Liabilities
					Fund Balance (Deficit):
9,303	15,481	3,659	55,446	168,096	Reserved (Note XI. A)
				30,349	Unreserved, reported in:
12,531	9,740		19,926	43,386	General Fund
		68,285	(1,639)	66,646	Special Revenue Funds
					Capital Project Funds
21,834	25,221	71,944	73,733	308,477	Total Fund Balance (Deficit)
<u>\$ 22,804</u>	<u>\$ 29,521</u>	<u>\$ 71,944</u>	<u>\$ 86,171</u>	<u>\$ 490,093</u>	Total Liabilities and Fund Balance

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

COUNTY OF KERN  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO  
 THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES  
 JUNE 30, 2003 (IN THOUSANDS)

Fund Balances - Total Governmental Funds	\$	308,477
Deferred charges in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		42,546
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		297,657
Negative Net Pension Obligation - Offset of Pension Obligation Bonds for Unfunded Actuarial Liability		288,177
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		(7,240)
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		(36,407)
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	\$	(470,329)
Bonds Payable		(225)
Certificates of Participation		(68,515)
Capital Leases		(6,336)
Facility Lease		(453)
Loan Payable		(8,937)
Compensated Absences		(46,209)
		<u>(601,004)</u>
Net Assets of Governmental Activities	\$	<u>292,206</u>

COUNTY OF KERN  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT)  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

Page 1 of 1

	GENERAL FUND	KERN CO. DEPT OF CHILD SUPPORT	EMPLOYERS' TRAINING RESOURCE	HUMAN SERVICES	MENTAL HEALTH
REVENUES:					
Taxes	\$ 121,106	\$	\$	\$	\$
Licenses, Permits and Franchises	7,686				
Fines, Forfeitures and Penalties	12,212				
Revenues from Use of Money and Property	6,471	151	21	103	427
Aid from Other Governmental Agencies	158,739	29,115	29,007	269,612	49,862
Charges for Current Services	75,138			400	24,355
Other Revenues	74,056	7	23	3,235	243
Total Revenues	455,408	29,273	29,051	273,350	74,887
EXPENDITURES:					
Current:					
General Government	86,780				
Public Protection	212,667	29,389			
Health and Sanitation	86,973				72,125
Public Assistance	18,105		28,433	281,620	
Education	10,137				
Recreation and Cultural Services	10,268				
Public Ways and Facilities					
Capital Outlay	786				
Debt Service:					
Principal	60				
Interest	1,902				
Total Expenditures	427,678	29,389	28,433	281,620	72,125
Excess (Deficiency) of Revenues Over Expenditures	27,730	(116)	618	(8,270)	2,762
OTHER FINANCING SOURCES (USES):					
Transfers In	54,616			8,783	1,072
Transfers Out	(77,091)				(21)
Inception of Capital Leases	786				
Total Other Financing Sources (Uses)	(21,689)			8,783	1,051
Net Changes in Fund Balance	6,041	(116)	618	513	3,813
Fund Balance (Deficit), July 1, 2002 (as previously reported)	92,273	500	(216)	(5,673)	19,540
Prior Period Adjustment					(1,548)
Fund Balance (Deficit), June 30, 2003	\$ 98,314	\$ 384	\$ 402	\$ (5,160)	\$ 21,805

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

	ROAD	STRUCTURAL FIRE	TOBACCO SECURITIZATION PROCEEDS	OTHER GOVERNMENTAL FUNDS	TOTAL	
\$	5,584	\$ 39,450	\$	\$ 2,002	\$ 168,142	REVENUES:
		29		4,302	11,988	Taxes
	245	330	2,196	5,637	17,878	Licenses, Permits and Franchises
	20,348	1,764		3,302	13,246	Fines, Forfeitures and Penalties
	2,549	19,455		66,000	624,447	Revenues from Use of Money and Property
	20	246		2,274	124,171	Aid from Other Governmental Agencies
				14,026	91,856	Charges for Current Services
						Other Revenues
	28,746	61,274	2,196	97,543	1,051,728	Total Revenues
						EXPENDITURES:
				896	87,676	Current:
		74,600		4,846	321,502	General Government
				2,455	161,553	Public Protection
				27,629	355,787	Health and Sanitation
				121	10,258	Public Assistance
	26,962			1,418	10,268	Education
			10,050	972	28,380	Recreation and Cultural Services
					11,808	Public Ways and Facilities
						Capital Outlay
				13,217	13,277	Debt Service:
				12,454	14,356	Principal
						Interest
	26,962	74,600	10,050	64,008	1,014,865	Total Expenditures
	1,784	(13,326)	(7,854)	33,535	36,863	Excess (Deficiency) of Revenues Over Expenditures
	7,177	24,827		19,235	115,710	OTHER FINANCING SOURCES (USES):
		(815)	(4,362)	(65,123)	(147,412)	Transfers In
					786	Transfers Out
						Inception of Capital Leases
	7,177	24,012	(4,362)	(45,888)	(30,916)	Total Other Financing Sources (Uses)
	8,961	10,686	(12,216)	(12,353)	5,947	Net Changes in Fund Balance
	12,873	14,535	84,160	86,086	304,078	Fund Balance (Deficit), July 1, 2002 (as previously reported)
					(1,548)	Prior Period Adjustment
\$	21,834	\$ 25,221	\$ 71,944	\$ 73,733	\$ 308,477	Fund Balance (Deficit), June 30, 2003

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, 2003 (IN THOUSANDS)

Net change in fund balance - Total governmental funds:	\$	5,947
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	\$ 28,195	
Less current year depreciation	<u>(20,809)</u>	7,386
Capital contribution of capital assets are not reported on governmental funds but recorded at fair value on the statement of net assets		2,384
Governmental fund revenues deferred due to unavailability were booked in the statement of activities		1,138
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	\$ 1,918	
Certificates of Participation	10,455	
Capital Leases	3,178	
Facility Lease	59	
Loans Payable	<u>845</u>	16,455
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		(1,327)
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	\$ (6,379)	
Change in compensated absences	<u>(209)</u>	(6,588)
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>340</u>
	\$	<u><u>25,735</u></u>



COUNTY OF KERN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2003 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS				GOVERNMENTAL
	KERN MEDICAL CENTER	WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
<b>ASSETS</b>					
Current Assets:					
Pooled Cash and Investments	\$ 2,605	\$ 49,607	\$ 12,415	\$ 64,627	\$ 38,286
Revolving Fund Cash	4	9		13	
Interest Receivable	66	282	76	424	213
Accounts Receivable - Net	20,512	1,220	566	22,298	787
Accrued Revenue	7,070		695	7,765	
Prepaid Items	906	192		1,098	
Inventory - Materials and Supplies	2,443			2,443	92
<b>Total Current Assets</b>	<b>33,606</b>	<b>51,310</b>	<b>13,752</b>	<b>98,668</b>	<b>39,378</b>
Noncurrent Assets:					
Cash and Investments Deposited with Trustee	8,763	12,702	736	22,201	
Taxes Receivable		3,579	1,235	4,814	
Advances Receivable		2,500		2,500	
Notes Receivable		240		240	
Deposits with Others					1,310
Investment in Joint Venture			2,274	2,274	
Capital Assets:					
Nondepreciable:					
Land	168	13,354	7,413	20,935	
Land Acquisition in Progress		9		9	
Construction in Progress	1,424	8,252	230	9,906	
Depreciable:					
Structures and Improvements	59,745	20,860	49,186	129,791	
Equipment	38,530	1,964	7,085	47,579	3,889
Subsurface Lines			6,709	6,709	
Accumulated Depreciation and Amortization	(48,920)	(9,368)	(29,788)	(88,076)	
<b>Total Noncurrent Assets</b>	<b>59,710</b>	<b>54,092</b>	<b>45,080</b>	<b>158,882</b>	<b>5,199</b>
<b>Total Assets</b>	<b>93,316</b>	<b>105,402</b>	<b>58,832</b>	<b>257,550</b>	<b>44,577</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	4,821	903	577	6,301	1,877
Salaries and Employee Benefits Payable	4,025	237	63	4,325	20
Claims Payable	2,500			2,500	
Due to Other Funds		2	115	117	280
Current Portion of Long Term Debt	2,905	1,262	206	4,373	7
Interest Payable - Current	813	524	65	1,402	10
Current Portion of Compensated Absences	714	178	54	946	21
Current Portion of Liability for Self-Insurance					22,043
Deferred Income	31		522	553	
<b>Total Current Liabilities</b>	<b>15,809</b>	<b>3,106</b>	<b>1,602</b>	<b>20,517</b>	<b>24,258</b>
Noncurrent Liabilities:					
Loans Payable			1,588	1,588	
Advances Payable	6,000		2,500	8,500	
Estimate for Professional Liability Claims	8,513			8,513	
Compensated Absences Payable	7,000	414	128	7,542	49
Liability for Self-Insurance - Long Term					29,168
Long Term Debt - Certificates of Participation	18,715	22,965	3,619	45,299	
Long Term Debt - Pension Obligation Bonds	30,342	1,686	681	32,709	466
Long Term -Interest Payable - Pension Obligation Bonds	5,212	290	117	5,619	80
Accrued Closure Liability		29,451		29,451	
Accrued Postclosure Liability		30,768		30,768	
<b>Total Noncurrent Liabilities</b>	<b>75,782</b>	<b>85,574</b>	<b>8,633</b>	<b>169,989</b>	<b>29,763</b>
<b>Total Liabilities</b>	<b>91,591</b>	<b>88,680</b>	<b>10,235</b>	<b>190,506</b>	<b>54,021</b>
<b>NET ASSETS</b>					
Invested in Capital Assets, Net of Related Debt	34,986	20,281	37,021	92,288	3,889
Restricted (Note XI)	3,589	3,298	736	7,623	1,310
Unrestricted	(36,850)	(6,857)	10,840	(32,867)	(14,643)
<b>Total Net Assets</b>	<b>\$ 1,725</b>	<b>\$ 16,722</b>	<b>\$ 48,597</b>	<b>\$ 67,044</b>	<b>(9,444)</b>
Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.				(1,990)	
Net Assets of Business-Type Activities:				\$ 65,054	

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, 2003 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL ACTIVITIES
	KERN MEDICAL CENTER	WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:					
Patient Services	\$ 87,022	\$	\$	\$ 87,022	\$
Charges for Current Services	1,627	11,003	5,479	18,109	103,238
Revenues from Use of Property		19	2,103	2,122	
Other Operating Revenues	4,970			4,970	
Total Operating Revenues	93,619	11,022	7,582	112,223	103,238
OPERATING EXPENSES:					
Salaries and Employee Benefits	98,580	5,915	1,528	106,023	3,110
Services and Supplies	56,137	14,423	17,699	88,259	11,163
Claims Incurred					82,183
Other Charges	5,295	6,640	203	12,138	6,220
Depreciation	4,984	886	2,170	8,040	655
Total Operating Expenses	164,996	27,864	21,600	214,460	103,331
Operating Income (Loss)	(71,377)	(16,842)	(14,018)	(102,237)	(93)
NON-OPERATING REVENUES (EXPENSES):					
Taxes and Assessments		11,952	11,606	23,558	
Fines, Forfeitures and Penalties	7	260	145	412	
Licenses, Permits and Franchises			8	8	
Interest on Bank Deposits and Investments	246	1,342	340	1,928	887
Aid from Other Governmental Agencies	31,873	350	3,336	35,559	
Interest Expense	(3,089)	(710)	(304)	(4,103)	(40)
Other Non-Operating Revenues	2,043	277	97	2,417	120
Gain (Loss) on Sale of Fixed Assets	(21)	7	18	4	(200)
Total Non-Operating Revenues (Expenses)	31,059	13,478	15,246	59,783	767
Income (Loss) before Transfers	(40,318)	(3,364)	1,228	(42,454)	674
Transfers In	31,767		64	31,831	
Transfers Out	(65)			(65)	(174)
Changes in Net Assets	(8,616)	(3,364)	1,292	(10,688)	500
Net Assets (Deficit), July 1, 2002 (as previously reported)	10,341	20,086	43,110		(9,944)
Prior Period Adjustment			4,195		
Net Assets (Deficit), June 30, 2003	\$ 1,725	\$ 16,722	\$ 48,597		\$ (9,444)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				474	
Change in net assets of business-type activities				\$ (10,214)	

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

COUNTY OF KERN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

Page 1 of 2

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS				GOVERNMENTAL
	KERN MEDICAL CENTER	WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received for Patient/Current Services	\$ 95,775	\$ 10,680	\$ 5,401	\$ 111,856	\$ 4,965
Cash Received for Use of Property		19	2,087	2,106	
Cash Received for Interfund Services Provided					97,529
Cash Received for Other Operations	7,013	277	162	7,452	94
Cash Received as Fines, Forfeitures, and Penalties	7	260	145	412	
Cash Received as Licenses and Permits			8	8	
Cash Paid for Salaries and Benefits	(97,755)	(5,837)	(1,551)	(105,143)	(3,039)
Cash Paid for Services and Supplies	(44,497)	(13,602)	(17,857)	(75,956)	(11,419)
Cash Paid for Reported Claims					(74,880)
Cash Paid for Postclosure Liability		(4,129)		(4,129)	
Cash Paid for Interfund Services and Supplies	(14,094)	(864)	(223)	(15,181)	(78)
Cash Paid for Other Charges	(2,795)	(336)	(203)	(3,334)	(6,220)
Net Cash Provided (Used) by Operating Activities	(56,346)	(13,532)	(12,031)	(81,909)	6,952
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Cash Received from Other Funds					5
Taxes and Special Assessments	31,702	12,250	11,614	55,566	
Loans Paid			(250)	(250)	
Cash Received From Advances	34,500			34,500	
Cash Paid for Advances	(35,000)		(1,800)	(36,800)	
Aid from Other Governmental Agencies	31,873	350	4,999	37,222	
Payment of Long Term Debt - Pension Obligation Bond	(324)	(18)	(7)	(349)	(5)
Interest Paid	(1,725)	(95)	(77)	(1,897)	(26)
Net Cash Provided (Used) by Non-Capital Financing Activities	61,026	12,487	14,479	87,992	(26)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition or Construction of Capital Assets	(2,416)	(3,400)	(1,607)	(7,423)	(599)
Proceeds from Disposal of Capital Assets			118	118	110
Payment of Long Term Debt - Certificates of Participation	(2,325)	(1,155)	(185)	(3,665)	
Interest Paid on Long Term Debt	(526)	(951)	(209)	(1,686)	
Payment of Capital Lease		(23)		(23)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(5,267)	(5,529)	(1,883)	(12,679)	(489)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Cash Collection on Loan Receivable		60		60	
Interest on Bank Deposits and Investments	326	1,528	374	2,228	943
Net Cash Provided (Used) by Investing Activities	326	1,588	374	2,288	943
Net Increase (Decrease) in Cash and Cash Equivalents	(261)	(4,986)	939	(4,308)	7,380
Cash and Cash Equivalents, July 1, 2002	11,633	67,304	12,212	91,149	30,906
Cash and Cash Equivalents, June 30, 2003	\$ 11,372	\$ 62,318	\$ 13,151	\$ 86,841	\$ 38,286

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

COUNTY OF KERN  
 COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
 ENTERPRISE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

Page 2 of 2

	KERN MEDICAL CENTER	WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (71,377)	\$ (16,842)	\$ (14,018)	\$ (102,237)	\$ (93)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Other Non-Operating Revenues	2,050	540	315	2,905	94
Depreciation	4,984	886	2,170	8,040	655
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	7,304	(323)	(93)	6,888	(745)
(Increase) Decrease in Inventory	(700)			(700)	8
(Increase) Decrease in Prepaid Items		14	9	23	
Increase (Decrease) in Accounts Payable		(60)	(602)	(662)	(261)
Increase (Decrease) in Accrued Expenses	(464)		99	(365)	
Increase (Decrease) in Due to Others	(178)		115	(63)	105
Increase (Decrease) in Salaries & Benefits Payable	494	21	3	518	2
Increase (Decrease) in Compensated Absences Payable	331	57	(29)	359	(10)
Increase (Decrease) in Claims Payable	2,500			2,500	
Increase (Decrease) in Provision for Liability Claims	(1,290)			(1,290)	7,197
Increase (Decrease) in Closure/Post Closure Liability		2,175		2,175	
Total Adjustments	15,031	3,310	1,987	20,328	7,045
Net Cash Provided (Used) by Operating Activities	<u>\$ (56,346)</u>	<u>\$ (13,532)</u>	<u>\$ (12,031)</u>	<u>\$ (81,909)</u>	<u>\$ 6,952</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Net Transfers of Fixed Assets (To) From Other Funds	\$	\$	\$ 64	\$ 64	\$ (174)
Total Noncash Investing, Capital, and Financing Activities	<u>\$</u>	<u>\$</u>	<u>\$ 64</u>	<u>\$ 64</u>	<u>\$ (174)</u>

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, 2003 (IN THOUSANDS)

<u>ASSETS</u>	<u>INVESTMENT</u>	<u>AGENCY</u>	<u>TOTAL</u>
Cash and Cash Equivalents	\$ 1,097,619	\$ 156,583	\$ 1,254,202
Total Cash and Cash Equivalents	<u>1,097,619</u>	<u>156,583</u>	<u>1,254,202</u>
Receivables:			
Accounts	415	21	437
Loans		280	280
Taxes		39,280	39,280
Interest and Dividends Receivable	3,925	563	4,488
Total Receivables	<u>4,340</u>	<u>40,144</u>	<u>44,484</u>
Due from Other:			
Funds:		12	12
Agencies:		6,552	6,552
Total Due from Other:		<u>6,564</u>	<u>6,564</u>
Fixed Assets, Net of Accumulated Depreciation	<u>14</u>		<u>14</u>
Total Assets	<u>1,101,973</u>	<u>203,291</u>	<u>1,305,264</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Warrants Payable	55,394	34,606	90,000
Accounts Payable	1,480	7	1,487
Matured Bonds & Interest Payable	166		166
Due to Other Funds	1,640	826	2,466
Due to Other Agencies		167,522	167,522
Unapportioned Installment Redemptions		331	331
Total Liabilities	<u>58,680</u>	<u>203,292</u>	<u>261,972</u>
Net Assets Held in Trust for Pool Participants	<u>\$ 1,043,293</u>	<u>\$</u>	<u>\$ 1,043,293</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, 2003 (IN THOUSANDS)

ADDITIONS:

Contributions on pooled investments	\$ 3,452,039
Use of money and property	<u>31,941</u>
Total additions	<u>3,483,980</u>

DEDUCTIONS:

Distributions from pooled investments	<u>3,336,496</u>
Net increase in net assets	147,484
Net assets held in trust, July 1, 2002	<u>895,809</u>
Net assets held in trust, June 30, 2003	<u>\$ 1,043,293</u>

**NOTES TO THE FINANCIAL  
STATEMENTS**



COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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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)

Each blended component unit has a June 30 year-end. Additional detailed information for these entities can be obtained from the Kern County Auditor-Controller-County Clerk at 1115 Truxtun Ave., Bakersfield, California 93301. The County has no discretely presented component units.



COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 will not be early implementing GASB Statement No. 39.

**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, 2003, the County of Kern does not have any derivatives.

**GASB Statement No. 41**

GASB Statement No. 41, *Budgetary Comparison Schedules – Perspective Differences*, was issued in May 2003 and is effective for financial statements for periods beginning after June 15, 2002. GASB Statement 41 amends Statement No. 34. This amendment clarifies the budgetary presentation requirements for governments with significant budgetary perspective differences that result in their not being able to present budgetary comparison information for their general fund and major special revenue funds. These governments are required to present budgetary comparison schedules as required supplementary information based on the fund, organization, or program structure that the government uses for its legally adopted budget.

**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.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

**Government-Wide Financial Statements (continued)**

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

**COMPARATIVE DATA**

The implementation of GASB 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.

**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.

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, 2003

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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)

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.

**Tobacco Securitization** accounts for the sale of rights to future tobacco settlement payments. 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.

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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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)

The County elected to participate in a Joint Powers Agreement made in accordance with Chapter 5 of Division 7 of Title I of the Government Code of the State of California dated as of November 15, 2000, by and among the County of Stanislaus, the County of Merced, and the County of Sonoma formed the California County Tobacco Securitization Agency (the Agency). The Agency is an entity that is separate from each of the member Counties. The debts, liabilities, and obligations of the Agency, including any bonds, do not constitute debts, liabilities or obligation of any of the member Counties.

The Agency has the power to issue bonds secured by the MSA payment of one or more members, the proceeds of which will be used directly or indirectly to purchase all or a portion of the MSA payments.

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 is reported as a blended component unit of the Agency. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the Agency are such that exclusion would cause the Agency's financial statements to be misleading or incomplete. Complete financial statements can be obtained for the Agency by contacting the Stanislaus County Auditor-Controller's Office, 1010 10<sup>th</sup> Street, Suite 5100, Modesto, CA 95354.

The Agency issued a series of bonds; the proceeds of which bonds were loaned to the NPC pursuant to a loan agreement, between the NPC and the Agency and the proceeds of such loan, net of issuance costs and the funding of necessary reserves, were paid to the County by the NPC as part of the purchase price for the Tobacco Revenue during fiscal year ended June 30, 2002.

The County reports the following major business-type funds:

**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, 2003

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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.

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BASIS OF ACCOUNTING (continued)

Governmental funds are recorded on the modified accrual basis of accounting. Using this method, revenue is recorded when it is measurable and available. Property and sales taxes are considered available if collected within 60 days after the end of the accounting period; 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 in the fair value of the investments was recognized.

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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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 2002-03 net assessed valuation of the County of Kern was \$45,002,387,031.

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, 2003

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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 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 computed 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, 2003

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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 2002-2003 was \$299,612, the estimated adjustment was \$212,590 for a net patient service revenue of \$87,022 (in thousands). 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 54% and 20% respectively, of net patient care revenue for the year ended June 30, 2003.

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. HOSPITAL AND OTHER PROGRAM REVENUES (continued)

**Medi-Cal and Medicare Programs (continued)**

The Hospital has various outstanding appeals pertaining to Medi-Cal and Medicare audit settlements. These amounts have not been recorded as the outcome is 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

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. HOSPITAL AND OTHER PROGRAM REVENUES (continued)

**Other Program Revenues (continued)**

revenues, are utilized by the State to fund the supplemental payment amounts. The Hospital received \$57,746,721 in fiscal 2003 and \$50,031,922 in fiscal 2002 under the State of California's Medi-Cal disproportionate share program. The program required the County to provide matching funds of \$41,862,885 and \$28,270,233 in fiscal 2003 and 2002, respectively, which were recorded as expenditures in the General Fund. The amount received by the Hospital through this program is dependent upon the number of Medi-Cal inpatient days provided by the Hospital. Because the revenues generated are based on services provided to patients, 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 2002-2003 County SB 1255 revenues were \$26,875,000. The program required the County to provide matching funds of \$13,575,000, 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, 2003 was \$1,778,636.

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

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. HOSPITAL AND OTHER PROGRAM REVENUES (continued)

**Health and Welfare Realignment Act (continued)**

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, and Kern Medical Center Funds.

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 and the County Sanitation Districts Nonmajor Enterprise Fund for the fiscal year ended June 30, 2003 (in thousands):

Fund Balances:	
Fund balances at June 30, 2002, as previously reported governmental funds:	\$ 304,078
Prior Period Adjustments:	
Mental Health	
Liability to the state not previously recorded	<u>(1,548)</u>
Fund balances at June 30, 2002, as restated – governmental funds	<u>\$ 302,530</u>
Fund Equity/Net Assets:	
Fund equity at June 30, 2002, as previously reported business-type activities	
Enterprise	\$ 73,537
Prior Period Adjustments:	
County Sanitation Districts-Nonmajor Enterprise Fund	
Investment in joint venture that was not reported in prior periods	2,274
Subsurface lines that were expensed in prior periods	<u>1,921</u>
	<u>4,195</u>
Fund Equity/Net Assets at June 30, 2002, as restated – business-type activities	<u>\$ 77,732</u>

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

Net Assets – Governmental Activities at June 30, 2002 as previously reported	\$ 268,019
Prior Period Adjustment – Mental Health	<u>(1,548)</u>
	<u>266,471</u>
Net Assets – Business-type Activities at June 30, 2002 as previously reported	71,073
Prior Period Adjustment – County Sanitation Districts-Nonmajor Enterprise Fund	<u>4,195</u>
	<u>\$ 75,268</u>

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

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, 2003 (in thousands):

<u>Major Governmental Funds</u>	
Department of Human Services	\$ <u>(5,160)</u>
 <u>Nonmajor Governmental Funds</u>	
Community Development	\$ (3,331)
Public Improvement Districts	(5)
Separation of Grade	<u>(1,710)</u>
	\$ <u>(5,046)</u>
 <u>Internal Service Funds:</u>	
General Liability	\$ (3,054)
Workers' Compensation	(28,334)
Unemployment Compensation	<u>(867)</u>
Total Internal Service Funds	\$ <u>(32,255)</u>

The deficit fund balances in the Community Development, Public Improvement Districts, and Separation of Grade is the result of the non-recognition of award monies yet to be received from the Federal or State governments, since eligibility requirements have not been met, but for which program expenditures and encumbrances have been recognized. The deficit fund balance for Human Services is the direct result of reduction in state funding. The Group Health, General Liability, Workers' Compensation, and Unemployment 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 bank's trust department or another bank, acting as the pledging bank's agent, in the

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

IV. CASH AND INVESTMENTS (continued)

A. DEPOSITS (continued)

**Cash and Deposits (continued)**

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, 2003 balance of Cash and Investments Deposited with Trustee consists of the following (in thousands):

Money Market Accounts	\$	16,573
Commercial Paper		6,157
Investment Agreements		74,040
Federal Agency		1,758
Total Cash and Investments Deposited with Trustee	\$	<u>98,528</u>

\$48,368,335 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. \$50,158,901 is recorded in the Tobacco Securitization Fund and will be utilized for capital projects. The cash balance 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, 2003

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, 2003 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 93.6% and 6.4%, respectively. As of July 1, 1997, the County implemented GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. In accordance with this statement, the fair value of the County's combined pool is determined annually and is based on current market prices received from the securities custodian, except for governmental securities and bankers acceptances, which are carried at amortized cost plus accrued interest.

The County's investment in the Local Agency Investment Fund (LAIF) is \$39,323. 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	\$ 9,979	\$ 9,967	1.15 – 1.15	9/08/03
Commercial Paper	653,433	652,739	0.95 – 1.37	7/01/03 – 8/29/03
Fed Agency Issues (Coupon)	423,600	420,672	1.40 – 6.02	7/15/03 – 6/11/08
State Treasury's Pool (LAIF)	39,323	39,211	1.98 – 3.77	
Asset Backed Securities	74,867	75,565	3.85 – 6.90	7/15/03 – 5/18/08
Medium Term Notes	221,293	220,635	2.85 – 8.85	11/13/03- 5/15/08
Negotiable CDs	75,003	75,004	1.03 – 1.24	7/01/03 – 9/30/03
Treasury Securities	10,116	10,000	3.00 – 3.00	1/31/04
Fed Agency Issues (Discount)	69,753	69,751	0.90 – 1.24	7/01/03 – 12/24/03
Bank Accounts & Accruals	44,628	44,628		
Totals	<u>\$ 1,621,995</u>	<u>\$ 1,618,172</u>		

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

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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, 2003 (in thousands):

Statement of Net Assets	
Total Assets Held for Pool Participants	\$ 1,621,995
Less: Warrants Payable	<u>(89,999)</u>
Pool Equity, Net	<u>\$ 1,531,996</u>
Equity of Internal Pool Participants	\$ 488,703
Equity of External Pool Participants (Voluntary and Involuntary)	<u>1,043,293</u>
Total Equity	<u>\$ 1,531,996</u>
Statement of Changes in Net Assets	
Net Assets at July 1, 2002	\$ 1,379,151
Net Changes in Investments by Pool Participant	<u>152,845</u>
Net Assets at June 30, 2003	<u>\$ 1,531,996</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, 2003**

**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	\$ 75,003	\$	\$	\$	\$ 75,003
Commercial Paper	653,433				653,433
Bankers Acceptance	9,979				9,979
U.S. Treasury Securities	10,116				10,116
Federal Agency Issues	493,353				493,353
Medium Term Notes	221,293				221,293
Asset Backed Securities	74,867				74,867
Accrued Interest at Purchase	596				596
State Treasurer's Pool (LAIF)				39,323	39,323
Investment Subtotal	<u>1,538,640</u>			<u>39,323</u>	<u>1,577,963</u>
Deposits					
Cash in Bank					
Issued, Collateralized Pool	<u>41,045</u>				<u>41,045</u>
Investments and Deposits					
Subtotal	<u>1,579,685</u>			<u>39,323</u>	<u>1,619,008</u>
Cash on Hand				<u>2,987</u>	<u>2,987</u>
Total Deposits and Investments	\$ <u>1,579,685</u>	\$	\$	\$ <u>42,310</u>	\$ <u>1,621,995</u>
Investments Deposited with Trustee					
Money Market	\$ 6,157	\$	\$	\$ 16,573	\$ 16,573
Commercial Paper					6,157
Investment Agreements			74,040		74,040
Federal Agency			<u>1,758</u>		<u>1,758</u>
Total Investments Deposited with Trustee	\$ <u>6,157</u>	\$	\$ <u>75,798</u>	\$ <u>16,573</u>	\$ <u>98,528</u>

**D. DEPOSITS WITH OTHERS**

The County has total deposits with others of \$1,515,333. 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 \$1,310,060 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, 2003

V. RECEIVABLES

A. RECEIVABLES

The County's net receivables for the year ended June 30, 2003 for the individual funds, nonmajor funds, and internal services funds are as follows:

Receivables - Governmental Activities:	Taxes	Accounts	Interest	Other	Total Receivables
General Fund	\$ 27,648	\$	\$ 667	\$ 22,308	\$ 50,623
Kern Co. Dept. of Child Support			33	2,985	3,018
Employer's Training Resource			6	4,987	4,993
Department of Human Services		14,078	31	10,667	24,776
Mental Health		176	117	4,615	4,908
Road			72	3,456	3,528
Structural Fire	990		143	4,744	5,877
Tobacco Securitization Proceeds			134		134
Internal Service Funds		787	213		1,000
Other Nonmajor Funds	572		275	8,475	9,322
Total Governmental Activities	<u>\$ 29,210</u>	<u>\$ 15,041</u>	<u>\$ 1,691</u>	<u>\$ 62,237</u>	<u>\$ 108,179</u>

The category classified as "Other" is composed of receivables from various state sources. Of the \$14,078 (in thousands) of accounts receivables for the Department of Human Resources, only \$560 (in thousands) is estimated to be collected within one year, leaving \$13,518 (in thousands) 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 \$26,929 (in thousands). Of this amount, \$25,489 (in thousands) is recorded in the General Fund, \$913 (in thousands)

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

V. RECEIVABLES (continued)

A. RECEIVABLES (continued)

in the Structural Fire Fund and \$527 (in thousands) in the County Service Areas Nonmajor Governmental Fund.

Receivables - Business-Type Activities:	Taxes	Accounts	Interest	Other	Gross Receivables	Less: Allowance for Uncollectibles	Total Receivables
Kern Medical Center	\$	\$ 101,344	\$ 66	\$ 7,070	\$ 108,480	\$ (80,832)	\$ 27,648
Waste Management	3,579	1,237	282	240	5,338	(17)	5,321
Nonmajor Enterprise Funds	<u>1,235</u>	<u>648</u>	<u>76</u>	<u>695</u>	<u>2,654</u>	<u>(82)</u>	<u>2,572</u>
Total Business-Type Activities	<u>\$ 4,814</u>	<u>\$ 103,229</u>	<u>\$ 424</u>	<u>\$ 8,005</u>	<u>\$ 116,472</u>	<u>\$ (80,931)</u>	<u>\$ 35,541</u>

Kern Medical Center has a balance of \$101,344 (in thousands) in accounts receivable. Of the accounts receivable balance, Kern Medical Center estimates not to collect \$610 (in thousands) within in one year. The total amount of taxes receivable not expected to be collected within one year is \$4,438 (in thousands). Of the \$4,438 the receivable will be allocated to Waste Management, County Sanitation Districts, and Universal Collections in the amounts of \$3,299 (in thousands), \$396 (in thousands), and \$743 (in thousands), respectively.

**Collection of Hospital Receivables**

For collection of hospital receivables, charges for services decreased during the fiscal year, the Hospital experienced deterioration in its cash position, partly due to deficiencies in its billing and collection processes. This cash position deterioration has continued subsequent to June 30, 2003. Pending resolution of these cash collection problems, any cash shortfall in the Kern Medical Center Enterprise Fund will be covered through borrowings from the County's General Fund.

B. UNAVAILABLE/UNEARNED REVENUE

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

The various components of deferred revenue and unearned revenue reported at June 30, 2003 are as follows:

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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V. RECEIVABLES (continued)

B. UNAVAILABLE/UNEARNED REVENUE (continued)

Governmental Activities:	<u>Unavailable</u>
Delinquent property taxes receivable	
General Fund	\$ 27,169
Structural Fire	955
Nonmajor Governmental Fund	557
Accounts Receivable	
Department of Human Services	<u>13,864</u>
Total deferred/unearned revenue for governmental funds	<u>\$ 42,545</u>

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

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, 2003 are as follows (in thousands):

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund	\$ 8,192	\$	
Agency		701	Cash flows, real property allocation, allocation of property tax, & real property transfer tax
Investment Trust		1,170	Final allocation of court fines
Nonmajor Governmental Funds		3,282	Expense reimbursement & Proposition 172 revenue
Employees' Training Resource		2,871	Expense reimbursement
Internal Service Funds	<u>168</u>	<u>168</u>	Expense reimbursement
	<u>8,192</u>	<u>8,192</u>	
Structural Fire	568		
Agency		126	Property tax revenue & real property transfer tax
Nonmajor Governmental Funds		330	Proposition 172 revenue
Internal Service Funds	<u>112</u>	<u>112</u>	Expense reimbursement
	<u>568</u>	<u>568</u>	
Road	122		
General		1	Services provided
Fire		1	Services provided
Nonmajor Governmental Funds		3	Services provided
Nonmajor Enterprise Funds		115	Services provided
Waste Management	<u>2</u>	<u>2</u>	Services provided
	<u>122</u>	<u>122</u>	
Nonmajor Governmental Funds	458		
Investment	<u>458</u>	<u>458</u>	Final allocation of court fines
	<u>458</u>	<u>458</u>	
Agency	12		
Investment	<u>12</u>	<u>12</u>	Cash Flow
	<u>12</u>	<u>12</u>	
Total	\$ <u>9,352</u>	\$ <u>9,352</u>	

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

VI. INTERFUND TRANSACTION (continued)

B. LOANS RECEIVABLE/PAYABLE

Loans Receivable/Payable at June 30, 2003 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor Governmental Fund	Nonmajor Governmental Fund	3,376	To expedite construction of improvements
Agency	Nonmajor Governmental Fund	280	Start up cost of projects
Nonmajor Governmental Fund	Nonmajor Enterprise Fund	1,588	To purchase Meadows fields land and to cover cash flow
		\$ 5,244	

C. ADVANCES TO/FROM OTHER FUNDS

Advances To/From Other Funds at June 30, 2003 are as follows (in thousands):

<u>Advances To</u>	<u>Advances From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Human Services	\$ 12,500	To cover cash flow
	Kern County Dept. of Child Support	2,000	To cover cash flow
	Kern Medical Center	6,000	To cover cash flow
	Nonmajor Governmental Funds	1,317	To cover cash flow
		21,817	
Waste Management	Nonmajor Enterprise Fund	2,500	To cover start up cost
Nonmajor Governmental Funds	Nonmajor Governmental Funds	2,050	To cover construction costs of capital projects
		\$ 26,367	

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

VI. INTERFUND TRANSACTION (continued)

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	\$ 8,783
	Mental Health	382
	Road	5,060
	Structural Fire	21,460
	Nonmajor Governmental Funds	9,639
	Kern Medical Center	<u>31,767</u>
		<u>77,091</u>
Mental Health	General	<u>21</u>
Structural Fire	Nonmajor Governmental Funds	<u>815</u>
Tobacco Securitization	Road	2,117
	General	<u>2,245</u>
		<u>4,362</u>
Kern Medical Center	Nonmajor Governmental Funds	<u>65</u>
Nonmajor Governmental Funds	General	52,350
	Mental Health	690
	Structural Fire	3,367
	Nonmajor Governmental Funds	<u>8,716</u>
		<u>65,123</u>
	TOTAL	\$ <u><u>147,477</u></u>

The General Fund transferred \$41,650,231 to Human Services, Mental Health, Road, Structural Fire, Aging and Adult Services-Nonmajor Governmental Fund, the Kern Film Festival-Nonmajor Governmental Fund, and IHSS Public Authority-Nonmajor Governmental Fund as a subsidy to their operations. It also transferred \$3,673,256 to the Kern Asset Leasing Corporation to cover debt service payments. The transfer to Kern Medical Center of \$31,767,316 represents a contribution to the hospital operations as well as a transfer of special purpose funds received from the state.

The Structural Fire transferred \$814,790 to the Kern Asset Leasing Corporation to cover debt service payments.

Mental Health transferred \$20,782.31 of interest earned on Substance Abuse Crime Prevention Act funds to the General Fund.

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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VI. INTERFUND TRANSACTION (continued)

D. TRANSFERS (continued)

The Tobacco Securitization Fund transferred \$2,117,336 to Road for capital projects. \$2,244,649 of earned interests were transferred to the General Fund as discretionary revenue.

\$64,963 cash with the trustee for the 1999 COP was reallocated from Kern Medical Center to the Kern Asset Leasing Corporation.

Nonmajor Governmental Special Revenue Funds transferred \$52,348,688 to the General Fund as part of the funding for Capital Projects, Public Health Services, Litter Clean-up, Utility Payments, Probation and Sheriff Training, Emergency Medical Services, Parks and Recreation, Juvenile Justice, and Criminal Justice Facilities.

The Alcoholism Program, Alcohol Abuse Education/Prevention, Drug Program, and Tobacco Litigation Settlement transferred \$690,000 to the Mental Health Fund to fund its operations of the programs funded by the special purpose funds.

The Local Public Safety-Nonmajor Special Revenue Fund transferred \$3,367,000 to the Structural Fire Fund as part of the funding of local public safety services as enacted by Proposition 172 in the November 1993 special election.

The Nonmajor Governmental Tobacco Litigation Settlement Fund transferred \$250,000 to Aging and Adult Services to fund a portion of the operations. The ACO-General and ACO-Fire-Nonmajor Governmental Funds transferred \$8,452,205 to the Kern Assets Leasing Corporation to cover debt service payments. A total of \$14,189 was transferred from the Kern County Library-Nonmajor Governmental Fund and Probation Asset Forfeiture-Nonmajor Governmental Fund to the Rental Book-Nonmajor Governmental Fund and the Juvenile Inmate Welfare-Nonmajor Governmental Fund.

In the fund financial statements, total transfers in of \$147,541 (in thousands) are less than the total transfers out of \$147,651 (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 Airports-Nonmajor Enterprise Fund. 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 Airports-Nonmajor Enterprise Fund did report the transfers.



COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

VII. CAPITAL ASSETS

A. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2003 was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land & Easement	\$ 19,473	157	67	19,563
Construction In Progress	20,954	14,813	8,140	27,627
<b>Total Capital Assets, not being depreciated</b>	<b>40,427</b>	<b>14,970</b>	<b>8,207</b>	<b>47,190</b>
<i>Capital Assets, being depreciated:</i>				
Infrastructure	15,512	12,513		28,025
Structures & Improvements	292,489	6,697	102	299,084
Equipment	105,250	6,510	2,906	108,854
<b>Total Capital Assets, being depreciated</b>	<b>413,251</b>	<b>25,720</b>	<b>3,008</b>	<b>435,963</b>
Less Accum. Depreciation for:				
Infrastructure	2,680	7,750		10,430
Structures & Improvements	108,513	5,309	10	113,812
Equipment	51,087	8,405	2,127	57,365
<b>Total Accum. Depreciation</b>	<b>162,280</b>	<b>21,464</b>	<b>2,137</b>	<b>181,607</b>
Total Capital assets, being Depreciated, net	250,971	4,256	871	254,356
<b>Net, Capital Assets</b>	<b>\$ 291,398</b>	<b>19,226</b>	<b>9,078</b>	<b>301,546</b>

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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	20,063	912	40	20,935
Land Acquisition in Progress	9	943	943	9
Construction In Progress	20,825	5,423	16,342	9,906
<b>Total Capital Assets, Not being depreciated</b>	<b>40,897</b>	<b>7,278</b>	<b>17,325</b>	<b>30,850</b>
<i>Capital Assets, being depreciated:</i>				
Structures & Improvements	114,380	16,325	914	129,791
Equipment	46,357	1,398	176	47,579
Infrastructure	4,374	2,391	56	6,709
<b>Total Capital Assets, being depreciated</b>	<b>165,111</b>	<b>20,114</b>	<b>1,146</b>	<b>184,079</b>
Less Accum. Depreciation for:				
Structures & Improvements	47,143	4,147	589	50,701
Equipment	29,608	3,781	164	33,225
Infrastructure	3,635	564	49	4,150
<b>Total Accum. Depreciation</b>	<b>80,386</b>	<b>8,492</b>	<b>802</b>	<b>88,076</b>
Total Capital assets, being Depreciated, net	84,725	11,622	344	96,003
<b>Net, Capital Assets</b>	<b>\$ 125,622</b>	<b>18,900</b>	<b>17,669</b>	<b>126,853</b>

Business-type activities capitalized \$1,618,084 in interest for projects related to Waste Management and Kern Medical Center during fiscal year 2002-2003.

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

VII. CAPITAL ASSETS (continued)

B. DEPRECIATION

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

General	\$ 3,588
Public Protection	7,308
Public Ways and Facilities	4,711
Health and Sanitation	228
Public Assistance	3,825
Education	544
Parks	605
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	655
<b>Total Depreciation Expense – Governmental Functions</b>	<b>\$ 21,464</b>

The depreciation expense was charged to the business-type activities as follows:

Airports	\$ 1,170
County Sanitation Districts	380
Golf Course	169
Kern Medical Center	4,984
Public Transportation	451
Waste Management	886
<b>Total Depreciation Expense – Business-Type Activities</b>	<b>\$ 8,040</b>

An additional \$452 (in thousands) depreciation was added to the County Sanitation Districts as a result of the prior period adjustment.

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, Engineering and Survey Services Lamont Channel, Parks and Recreation Buena Vista Boat Ramp, Parks and Recreation playgrounds, and a number of smaller projects. There are several construction in progress projects for the business-type funds. Airports is constructing the Meadows Field aircraft parking ramp and extension of the runway. Kern Medical Center has three projects in progress: a microwave communication system, a seismic upgrade, and the replacement of the central heating system. Solid Waste has several projects in progress: the Bena gatehouse and entrance improvement, Bena pipeline replacement, China Grade gas control system, landfill water wells, and a landfill gas system. 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, 2003

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, 2003 amounted to \$11,230,611. 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>
2003-04	11,160
2004-05	10,847
2005-06	9,868
2006-07	9,443
2007-08	7,896
2008-13	20,802
2013-18	17,697
2018-2023	4,996
Total Minimum Lease Payments	\$ <u>92,709</u>

B. CAPITAL LEASES

The County has entered into several long-term lease purchase agreements for certain major pieces of equipment during fiscal year 2002/2003. At the end of the lease, when all terms have been met, the related equipment will become property of the County. Equipment and related accumulated amortization acquired with capital leases during fiscal year ended June 30, 2003 are as follows:

	Governmental Activities
Asset:	
Machinery & Equipment	\$ 786
Less: Accumulated Depreciation	<u>(41)</u>
Total	<u>\$ 745</u>

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

VIII. LEASES (continued)

B. CAPITAL LEASES (continued)

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>
2003-04	\$ 2,416	\$ 26
2004-05	1,983	
2005-06	1,194	
2006-07	611	
2007-08	304	
2008-2010	592	
Net Minimum Lease Payments	7,100	26
Less amount representing interest	(764)	(2)
Present Value of net minimum lease payments	\$ 6,336	\$ 24

Interest expense for the capital leases for the current fiscal year was \$659 (in thousands). The interest expense is reported as direct expense in each function.

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 \$478,108,422. 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 employee 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):

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

IX. LONG-TERM DEBT (continued)

A. LONG-TERM LIABILITIES (continued)

	July 1, 2002	Additions	Deletions	June 30, 2003	Due within one year
<b>Governmental Activities</b>					
Compensated Absences	\$ 46,080	\$ 27,630	\$ (27,501)	\$ 46,209	\$ 13,863
Lease Purchase Agreements	8,728	786	(3,178)	6,336	2,416
Certificates of Participation	78,970		(10,455)	68,515	11,598
Facility Lease	512		(59)	453	32
Loans Payable – HUD Loan	8,455		(845)	7,610	900
Loans Payable –Election/Voting		1,000		1,000	132
Loans Payable – Sheriff/Retrofitting		327		327	29
Bonds Payable	225			225	60
Pension Obligation Bonds (1995)	184,548		(1,923)	182,625	2,873
Pension Obligation Bonds (2003)		288,177		288,177	-
Total Governmental Activities	<u>\$ 327,518</u>	<u>\$ 317,920</u>	<u>\$ (43,961)</u>	<u>\$ 601,477</u>	<u>\$ 31,903</u>
<b>Business-Type Activities</b>					
Compensated Absences	\$ 8,128	\$ 5,888	\$ (5,527)	\$ 8,489	\$ 946
Lease Purchase Agreements	48		(23)	25	25
Certificates of Participation	52,790		(3,665)	49,125	3,825
Pension Obligation Bonds (1995)	33,582		(350)	33,232	523
Total Business-Type Activities	<u>94,548</u>	<u>5,888</u>	<u>(9,565)</u>	<u>90,871</u>	<u>5,319</u>
<b>TOTAL</b>	<u>\$ 422,066</u>	<u>\$ 323,808</u>	<u>\$ (53,526)</u>	<u>\$ 692,348</u>	<u>\$ 37,222</u>

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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

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

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.

**B. CERTIFICATES OF PARTICIPATION**

The County has outstanding Certificates of Participation totaling \$117,640,000 (\$45,200,000 at variable and \$72,440,000 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, \$68,515,000 is included in the governmental activities, \$21,135,000 is included as current and long-term debt of the Kern Medical Center Fund, \$24,175,000 is included as current and long-term debt of the Waste Management Fund and \$3,815,000 is included as current and long-term debt of the Golf Course-Nonmajor Business-type Fund. The 1999 Capital Improvement Project COP balance of \$19,795,000 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 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.

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 0.95%, the rate in effect at June 30, 2003. During the fiscal year ended June 30, 2003, the interest rate ranged from .75% to 1.85%. 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):

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

1986 COP ( Public Facilities Project) (continued):

	Principal		Interest		Total
2003-04	\$ 9,448	\$	429	\$	9,877
2004-05	10,582		340		10,922
2005-06	11,852		239		12,091
2006-2007	13,318		127		13,445
TOTAL	\$ 45,200	\$	1,135	\$	46,335

**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
2003-04	\$ 1,410	\$	333	\$	1,743
2004-05	1,480		267		1,747
2005-06	1,545		197		1,742
2006-07	1,615		122		1,737
2007-2008	1,695		42		1,737
TOTAL	\$ 7,745	\$	961	\$	8,706

**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):

	Principal		Interest		Total
2003-04	\$ 85	\$	90	\$	175
2004-05	90		85		175
2005-06	95		80		175
2006-07	100		74		174
2007-08	110		68		178
2008-13	645		233		878
2013-2015	320		32		352
TOTAL	\$ 1,445	\$	662	\$	2,107



COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

**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
2003-04	\$ 245	\$ 304	\$ 549
2004-05	250	294	544
2005-06	265	282	547
2006-07	275	271	546
2007-08	290	258	548
2008-13	1,660	1,067	2,727
2013-18	2,125	582	2,707
2018-2020	1,030	57	1,087
TOTAL	\$ <u>6,140</u>	\$ <u>3,115</u>	\$ <u>9,255</u>

A summary of the certificate of participation debt recorded in the Kern Medical Center Fund 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%.

	Principal	Interest	Total
2003-04	\$ 410	\$ 407	\$ 817
2004-05	425	388	813
2005-06	450	368	818
2006-07	470	346	816
2007-08	490	323	813
2008-13	2,860	1,218	4,078
2013-2017	2,880	388	3,268
TOTAL	\$ <u>7,985</u>	\$ <u>3,438</u>	\$ <u>11,423</u>

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

**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%.

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2003-04	\$ 1,175	\$	277	\$	1,452
2004-05	1,210		202		1,412
2005-06	1,250		123		1,373
2006-2007	1,290		42		1,332
TOTAL	\$ <u>4,925</u>	\$	<u>644</u>	\$	<u>5,569</u>

**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%.

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2003-04	\$ 1,245	\$	134	\$	1,379
2004-2005	1,310		69		1,379
TOTAL	\$ <u>2,555</u>	\$	<u>203</u>	\$	<u>2,758</u>

**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%.

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2003-04	\$	\$	697	\$	697
2004-05			697		697
2005-06	645		683		1,328
2006-07	670		654		1,324
2007-08	700		624		1,324
2008-13	4,025		2,578		6,603
2013-18	5,150		1,405		6,555
20018-2020	2,465		137		2,602
TOTAL	\$ <u>13,655</u>	\$	<u>7,475</u>	\$	<u>21,130</u>

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

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
2003-04	\$ 1,210		\$ 527		\$ 1,737
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
2008-2010	3,260		190		3,450
TOTAL	\$ 10,010		\$ 2,110		\$ 12,120

**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
2003-04	\$		\$ 614		\$ 614
2004-05			614		614
2005-06			614		614
2006-07			614		614
2007-08			614		614
2008-13	6,525		2,551		9,076
2013-2017	7,640		726		8,366
TOTAL	\$ 14,165		\$ 6,347		\$ 20,512

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.

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
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IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

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

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, 2003

IX. LONG-TERM DEBT (continued)

C. CERTIFICATES OF PARTICIPATION (continued)

	Schedule of Debt Service Coverage				
	2003	2002	2001	2000	1999
Operating Revenues					
Land Use Fee	\$ 12,251	\$ 12,178	\$ 12,057	\$ 11,816	\$ 11,830
Gate Fee	10,995	9,915	9,704	10,444	10,706
Other (Including Interest Income)	2,374	3,068	4,354	3,526	3,051
Total Operating Revenue	<u>25,620</u>	<u>25,161</u>	<u>26,115</u>	<u>25,786</u>	<u>25,587</u>
Operating Expenses					
Salaries	5,915	5,294	5,088	4,740	4,658
Services and Supplies	13,706	14,224	13,399	12,105	12,622
Transfer to Closure	1,134	2,737	1,500	958	2,433
Other (Excluding depreciation)	363	310	279	259	1,575
Total Operating Expense	<u>21,118</u>	<u>22,565</u>	<u>20,266</u>	<u>18,062</u>	<u>21,288</u>
Net Operating Revenue	\$ <u>4,502</u>	\$ <u>2,596</u>	\$ <u>5,849</u>	\$ <u>7,724</u>	\$ <u>4,299</u>
1994 Debt Service	\$ 1,577	\$ 1,627	\$ 1,627	\$ 1,712	\$ 81
2002 Debt Service	612				
Total Debt Service	\$ <u>2,189</u>				
Debt Service Coverage Ratio 1	2.06	1.60	3.60	4.51	53.07
Net Operating Revenue After Debt Service	\$ <u>2,313</u>	\$ <u>969</u>	\$ <u>4,222</u>	\$ <u>6,012</u>	\$ <u>4,218</u>
Non-Operating Revenue (Expense)					
Closure Project Expense	(4,055)	(1,700)	(309)		
Pay-as-you-go Capital Projects	(2,650)	(2,396)	(1,804)	(1,464)	(1,077)
Capital Equipment	(217)	(409)	(147)	(123)	(147)
Total Non-Operating Revenue (Expense)	<u>(6,922)</u>	<u>(4,505)</u>	<u>(2,260)</u>	<u>(1,587)</u>	<u>(1,224)</u>
Net Income (Loss)	\$ <u>(4,609)</u>	\$ <u>(3,536)</u>	\$ <u>1,962</u>	\$ <u>4,425</u>	\$ <u>2,994</u>
Available Funds (Beginning Balance)					
Beginning Balance	\$ 16,734	\$ 21,501	\$ 19,271	\$ 14,944	\$ 11,037
Total Income (Loss)	(4,609)	(3,536)	1,962	4,425	2,994
Other Adjustments	(7,178)	(1,231)	267	(96)	915
	\$ <u>4,947</u>	\$ <u>16,734</u>	\$ <u>21,500</u>	\$ <u>19,273</u>	\$ <u>14,946</u>
Debt Service Coverage Ratio 2	9.70	14.81	15.44	13.24	189.33

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

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
2003-04	\$ 195		\$ 200		\$ 395
2004-05	200		190		390
2005-06	210		180		390
2006-07	225		169		394
2007-08	235		157		392
2008-13	1,365		582		1,947
2013-2017	1,385		161		1,546
TOTAL	\$ <u>3,815</u>		\$ <u>1,639</u>		\$ <u>5,454</u>

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

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
2003-04	\$ 32		\$ 15		\$ 47
2004-05	66		26		92
2005-06	70		22		92
2006-07	75		17		92
2007-08	80		12		92
2008-2010	130		9		139
TOTAL	\$ <u>453</u>		\$ <u>101</u>		\$ <u>554</u>

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
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IX. LONG-TERM DEBT (continued)

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
2003-04	\$ 900		\$ 514		\$ 1,414
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
2008-2010	2,515		184		2,699
TOTAL	\$ 7,610		\$ 2,048		\$ 9,658

**Election/Voting**

In order to facilitate the acquisition of a new touch screen scan voting and tabulation system, the County obtained a line of credit for \$1,595,000 in fiscal year 2002-2003. As of June 30, 2003, the County used \$1,000,000. The line of credit 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
2003-04	\$ 132		\$ 27		\$ 159
2004-05	134		25		159
2005-06	138		21		159
2006-07	142		17		159
2007-08	147		12		159
2008-2010	307		11		318
TOTAL	\$ 1,000		\$ 113		\$ 1,113

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

IX. LONG-TERM DEBT (continued)

D. LOANS PAYABLE

**Sheriff/Retrofitting**

In order to upgrade the energy conservation improvements at the County-owned Lerdo detention facility (Phase II), the County obtained a line of credit for \$3,675,000 in fiscal year 2002-2003. As of June 30, 2003, the County used \$327,000. 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
2003-04	\$ 29	\$	10	\$	39
2004-05	29		9		38
2005-06	30		8		38
2006-07	31		7		38
2007-08	32		6		38
2008-2013	176		16		192
TOTAL	\$ 327	\$	56	\$	383

E. BONDS PAYABLE

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
2003-04	\$ 60	\$	47	\$	107
2004-05	20		13		33
2005-06	25		11		36
2006-07	25		9		34
2007-08	30		6		36
2008-2010	65		5		70
TOTAL	\$ 225	\$	91	\$	316

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.



COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

IX. LONG-TERM DEBT (continued)

F. PENSION OBLIGATION BOND (continued)

**1995 Pension Obligation Bond (continued)**

At June 30, 2003, the amount of certificates (in thousands) included as a component of the County's pension liability was \$215,858. Of this amount, \$182,625 has been recorded in the governmental activities, and \$33,232 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 2002 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, 2003, interest payments related to the certificates were \$11,969,250. Of this amount, \$10,126,535 was paid out of governmental funds, and \$1,842,715 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
2003-04	\$ 3,396	\$ 11,786	\$ 15,182
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
2008-13	81,967	36,490	118,457
2013-18	76,927	83,625	160,552
2018-2022	25,755	129,665	155,420
TOTAL	\$ <u>215,858</u>	\$ <u>305,083</u>	\$ <u>520,941</u>

**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 Bonds have been issued at \$288,177,000. 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 at the close of the transaction, dated May 15, 2003 was 2.30%.

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

IX. LONG-TERM DEBT (continued)

F. PENSION OBLIGATION BOND (continued)

**2003 Pension Obligation Bond (continued)**

At June 30, 2003, the amount of bonds included as a component of the County's pension liability was \$288,177,000. 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 will be reduced as the liability is liquidated. The following is a summary of the total funding requirements of the bonds (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003-04	\$	\$ 7,970	\$ 7,970
2004-05		10,638	10,638
2005-06		10,638	10,638
2006-07	640	10,631	11,271
2007-08	1,510	10,603	12,113
2008-13	23,140	51,360	74,500
2013-18	58,095	43,036	101,131
2018-23	110,175	23,578	133,753
2023-2028	94,617	77,190	171,807
TOTAL	\$ <u>288,177</u>	\$ <u>245,644</u>	\$ <u>533,821</u>

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, 2003. The \$75,000,000 outstanding in Tax and Revenue Anticipation Notes is recorded as a fund liability of the general fund. It was issued on July 2, 2002 and was repaid on July 2, 2003.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Tax and Revenue Anticipation Notes	\$ <u>60,000</u>	\$ <u>75,000</u>	\$ <u>60,000</u>	\$ <u>75,000</u>

**COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003**

**XI. NET ASSETS/FUND BALANCES**

**A. RESERVED FUND BALANCE**

The reserved fund balance for the Governmental Activities for the fiscal year end June 30, 2003 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	\$ 1,105	\$ 52		101	\$ 4		\$ 2		\$ 2
Advances	2,791								
Deposits with Others	205								
Inventory	36					1,585	444		
Encumbrances	26,475	162	1,946	3,019	9,314	7,718	827	3,659	2,218
Fiscal Stability General	5,120	1,644							27,047
Tax Litigation	27,951						14,208		
Tax Loss	4,282								
Capital Projects									11
Debt Service									26,168
<b>TOTAL</b>	<b>\$ 67,965</b>	<b>\$ 1,858</b>	<b>\$ 1,946</b>	<b>3,120</b>	<b>\$ 9,318</b>	<b>\$ 9,303</b>	<b>\$ 15,481</b>	<b>\$ 3,659</b>	<b>\$ 55,446</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**

	Kern Medical Center	Waste Management	Nonmajor Enterprise Funds	Internal Service Funds
Debt Service	\$ 3,589	\$ 3,298	\$ 736	
Deposit with Others				1,310
<b>TOTAL</b>	<b>\$ 3,589</b>	<b>\$ 3,298</b>	<b>\$ 736</b>	<b>\$ 1,310</b>

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 governmental activities have \$26,168 (in thousands) restricted for debt service. The restricted amount in the Internal Service Funds was included with the governmental activities in the government-wide financial statements for a total restricted net asset for governmental activities of \$27,478 (in thousands).

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

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 \$1,000,000 and up to \$26,000,000 for Automobile and General Liability. Excess liability insurance is maintained for Medical Malpractice as followed: \$1,250,000 from July 1, 2002 to March 15, 2003 and \$3,000,000 from March 16, 2003 to June 30, 2003.

The 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 \$1,000,000 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 and Excess Airport 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, 2003.

The Risk Management Division of the Office of County Counsel determines and administers General Liability and Workers' Compensation requirements of the County. 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, 2003 was \$51,211 (in thousands).

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
TOTAL	\$ <u>44,012</u>	\$ <u>82,183</u>	\$ <u>(74,984)</u>	\$ <u>51,211</u>

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

XII. OTHER INFORMATION (continued)

A. RISK MANAGEMENT (continued)

Fiscal Year 2001-2002 (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
General Liability	\$ 7,945	\$ 168	\$ (558)	\$ 7,555
Workers' Compensation	23,480	12,051	(8,803)	26,728
Group Health	4,693	60,415	(56,112)	8,996
Unemployment Compensation	463	1,388	(1,118)	733
TOTAL	\$ 36,581	\$ 74,022	\$ (66,591)	\$ 44,012

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 has been discounted to its present value using a rate of 9%. Adjustments to the liability are included in results of operations. KMC has accrued, in accordance with generally accepted accounting principles, an estimated liability for incurred but not reported losses of \$8,512,687 at June 30, 2003. KMC has unlimited retention on most open policy years; however, since July 1, 1998 KMC has purchased insurance to cover annual claims. Excess insurance is maintained for claims in excess of \$1,250,000 from July 1, 2002 to March 15, 2003 and \$3,000,000 from March 16, 2003 to June 30, 2003 to an aggregate of \$30,000,000. 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,
2001	\$ 8,464	\$ 2,542	\$ (3,189)	\$ 7,817
2002	7,817	4,183	(2,197)	9,803
2003	9,803	2,897	(4,187)	8,513

B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

**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.

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

XII. OTHER INFORMATION (continued)

B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)

**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	1,923
Capital Assets	5,345
Total Assets	<u>7,268</u>
<b>Liabilities:</b>	
Current Liabilities	246
Long-term Liabilities Outstanding	3,619
Total Liabilities	<u>3,865</u>
<b>Net assets:</b>	
Invested in Capital Assets, Net of Related Debt	1,531
Restricted	736
Unrestricted	<u>1,136</u>
Total Net Assets	\$ <u>3,403</u>

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

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	\$ 4,492
Total Operating Revenues	<u>4,492</u>
Operating Expenses	
Services and Supplies	4,179
Depreciation	<u>169</u>
Total Operating Expenses	<u>4,348</u>
Operating Income (Loss)	<u>144</u>
Non-Operating Revenues (Expenses)	
Interest on Bank Deposits & Investments	58
Interest Expense	<u>(207)</u>
Total Non-Operating Revenues (Expenses)	<u>(149)</u>
Net Loss	(5)
Transfers In	
Changes in Net Assets	<u>(5)</u>
Net Assets, Beginning of Year	3,408
Net Assets, End of Year	\$ <u><u>3,403</u></u>

Condensed Statement of Cash Flows

	<u>Golf Course</u>
Net Cash (Used) by Operating Activities	\$ 194
Net Cash Provided by Non-Capital Financing Activities	-
Net Cash Provided by Capital and Related Financing Activities	(394)
Net Cash Provided by Investing Activities	<u>61</u>
Net Increase (Decrease) in Cash & Cash Equivalents	<u>(139)</u>
Cash & Cash Equivalents at July 1, 2002	<u>2,056</u>
Cash & Cash Equivalents at June 30, 2003	\$ <u><u>1,917</u></u>

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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**XII. OTHER INFORMATION (continued)**

**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, 2003 there were approximately 571 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 \$1,346,400 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, 2003 there were approximately 2,366 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 \$192 per active employee per year, which totaled \$1,486,286 for the year ended June 30, 2003.

**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



COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

XII. OTHER INFORMATION (continued)

D. CONTINGENT LIABILITIES (continued)

**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, 2003, assessment appeals are pending before the County Assessment Appeals Board (AAB) in the amount of \$159,111,574 plus interest of \$9,135,528.

Following the appeals court decision rendered in the County's favor in Maples v. Kern AAB (Occidental), the County with the assistance of an independent engineering and appraisal firm has reviewed the enrolled values of the AERA and Elk Hills (jointly owned by Occidental and Chevron) properties. The County informed the parties of the revised values.

The County and AERA Energy have reached an agreement on the appraised value of AERA's property. The modification in value will result in a tax and interest refund from county funds of approximately 4.03 million dollars. We anticipate this refund will be paid by mid-November, 2003.

If the revised value of the Elk Hills property is accepted by Occidental or are supported through appraisal evidence at the contested hearing before the AAB, these revised values will produce a County tax refund liability (including interest) of approximately 24.1 million dollars. If the parties are unable to reach an agreement on value, a hearing will probably commence within six months of a filing request for hearing by either party.

The following is a summary of the estimated contingent tax liability as of June 30, 2003 (in thousands):

	Principal	Interest	Total Estimated Principal and Interest
Contingent Tax Liability:			
Pending AAB Matters	\$ 159,112	\$ 9,135	\$ 168,247
Total	\$ 159,112	\$ 9,135	\$ 168,247
Less: Reserves and Impounded Tax Payments			(86,243)
Net Contingent Tax Liability			\$ 82,004

The effect of such estimated net contingent tax liability upon County funds is as follows (in thousands):

	General	Structural Fire	Total
Total Estimated Liability	\$ 14,498	\$ 7,956	\$ 22,454

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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**XII. OTHER INFORMATION (continued)**

**D. CONTINGENT LIABILITIES (continued)**

**Contingent Property Tax Liability (continued)**

The disputed assessments involve numerous individual cases. If all cases were settled at one point in time against the County for the estimated net liability of \$22,454,209 the County would fund the liability through a combination of future revenues and the implementation of cost reduction measures.

**Other Litigation**

There are various lawsuits and claims against the County, which in the opinion of the County Counsel will be resolved with no material adverse effect upon the County's financial position.

**E. 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, 2003 there was \$180,779,266 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 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

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

XII. OTHER INFORMATION (continued)

F. PENSION PLAN (continued)

Plan Description (continued)

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, 2003, employee membership data related to the pension plan was as follows:

	<u>General</u>	<u>Safety</u>	<u>Total</u>
Active Employees	6,380	1,609	7,989
Terminated Employees – Vested	752	97	849
Retirees and beneficiaries currently receiving benefits	3,548	1,051	4,599
	<u>10,680</u>	<u>2,757</u>	<u>13,437</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 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.

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

XII. OTHER INFORMATION (continued)

F. PENSION PLAN (continued)

**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 fair value of investments with any one organization greater than 5% of plan net assets as of June 30, 2003 (other than U.S. government securities), is presented in the following table:

ORGANIZATION		AMOUNT (in thousands)
Global Bonds:		
Goldman Sachs Asset Management	\$	108,506
Synthetic S&P 500 Strategies:		
Pacific Investment Management Company (PIMCO)	\$	97,786
Index Funds		
Barclays Global Investors S&P Index Fund	\$	141,683
Barclays Global Investors Euro Alpha Tilts Strategy Fund	\$	122,241
Barclays Global Investors International Equity Index Fund	\$	100,449
Barclays Global Investors Alpha Tilts Strategy Fund	\$	99,189

**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 20 year period. In accordance with the County Employees' Retirement Law of 1937, covered employees are required to pay a percentage of their salaries, depending upon their age at date of entry into the system. The County must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes.

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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**XII. OTHER INFORMATION (continued)**

**F. PENSION PLAN (continued)**

**Funding Policy (continued)**

The employer contribution rates have been determined using the Projected Unit Credit Cost method. The employer contribution is 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 20 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 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, 2003, the County's total payroll for all employees amounted to \$386,816,575. The County's total covered payroll for the same period amounted to \$355,313,237. 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, 2003 were determined in accordance with an actuarial valuation performed December 31, 2001. An annual 2% cost-of-living adjustment 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) current funding for the cost-of-living reserve is 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.

Contributions to K.C.E.R.A. during fiscal year ended June 30, 2003 were \$70,995,511 of which \$58,246,723 were regular employer contributions and \$12,748,788 were employee contributions (16% and 4% of covered payroll respectively). The total contribution consisted of \$61,837,090 normal cost (17% of covered payroll) plus \$9,158,421 amortization of the under-funded actuarial accrued liability (3% of covered payroll). On May 29, 2003, the KCERA 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 will reduce the General and Safety members contribution rates for fiscal year 2004.

COUNTY OF KERN  
 NOTES TO THE FINANCIAL STATEMENTS  
 Year Ended June 30, 2003

XII. OTHER INFORMATION (continued)

F. PENSION PLAN (continued)

**Funding Policy (continued)**

The County's contribution represented 95% 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, 2003:

	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%

FISCAL YEAR ENDING JUNE 30, 2002:

	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%
TOTAL	17.82%	13.67%	13.28%	27.66%

\*Unfunded Actuarial Accrued Liability

**Annual Pension Cost**

Fiscal Year Ending	Annual Pension Percentage of APC		Net Pension Obligation
	Annual Required Contribution	Percentage Contributed	
2003	\$58,246,723	682%*	-
2002	41,881,569	100%	-
2001	41,067,487	100%	-

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

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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XII. OTHER INFORMATION (continued)

F. PENSION PLAN (continued)

**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, 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, and thereafter on the same actuarial basis applied to the existing 2% COLA.

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 within two years. The cost of the recalculated benefits will not be known until the recalculation process is complete. From August 16, 2002 to October 29, 2003, 679 retirees or their beneficiaries have received retroactive payment in the amount of \$5,685,895, and the monthly retiree payroll increased by \$67,655. The liability of the recalculated benefits paid on or before December 31, 2002 and the additional 0.5% cost of living allowance was included in the more recent actuarial valuation, dated December 31, 2002.

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

COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

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XII. OTHER INFORMATION (continued)

G. LANDFILLS (continued)

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, 2003 the Waste Management Enterprise Fund had a designated cash reserve of \$30,032,864. 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.

The County has fifteen Class III landfills, two large volume transfer stations, and five 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, 2003 are \$55,835,665 and \$30,767,599 respectively. The County's landfills are listed below, along with their estimated remaining useful lives, total capacity and percentage of capacity used:



COUNTY OF KERN  
NOTES TO THE FINANCIAL STATEMENTS  
Year Ended June 30, 2003

XII. OTHER INFORMATION (continued)

G. LANDFILLS (continued)

Facility Name	Remaining Useful Lives	Capacity in Cubic Yards	Percent Incurred
Arvin	2	11,948,609	84%
Bena I	2	7,299,653	74%
Bena II A	36	38,506,350	0%
Boron	44	1,002,819	78%
Buttonwillow	N/A <sup>1</sup>	N/A	100%
China Grade	N/A <sup>2</sup>	N/A	100%
Glennville	N/A <sup>3</sup>	N/A	100%
Kern Valley	N/A <sup>4</sup>	N/A	100%
Lebec	N/A <sup>5</sup>	N/A	100%
Lost Hills	28	1,478,905	25%
McFarland/Delano	N/A <sup>6</sup>	N/A	100%
Mojave/Rosamond	12	2,262,243	67%
Ridgecrest	40	9,545,940	50%
Shafter/Wasco	25	11,636,500	37%
Taft	122	8,787,547	25%
Tehachapi	6	2,632,400	83%
TOTAL		95,100,966	

1. Buttonwillow is no longer accepting waste. It is scheduled to close in 2005.
2. Site is inactive
3. Site is closed
4. Kern Valley capacity could last four more years, but closed in June 1997 due to lease constraints.
5. Final closure in progress
6. 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.

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, 2003, the landfill closure liability has been recorded at \$29,451,361 and is included in the liabilities of the Waste Management Enterprise Fund. This represents the cumulative liability to date. The remaining \$26,384,304 anticipated closure costs will be recognized in future years. The

**COUNTY OF KERN**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended June 30, 2003**

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**XII. OTHER INFORMATION (continued)**

**G. LANDFILLS (continued)**

\$30,767,599 postclosure cost will be updated annually 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 plans to establish a pledge of future revenue to cover on-going maintenance and operation of any capital improvements that are constructed.

**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, 2003, the Wastewater Treatment Plant has a capital reserve of \$1,718,893 (unaudited). This reserve is estimated to provide adequate maintenance and capital acquisition for the facility.

**XIII. SUBSEQUENT EVENTS**

**A. TAX AND REVENUE ANTICIPATION NOTES**

On July 7, 2003, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$75,000,000 due on June 30, 2004. 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, 2004. A pledge of property taxes, income, revenue and other monies of the County allocable solely to fiscal year 2003-04 and legally available secure the TRANS.

**B. AIRPORTS COP**

On July 22, 2003, the Board of Supervisors adopted a resolution authorizing the issuance of certificates of participation to finance the County's construction cost of the new passenger terminal at the Meadows Field Airport. The certificates of participation have been sized at \$13,225,000.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

COUNTY OF KERN  
 SCHEDULE OF FUNDING PROGRESS  
 JUNE 30, 2003

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>12/31/00</u>	<u>12/31/01</u>	<u>12/31/02</u>
Actuarial Value of Assets (a)	\$1,434,873	\$1,508,291	\$1,570,278
Actuarial Accrued Liability AAL (b)	\$1,388,984	\$1,611,960	\$1,899,031
Overfunded (Underfunded) AAL (a-b)	\$45,889	\$(103,669)	\$(328,753)
Funded Ratio (a/b)	1.03	0.94	0.83
Annual Covered Payroll	\$283,282	\$333,791	\$344,871
Overfunded AAL as % of Covered Payroll	16.2%	(31.1)%	(95.3)%

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (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	\$ 50	
Charges for Current Services	467	467	464	(3)
Other Revenues	3	3	4	1
	<u>520</u>	<u>520</u>	<u>518</u>	<u>(2)</u>
Clerk of the Board				
Aid from Other Governmental Agencies				
Charges for Current Services	20	20	8	(12)
Other Revenues	1	1	1	
	<u>21</u>	<u>21</u>	<u>9</u>	<u>(12)</u>
Auditor-Controller				
Licenses, Permits and Franchises	215	215	203	(12)
Aid from Other Governmental Agencies	73	73	156	83
Charges for Current Services	634	634	723	89
Other Revenues			8	8
	<u>922</u>	<u>922</u>	<u>1,090</u>	<u>168</u>
Discretionary Revenue				
Taxes	110	109,504	121,106	11,602
Licenses, Permits and Franchises	4,990	4,990	4,856	(134)
Fines, Forfeitures and Penalties	5,625	5,625	4,898	(727)
Revenues from Use of Money and Property	5,877	5,877	6,320	443
Aid from Other Governmental Agencies	56,005	56,005	58,709	2,704
Charges for Current Services	6,071	6,071	6,193	122
Other Revenues	308	308	9,300	8,992
	<u>78,986</u>	<u>188,380</u>	<u>211,382</u>	<u>23,002</u>
Travel Agent Expense				
Charges for Current Services	1,720	1,720	1,411	(309)
	<u>1,720</u>	<u>1,720</u>	<u>1,411</u>	<u>(309)</u>
Treasurer-Tax Collector				
Fines, Forfeitures and Penalties	60	60	70	10
Charges for Current Services	2,747	2,747	2,634	(113)
Other Revenues	54	54	49	(5)
	<u>2,861</u>	<u>2,861</u>	<u>2,753</u>	<u>(108)</u>
Assessor				
Charges for Current Services	1,585	1,585	2,278	693
Other Revenues			1	1
	<u>1,585</u>	<u>1,585</u>	<u>2,279</u>	<u>694</u>
Assessor- Property Tax Administration				
Aid from Other Governmental Agencies	1,501	1,501	1,123	(378)
	<u>1,501</u>	<u>1,501</u>	<u>1,123</u>	<u>(378)</u>
Purchasing - Division of General Services				
Revenues from Use of Money and Property				
Charges for Current Services	123	123	121	(2)
	<u>123</u>	<u>123</u>	<u>121</u>	<u>(2)</u>
General Services - Mail Services				
Charges for Current Services	696	696	723	27
	<u>696</u>	<u>696</u>	<u>723</u>	<u>27</u>
Reprographics				
Charges for Current Services	873	873	719	(154)
	<u>873</u>	<u>873</u>	<u>719</u>	<u>(154)</u>
Information Technology Services				
Charges for Current Services	5,816	5,816	4,526	(1,290)
	<u>5,816</u>	<u>5,816</u>	<u>4,526</u>	<u>(1,290)</u>

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (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	\$ 3,757	\$ 3,757	\$ 4,152	\$ 395
Other Revenues	3	3	5	2
	<u>3,760</u>	<u>3,760</u>	<u>4,157</u>	<u>397</u>
Personnel				
Charges for Current Services	204	241	241	
Other Revenues	1	1	1	
	<u>205</u>	<u>242</u>	<u>242</u>	
Elections				
Aid from Other Governmental Agencies	193	193	21	(172)
Charges for Current Services	341	341	246	(95)
Other Revenues	8	8	1,010	1,002
	<u>542</u>	<u>542</u>	<u>1,277</u>	<u>735</u>
Communications				
Charges for Current Services	727	727	871	144
Other Revenues			1	1
	<u>727</u>	<u>727</u>	<u>872</u>	<u>145</u>
General Services				
Fines, Forfeitures and Penalties	139	139	123	(16)
Charges for Current Services	1,697	1,697	1,402	(295)
Other Revenues	38	38	58	20
	<u>1,874</u>	<u>1,874</u>	<u>1,583</u>	<u>(291)</u>
Utility Payments				
Charges for Current Services	1,152	1,152	863	(289)
	<u>1,152</u>	<u>1,152</u>	<u>863</u>	<u>(289)</u>
Property Management				
Charges for Current Services	158	158	177	19
	<u>158</u>	<u>158</u>	<u>177</u>	<u>19</u>
ADA Compliance				
Aid from Other Governmental Agencies	264	264	89	(175)
	<u>264</u>	<u>264</u>	<u>89</u>	<u>(175)</u>
Construction Services - General Services				
Aid from Other Governmental Agencies	5	5	115	110
Charges for Current Services	1,413	1,413	498	(915)
Other Revenues	254	254	16	(238)
	<u>1,672</u>	<u>1,672</u>	<u>629</u>	<u>(1,043)</u>
General Services - Major Maintenance				
Aid from Other Governmental Agencies	150	\$ 125	179	54
Other Revenues		125		(125)
	<u>150</u>	<u>250</u>	<u>179</u>	<u>(71)</u>
Board of Trade				
Aid from Other Governmental Agencies				
Other Revenues	18	18	23	5
	<u>18</u>	<u>18</u>	<u>23</u>	<u>5</u>
Engineering and Survey Services				
Aid from Other Governmental Agencies				
Charges for Current Services	1,892	1,892	1,611	(281)
Other Revenues	3	3	3	
	<u>1,895</u>	<u>1,895</u>	<u>1,614</u>	<u>(281)</u>
Risk Management				
Charges for Current Services	2,692	2,801	2,640	(161)
Other Revenues	18	18	20	2
	<u>2,710</u>	<u>2,819</u>	<u>2,660</u>	<u>(159)</u>
Capital Projects				
Aid from Other Governmental Agencies	16,138	19,052	4,108	(14,944)
Other Revenues	2,639	2,639	700	(1,939)
	<u>18,777</u>	<u>21,691</u>	<u>4,808</u>	<u>(16,883)</u>
<b>Total General Government</b>	<b>129,528</b>	<b>242,082</b>	<b>245,827</b>	<b>3,745</b>

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (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	\$ 4,190	\$ 4,190	\$ 3,970	\$ (220)
Charges for Current Services	4,099	4,099	4,200	101
Other Revenues	75	75	6	(69)
	<u>8,364</u>	<u>8,364</u>	<u>8,176</u>	<u>(188)</u>
Indigent Defense Services				
Aid from Other Governmental Agencies	965	965	988	23
Charges for Current Services	70	70	68	(2)
	<u>1,035</u>	<u>1,035</u>	<u>1,056</u>	<u>21</u>
District Attorney				
Fines, Forfeitures and Penalties	642	642	696	54
Aid from Other Governmental Agencies	3,944	3,944	3,032	(912)
Charges for Current Services	4,469	4,469	3,837	(632)
Other Revenues	312	312	81	(231)
	<u>9,367</u>	<u>9,367</u>	<u>7,646</u>	<u>(1,721)</u>
Public Defender				
Aid from Other Governmental Agencies	545	545	540	(5)
Charges for Current Services	375	375	496	121
Other Revenues			3	3
	<u>920</u>	<u>920</u>	<u>1,039</u>	<u>119</u>
Forensic Sciences-Division of District Attorney				
Aid from Other Governmental Agencies	482	720	612	(108)
Charges for Current Services	553	553	667	114
Other Revenues	609	631	509	(122)
	<u>1,644</u>	<u>1,904</u>	<u>1,788</u>	<u>(116)</u>
Sheriff				
Licenses, Permits and Franchises	151	151	166	15
Fines, Forfeitures and Penalties	15	15	12	(3)
Aid from Other Governmental Agencies	5,215	6,515	4,835	(1,680)
Charges for Current Services	17,164	17,805	15,946	(1,859)
Other Revenues	5,125	5,578	3,195	(2,383)
	<u>27,670</u>	<u>30,064</u>	<u>24,154</u>	<u>(5,910)</u>
Probation				
Fines, Forfeitures and Penalties	1	1	22	21
Revenues from Use of Money and Property	10	10	9	(1)
Aid from Other Governmental Agencies	19,420	19,587	21,689	2,102
Charges for Current Services	2,422	2,422	2,399	(23)
Other Revenues	97	97	76	(21)
	<u>21,950</u>	<u>22,117</u>	<u>24,195</u>	<u>2,078</u>
Agricultural Commissioner				
Licenses, Permits and Franchises	18	18	18	
Fines, Forfeitures and Penalties	24	24	33	9
Aid from Other Governmental Agencies	3,268	3,268	3,114	(154)
Charges for Current Services	888	888	1,064	176
Other Revenues	45	45	390	345
	<u>4,243</u>	<u>4,243</u>	<u>4,619</u>	<u>376</u>
Code Compliance				
Fines, Forfeitures and Penalties	7	7	9	2
Charges for Current Services	78	78	105	27
Other Revenues			1	1
	<u>85</u>	<u>85</u>	<u>115</u>	<u>30</u>

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (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	\$	\$	\$ 181	\$ 181
Other Revenues		20	22	2
		20	203	183
Recorder				
Licenses, Permits and Franchises	4	4	4	
Charges for Current Services	2,000	2,000	2,487	487
Other Revenues	71	71	62	(9)
	2,075	2,075	2,553	478
Resource Management Agency				
Charges for Current Services	511	511	553	42
Other Revenues			1	1
	511	511	554	43
Planning				
Licenses, Permits and Franchises	242	242	272	30
Charges for Current Services	300	300	405	105
Other Revenues	3	28	31	3
	545	570	708	138
Animal Control				
Licenses, Permits and Franchises	301	301	292	(9)
Fines, Forfeitures and Penalties	4	4	4	
Aid from Other Governmental Agencies	1,185	1,185	1,185	
Charges for Current Services	121	121	137	16
Other Revenues	10	10	18	8
	1,621	1,621	1,636	15
Superior Court				
Charges for Current Services	107	107	187	80
	107	107	187	80
Bakersfield Municipal Court				
Fines, Forfeitures and Penalties	1,040	1,040	977	(63)
Charges for Current Services	442	442	352	(90)
	1,482	1,482	1,329	(153)
East Kern Municipal Court				
Fines, Forfeitures and Penalties	453	453	373	(80)
Charges for Current Services	233	233	234	1
	686	686	607	(79)
North Kern Municipal Court				
Fines, Forfeitures and Penalties	361	361	396	35
Charges for Current Services	229	229	220	(9)
	590	590	616	26
South Kern Municipal Court				
Fines, Forfeitures and Penalties	601	601	592	(9)
Charges for Current Services	337	337	281	(56)
	938	938	873	(65)
<b>Total Public Protection</b>	<b>83,833</b>	<b>86,699</b>	<b>82,054</b>	<b>(4,645)</b>
<b>Health and Sanitation:</b>				
Department of Public Health				
Aid from Other Governmental Agencies	16,906	16,906	14,607	(2,299)
Charges for Current Services	2,231	2,231	2,505	274
Other Revenues	53	53	105	52
	19,190	19,190	17,217	(1,973)



COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (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	\$ 631	\$ 631	\$ 596	\$ (35)
	<u>631</u>	<u>631</u>	<u>596</u>	<u>(35)</u>
Environmental Health				
Licenses, Permits and Franchises	1,566	1,566	1,598	32
Fines, Forfeitures and Penalties	120	120	23	(97)
Aid from Other Governmental Agencies	551	551	551	
Charges for Current Services	1,335	1,335	1,428	93
Other Revenues			1	1
	<u>3,572</u>	<u>3,572</u>	<u>3,601</u>	<u>29</u>
Emergency Medical Services				
Licenses, Permits and Franchises	305	305	278	(27)
Aid from Other Governmental Agencies	54	54	51	(3)
Charges for Current Services	140	140	189	49
Other Revenues			1	1
	<u>499</u>	<u>499</u>	<u>519</u>	<u>20</u>
KMC Enterprise Fund - County Contribution				
Aid from Other Governmental Agencies	17,050	18,800	18,800	
	<u>17,050</u>	<u>18,800</u>	<u>18,800</u>	
Contribution for Medical Care				
Other Revenues		55,710	55,438	(272)
		<u>55,710</u>	<u>55,438</u>	<u>(272)</u>
California Children Services				
Aid from Other Governmental Agencies	5,753	5,753	4,255	(1,498)
Charges for Current Services	18	18	16	(2)
Other Revenues			1	1
	<u>5,771</u>	<u>5,771</u>	<u>4,272</u>	<u>(1,499)</u>
Waste Management				
Charges for Current Services	1,909	1,909	1,895	(14)
	<u>1,909</u>	<u>1,909</u>	<u>1,895</u>	<u>(14)</u>
<b>Total Health and Sanitation</b>	<b>48,622</b>	<b>106,082</b>	<b>102,338</b>	<b>(3,744)</b>
<b>Public Assistance</b>				
Veterans Service				
Aid from Other Governmental Agencies	115	128	128	
	<u>115</u>	<u>128</u>	<u>128</u>	
Employers' Training Resource				
Aid from Other Governmental Agencies	17,070	19,478	15,890	(3,588)
	<u>17,070</u>	<u>19,478</u>	<u>15,890</u>	<u>(3,588)</u>
Community Development Program Agency				
Aid from Other Governmental Agencies	2,098	2,098	1,658	(440)
	<u>2,098</u>	<u>2,098</u>	<u>1,658</u>	<u>(440)</u>
<b>Total Public Assistance</b>	<b>19,283</b>	<b>21,704</b>	<b>17,676</b>	<b>(4,028)</b>

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (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	\$ 116	\$ 116	\$ 125	\$ 9
Aid from Other Governmental Agencies	1,121	1,390	1,095	(295)
Charges for Current Services	355	355	339	(16)
Other Revenues	295	2,432	2,277	(155)
	<u>1,887</u>	<u>4,293</u>	<u>3,836</u>	<u>(457)</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>1,939</b>	<b>4,345</b>	<b>3,836</b>	<b>(509)</b>
<b>Recreation and Culture</b>				
Parks and Recreation				
Fines, Forfeitures and Penalties	12	12	11	(1)
Revenues from Use of Money and Property	159	159	162	3
Aid from Other Governmental Agencies		15	8	(7)
Charges for Current Services	1,867	1,867	1,718	(149)
Other Revenues	5	36	24	(12)
<b>Total Recreation and Culture</b>	<b>2,043</b>	<b>2,089</b>	<b>1,923</b>	<b>(166)</b>
<b>Debt Service</b>				
Revenues from Use of Money and Property				
Aid from Other Governmental Agencies	1,151	1,151	1,153	2
Charges for Current Services	142	142	132	(10)
Other Revenues			469	469
<b>Total Debt Service</b>	<b>1,293</b>	<b>1,293</b>	<b>1,754</b>	<b>461</b>
<b>Total Revenue</b>	<b>286,541</b>	<b>464,294</b>	<b>455,408</b>	<b>(8,886)</b>
<b>EXPENDITURES:</b>				
<b>General Government:</b>				
Board of Supervisors				
Salaries & Benefits	1,763	1,808	1,753	55
Services & Supplies	242	272	227	45
Other Financing Uses	166	102		102
	<u>2,171</u>	<u>2,182</u>	<u>1,980</u>	<u>202</u>
Administrative Office				
Salaries & Benefits	2,053	2,128	2,127	1
Services & Supplies	246	218	200	18
Other Charges	23	22	21	1
Transfers & Reimbursements	(88)	(88)	(89)	1
Other Financing Uses	329	310		310
	<u>2,563</u>	<u>2,590</u>	<u>2,259</u>	<u>331</u>
Clerk of the Board				
Salaries & Benefits	424	472	470	2
Services & Supplies	144	113	112	1
Fixed Assets		1		1
Other Financing Uses	400	384		384
	<u>968</u>	<u>970</u>	<u>582</u>	<u>388</u>
Special Services				
Salaries & Benefits	155	370	354	16
Services & Supplies	5,321	6,332	3,853	2,479
Other Charges	1,095	1,184	1,155	29
	<u>6,571</u>	<u>7,886</u>	<u>5,362</u>	<u>2,524</u>

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
General Government (Continued):				
Auditor-Controller				
Salaries & Benefits	\$ 2,684	\$ 2,627	\$ 2,538	\$ 89
Services & Supplies	402	549	525	24
Transfers & Reimbursements	(141)	(141)	(152)	11
Other Financing Uses	339	339		339
	<u>3,284</u>	<u>3,374</u>	<u>2,911</u>	<u>463</u>
Travel Agent Expense				
Services & Supplies	3,400	3,400	3,315	85
Transfers & Reimbursements	(1,680)	(1,680)	(1,905)	225
	<u>1,720</u>	<u>1,720</u>	<u>1,410</u>	<u>310</u>
Treasurer - Tax Collector				
Salaries & Benefits	1,998	1,998	1,869	129
Services & Supplies	1,637	2,687	2,289	398
Fixed Assets	40	48	14	34
Other Financing Uses	394	294		294
	<u>4,069</u>	<u>5,027</u>	<u>4,172</u>	<u>855</u>
Assessor				
Salaries & Benefits	6,610	6,610	6,558	52
Services & Supplies	340	342	309	33
Transfers & Reimbursements	(9)	(4)	(2)	(2)
	<u>6,941</u>	<u>6,948</u>	<u>6,865</u>	<u>83</u>
Assessor - Property Tax Administration				
Salaries & Benefits	974	974	785	189
Services & Supplies	527	497	351	146
Fixed Assets		20	20	
	<u>1,501</u>	<u>1,491</u>	<u>1,156</u>	<u>335</u>
Purchasing-Division of General Services				
Salaries & Benefits	574	460	449	11
Services & Supplies	46	53	44	9
	<u>620</u>	<u>513</u>	<u>493</u>	<u>20</u>
General Services-Mail Services				
Salaries & Benefits	269	269	224	45
Services & Supplies	1,385	1,365	1,362	3
Fixed Assets			20	(20)
Transfers & Reimbursements	(775)	(775)	(730)	(45)
	<u>879</u>	<u>859</u>	<u>876</u>	<u>(17)</u>
Reprographics				
Salaries & Benefits	406	406	367	39
Services & Supplies	996	1,062	759	303
Transfers & Reimbursements	(573)	(573)	(397)	(176)
Other Charges	44	67	58	9
	<u>873</u>	<u>962</u>	<u>787</u>	<u>175</u>
Information Technology Service				
Salaries & Benefits	5,040	5,174	5,163	11
Services & Supplies	7,998	7,041	6,397	644
Other Charges	42	42	42	
Fixed Assets		10		10
Transfers & Reimbursements	(3,082)	(3,082)	(2,602)	(480)
Other Financing Uses	531	531		531
	<u>10,529</u>	<u>9,716</u>	<u>9,000</u>	<u>716</u>

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
General Government (Continued):				
County Counsel				
Salaries & Benefits	\$ 4,938	\$ 4,976	\$ 4,973	\$ 3
Services & Supplies	408	434	385	49
Transfers & Reimbursements	(804)	(845)	(929)	84
Other Charges	25	27	27	
Other Financing Uses	390	342		342
	<u>4,957</u>	<u>4,934</u>	<u>4,456</u>	<u>478</u>
Personnel				
Salaries & Benefits	1,684	1,727	1,727	
Services & Supplies	246	264	206	58
Other Financing Uses	111	105		105
Transfers & Reimbursements	(28)	(28)	(26)	(2)
	<u>2,013</u>	<u>2,068</u>	<u>1,907</u>	<u>161</u>
Elections				
Salaries & Benefits	737	737	619	118
Services & Supplies	1,555	1,481	1,293	188
Fixed Assets		81	1,077	(996)
	<u>2,292</u>	<u>2,299</u>	<u>2,989</u>	<u>(690)</u>
Communications				
Salaries & Benefits	1,315	1,325	1,320	5
Services & Supplies	685	728	629	99
Transfers & Reimbursements	(186)	(186)	(213)	27
	<u>1,814</u>	<u>1,867</u>	<u>1,736</u>	<u>131</u>
General Services				
Salaries & Benefits	6,502	6,569	6,568	1
Services & Supplies	1,529	1,682	1,635	47
Fixed Assets		24	23	1
Transfers & Reimbursements	(463)	(463)	(387)	(76)
Other Charges	12	12	12	
Other Financing Uses	490	490		490
	<u>8,070</u>	<u>8,314</u>	<u>7,851</u>	<u>463</u>
Utility Payments				
Services & Supplies	6,757	6,667	6,536	131
Transfers & Reimbursements	(489)	(489)	(249)	(240)
Other Charges	197	197	171	26
	<u>6,465</u>	<u>6,375</u>	<u>6,458</u>	<u>(83)</u>
Property Management				
Salaries & Benefits	389	430	429	1
Services & Supplies	40	38	20	18
Transfers & Reimbursements	(10)	(10)	(22)	12
	<u>419</u>	<u>458</u>	<u>427</u>	<u>31</u>
ADA Compliance				
Services & Supplies	215	321	106	215
	<u>215</u>	<u>321</u>	<u>106</u>	<u>215</u>
Construction Services-Division General Service				
Salaries & Benefits	1,550	1,550	1,409	141
Services & Supplies	962	994	428	566
Transfers & Reimbursements	(645)	(645)	(1,011)	366
	<u>1,867</u>	<u>1,899</u>	<u>826</u>	<u>1,073</u>

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (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	\$ 646	\$ 2,811	\$ 2,393	\$ 418
	<u>646</u>	<u>2,811</u>	<u>2,393</u>	<u>418</u>
Board of Trade				
Salaries & Benefits	319	371	371	
Services & Supplies	176	144	129	15
Other Charges	9	9	9	
Other Financing Uses	61	50		50
	<u>565</u>	<u>574</u>	<u>509</u>	<u>65</u>
Engineering & Survey Services				
Salaries & Benefits	2,857	2,923	2,920	3
Services & Supplies	395	553	287	266
Fixed Assets		70	70	
Transfers & Reimbursements	(119)	(119)	(176)	57
Other Charges	42	49	48	1
Other Financing Uses	489	339		339
	<u>3,664</u>	<u>3,815</u>	<u>3,149</u>	<u>666</u>
Risk Management				
Salaries & Benefits	1,531	1,414	1,413	1
Services & Supplies	1,434	1,228	1,056	172
Other Charges	615	952	934	18
Fixed Assets			6	(6)
Transfers & Reimbursements	(337)	(183)	(183)	
	<u>3,243</u>	<u>3,411</u>	<u>3,226</u>	<u>185</u>
Capital Projects				
Other Charges	40			
Fixed Assets	25,273	35,053	31,353	3,700
Transfers & Reimbursements		(617)	(617)	
	<u>25,313</u>	<u>34,436</u>	<u>30,736</u>	<u>3,700</u>
Debt Service				
Services & Supplies	279	373	248	125
Other Charges	15	15	10	5
	<u>294</u>	<u>388</u>	<u>258</u>	<u>130</u>
<b>Total General Government</b>	<b>104,526</b>	<b>118,208</b>	<b>104,880</b>	<b>13,328</b>
<b>Public Protection:</b>				
Contribution - Trial Court Funding				
Services & Supplies	16,519	16,519	16,153	366
	<u>16,519</u>	<u>16,519</u>	<u>16,153</u>	<u>366</u>
Grand Jury				
Salaries & Benefits	45	48	48	
Services & Supplies	188	192	189	3
	<u>233</u>	<u>240</u>	<u>237</u>	<u>3</u>
Indigent Defense Services				
Services & Supplies	3,810	3,832	3,712	120
	<u>3,810</u>	<u>3,832</u>	<u>3,712</u>	<u>120</u>
District Attorney				
Salaries & Benefits	17,055	17,122	17,122	
Services & Supplies	1,700	1,806	1,718	88
Other Charges	295	332	332	
Other Financing Uses	172	172		172
Transfers & Reimbursements	(80)	(80)	(66)	(14)
	<u>19,142</u>	<u>19,352</u>	<u>19,106</u>	<u>246</u>

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Public Protection (Continued):				
Public Defender				
Salaries & Benefits	\$ 7,097	\$ 7,604	\$ 7,604	\$
Services & Supplies	778	588	558	30
Other Financing Uses	868	562		562
Fixed Assets		13	13	
	<u>8,743</u>	<u>8,767</u>	<u>8,175</u>	<u>592</u>
Forensic Sciences-Division of District Attorney				
Salaries & Benefits	2,377	2,228	2,182	46
Services & Supplies	1,134	1,368	1,243	125
Other Charges	91	73	73	
Fixed Assets		219	215	4
Transfers & Reimbursements	(90)	(90)	(82)	(8)
	<u>3,512</u>	<u>3,798</u>	<u>3,631</u>	<u>167</u>
Sheriff				
Salaries & Benefits	91,708	92,310	92,193	117
Services & Supplies	19,807	22,259	17,785	4,474
Other Charges	2,323	2,634	2,622	12
Other Financing Uses	185	185		185
Fixed Assets	415	1,820	1,575	245
Transfers & Reimbursements	(72)	(72)	(96)	24
	<u>114,366</u>	<u>119,136</u>	<u>114,079</u>	<u>5,057</u>
Probation				
Salaries & Benefits	32,295	32,422	31,889	533
Services & Supplies	4,165	4,378	3,883	495
Other Charges	1,070	947	670	277
Other Financing Uses	982	982		982
Fixed Assets		24	13	11
	<u>38,512</u>	<u>38,753</u>	<u>36,455</u>	<u>2,298</u>
Agricultural Commissioner				
Salaries & Benefits	4,239	4,239	4,130	109
Services & Supplies	1,212	1,326	949	377
Other Charges	46	46	46	
Other Financing Uses	350	350		350
Fixed Assets		14	14	
Transfers & Reimbursements	(25)	(25)	(16)	(9)
	<u>5,822</u>	<u>5,950</u>	<u>5,123</u>	<u>827</u>
Code Compliance				
Salaries & Benefits	587	618	617	1
Services & Supplies	523	535	212	323
	<u>1,110</u>	<u>1,153</u>	<u>829</u>	<u>324</u>
Recorder				
Salaries & Benefits	\$ 1,047	\$ 1,124	\$ 1,123	\$ 1
Services & Supplies	792	789	676	113
Fixed Assets	31	104	104	
Other Financing Uses	216	213		213
	<u>2,086</u>	<u>2,230</u>	<u>1,903</u>	<u>327</u>
Resource Management Agency				
Salaries & Benefits	997	1,041	1,023	18
Services & Supplies	61	66	46	20
Other Charges	6	7	6	1
Transfers & Reimbursements	(150)	(150)	(114)	(36)
	<u>914</u>	<u>964</u>	<u>961</u>	<u>3</u>

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>Public Protection (Continued):</b>				
Planning				
Salaries & Benefits	2,128	2,143	2,143	
Services & Supplies	381	926	920	6
Other Charges	2	2	2	
Other Financing Uses	422	411		411
Transfers & Reimbursements	(6)	(6)	(8)	2
	<u>2,927</u>	<u>3,476</u>	<u>3,057</u>	<u>419</u>
Animal Control				
Salaries & Benefits	1,349	1,444	1,289	155
Services & Supplies	630	708	639	69
Fixed Assets		2		2
Other Financing Uses	94	94		94
	<u>2,073</u>	<u>2,248</u>	<u>1,928</u>	<u>320</u>
<b>Total Public Protection</b>	<b><u>219,769</u></b>	<b><u>226,418</u></b>	<b><u>215,349</u></b>	<b><u>11,069</u></b>
<b>Health and Sanitation:</b>				
Department of Public Health				
Salaries & Benefits	14,485	16,077	16,076	1
Services & Supplies	5,399	4,686	4,870	(184)
Other Charges	12	6	6	
Fixed Assets	16	20	20	
Other Financing Uses	363			
Transfers & Reimbursements	472	(304)	(227)	(77)
	<u>20,747</u>	<u>20,485</u>	<u>20,745</u>	<u>(260)</u>
Air Quality Control				
Salaries & Benefits	\$ 624	\$ 623	\$ 590	\$ 33
Services & Supplies	7	7	7	
	<u>631</u>	<u>630</u>	<u>597</u>	<u>33</u>
Environmental Health				
Salaries & Benefits	3,173	3,212	3,212	
Services & Supplies	400	400	398	2
Other Charges	3	3	3	
Other Financing Uses	246	220		220
Transfers & Reimbursements	(4)	(4)	(4)	
	<u>3,818</u>	<u>3,831</u>	<u>3,609</u>	<u>222</u>
Emergency Medical Services				
Salaries & Benefits	744	744	710	34
Services & Supplies	146	646	139	507
Other Financing Uses	132	132		132
	<u>1,022</u>	<u>1,522</u>	<u>849</u>	<u>673</u>
Contribution for Medical Care				
Other Charges		55,710	55,438	272
		<u>55,710</u>	<u>55,438</u>	<u>272</u>
California Children Services				
Salaries & Benefits	3,388	3,388	2,956	432
Services & Supplies	2,525	2,331	1,948	383
	<u>5,913</u>	<u>5,719</u>	<u>4,904</u>	<u>815</u>
Waste Management				
Salaries & Benefits	1,920	1,920	1,884	36
Services & Supplies	176	176	150	26
Transfers & Reimbursements	(186)	(186)	(140)	(46)
	<u>1,910</u>	<u>1,910</u>	<u>1,894</u>	<u>16</u>
<b>Total Health and Sanitation</b>	<b><u>34,041</u></b>	<b><u>89,807</u></b>	<b><u>88,036</u></b>	<b><u>1,771</u></b>
<b>Public Assistance:</b>				
Veterans Service				
Salaries & Benefits	443	480	472	8
Services & Supplies	47	52	38	14
Other Financing Uses	51	28		28
	<u>541</u>	<u>560</u>	<u>510</u>	<u>50</u>
Employers Training Resource				
Salaries & Benefits	11,758	13,099	9,817	3,282
Services & Supplies	5,312	7,486	6,443	1,043
Fixed Assets		44	1	43
	<u>17,070</u>	<u>20,629</u>	<u>16,261</u>	<u>4,368</u>

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
Public Assistance (Continued):				
Community Development Program Agency				
Salaries & Benefits	\$ 1,625	\$ 1,615	\$ 1,344	\$ 271
Services & Supplies	523	533	394	139
	<u>2,148</u>	<u>2,148</u>	<u>1,738</u>	<u>410</u>
<b>Total Public Assistance</b>	<b>19,759</b>	<b>23,337</b>	<b>18,509</b>	<b>4,828</b>
<b>Education:</b>				
Kern County Library				
Salaries & Benefits	6,095	6,633	6,113	520
Services & Supplies	2,257	4,251	3,664	587
Other Charges	34	34	34	
Fixed Assets		9	9	
Other Financing Uses	91	91		91
Transfers & Reimbursements	(2)	(2)		(2)
	<u>8,475</u>	<u>11,016</u>	<u>9,820</u>	<u>1,196</u>
Farm & Home Advisor				
Salaries & Benefits	290	290	240	50
Services & Supplies	172	179	94	85
Other Financing Uses	129	129		129
	<u>591</u>	<u>598</u>	<u>334</u>	<u>264</u>
<b>Total Education</b>	<b>9,066</b>	<b>11,614</b>	<b>10,154</b>	<b>1,460</b>
<b>Recreation and Culture:</b>				
Parks and Recreation				
Salaries & Benefits	7,335	7,435	7,211	224
Services & Supplies	2,957	2,990	2,914	76
Other Charges	194	207	204	3
Fixed Assets		152	141	11
Other Financing Uses	233	43		43
	<u>10,719</u>	<u>10,827</u>	<u>10,470</u>	<u>357</u>
<b>Total Recreation and Culture</b>	<b>10,719</b>	<b>10,827</b>	<b>10,470</b>	<b>357</b>
<b>Debt Service - General Fund</b>				
Debt Service - Principal	60	60	60	
Debt Service - Interest	1,902	1,902	1,902	
	<u>1,962</u>	<u>1,962</u>	<u>1,962</u>	
<b>Total Debt Service - General Fund</b>	<b>1,962</b>	<b>1,962</b>	<b>1,962</b>	
<b>Contingencies and Reserves</b>				
Appropriations for Contingencies	4,940	3,360		3,360
<b>Total Expenditures</b>	<b>404,782</b>	<b>485,533</b>	<b>449,360</b>	<b>36,173</b>
Excess (Deficiency) of Revenues Over Expenditures	(118,241)	(21,239)	6,048	27,287
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	56,027	56,027	54,616	(1,411)
Transfers Out	(77,079)	(77,079)	(77,091)	(12)
	<u>(21,052)</u>	<u>(21,052)</u>	<u>(22,475)</u>	<u>(1,423)</u>
<b>Total Other Financing Sources (Uses)</b>	<b>(21,052)</b>	<b>(21,052)</b>	<b>(22,475)</b>	<b>(1,423)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(139,293)	(42,291)	(16,427)	25,864
Fund Balance (Deficit), July 1, 2002	92,273	92,273	92,273	
Fund Balance (Deficit), June 30, 2003	\$ <u>(47,020)</u>	\$ <u>49,982</u>	\$ <u>75,846</u>	\$ <u>25,864</u>



COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 YEAR ENDED JUNE 30, 2003 (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>455,408</u>
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Expenditures

Actual amount budgetary basis from the budgetary comparison schedule	\$ 449,360
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Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period	(22,468)
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Capital outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources	<u>786</u>
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Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ <u>427,678</u>
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COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 KERN COUNTY DEPARTMENT OF CHILD SUPPORT  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Revenues from Use of Money and Property	\$ 160	\$ 160	\$ 151	\$ (9)
Aid from Other Governmental Agencies	29,029	29,407	29,115	(292)
Other Revenues	6	6	7	1
<b>Total Revenues</b>	<u>29,195</u>	<u>29,573</u>	<u>29,273</u>	<u>(300)</u>
<b>EXPENDITURES:</b>				
Current:				
Public Protection				
Salaries & Benefits	17,167	16,032	16,024	8
Services & Supplies	11,502	12,958	12,679	279
Other Charges	526	549	534	15
Fixed Assets		323	313	10
<b>Total Expenditures</b>	<u>29,195</u>	<u>29,862</u>	<u>29,550</u>	<u>312</u>
Excess (Deficiency) of Revenues Over Expenditures		(289)	(277)	12
Fund Balance (Deficit), July 1, 2002	4,851	499	499	
Fund Balance (Deficit), June 30, 2003	<u>\$ 4,851</u>	<u>\$ 210</u>	<u>\$ 222</u>	<u>\$ 12</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 \$ 29,273

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 29,550

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (161)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 29,389

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 EMPLOYERS' TRAINING RESOURCE  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Revenues from Use of Money and Property	\$	\$	\$ 21	\$ 21
Aid from Other Governmental Agencies	34,378	37,404	29,007	(8,397)
Other Revenues			23	23
Total Revenues	<u>34,378</u>	<u>37,404</u>	<u>29,051</u>	<u>(8,353)</u>
EXPENDITURES:				
Current:				
Public Assistance				
Services & Supplies	19,737	22,933	17,770	5,163
Other Charges	12,554	14,405	12,608	1,797
Total Expenditures	<u>32,291</u>	<u>37,338</u>	<u>30,378</u>	<u>6,960</u>
Excess (Deficiency) of Revenues Over Expenditures	2,087	66	(1,327)	(1,393)
Fund Balance (Deficit), July 1, 2002	<u>5,687</u>	<u>(216)</u>	<u>(216)</u>	
Fund Balance (Deficit), June 30, 2003	<u>\$ 7,774</u>	<u>\$ (150)</u>	<u>\$ (1,543)</u>	<u>\$ (1,393)</u>

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ <u>29,051</u>
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Expenditures

Actual amount budgetary basis from the budgetary comparison schedule	\$ 30,378
Differences - Budget to GAAP	
Encumbrances for supplies and services ordered but not received within the recognition period	<u>(1,945)</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ <u>28,433</u>

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 HUMAN SERVICES  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Revenues from Use of Money and Property	\$ 750	\$ 750	\$ 103	\$ (647)
Aid from Other Governmental Agencies	273,004	279,670	269,612	(10,058)
Charges for Current Services	344	344	400	56
Other Revenues	2,905	2,905	3,235	330
<b>Total Revenues</b>	<b>277,003</b>	<b>283,669</b>	<b>273,350</b>	<b>(10,319)</b>
EXPENDITURES:				
Current:				
Public Assistance				
Salaries & Benefits	66,039	69,589	69,520	69
Services & Supplies	58,061	64,684	56,895	7,789
Other Charges	156,197	157,924	157,324	600
Fixed Assets	94	1,261	900	361
<b>Total Expenditures</b>	<b>280,391</b>	<b>293,458</b>	<b>284,639</b>	<b>8,819</b>
Excess (Deficiency) of Revenues Over Expenditures	(3,388)	(9,789)	(11,289)	(1,500)
OTHER FINANCING SOURCES (USES):				
Transfers In	8,783	8,783	8,783	
<b>Total Other Financing Sources (Uses)</b>	<b>8,783</b>	<b>8,783</b>	<b>8,783</b>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	5,395	(1,006)	(2,506)	(1,500)
Fund Balance (Deficit), July 1, 2002	22,188	(5,673)	(5,673)	
Fund Balance (Deficit), June 30, 2003	<u>\$ 27,583</u>	<u>\$ (6,679)</u>	<u>\$ (8,179)</u>	<u>\$ (1,500)</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 \$ 273,350

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 284,639

Differences - Budget to GAAP  
 Encumbrances for supplies and services ordered but not received within the recognition period (3,019)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 281,620

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 MENTAL HEALTH  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Revenues from Use of Money and Property	\$ 100	\$ 100	\$ 427	\$ 327
Aid from Other Governmental Agencies	52,681	52,681	49,862	(2,819)
Charges for Current Services	31,611	31,611	24,355	(7,256)
Other Revenues	36	36	243	207
<b>Total Revenues</b>	<b>84,428</b>	<b>84,428</b>	<b>74,887</b>	<b>(9,541)</b>
<b>EXPENDITURES:</b>				
Current:				
Health and Sanitation				
Salaries & Benefits	32,688	32,692	32,047	645
Services & Supplies	46,364	52,498	44,216	8,282
Other Charges	4,125	5,162	5,152	10
Fixed Assets		23	23	
<b>Total Expenditures</b>	<b>83,177</b>	<b>90,375</b>	<b>81,438</b>	<b>8,937</b>
Excess (Deficiency) of Revenues Over Expenditures	1,251	(5,947)	(6,551)	(604)
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	1,072	1,072	1,072	
Transfers Out			(21)	(21)
<b>Total Other Financing Sources (Uses)</b>	<b>1,072</b>	<b>1,072</b>	<b>1,051</b>	<b>(21)</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	2,323	(4,875)	(5,500)	(625)
Fund Balance (Deficit), July 1, 2002	15,339	19,539	19,539	
Prior Period Adjustment		(1,548)	(1,548)	
<b>Fund Balance (Deficit), June 30, 2003</b>	<b>\$ 17,662</b>	<b>\$ 13,116</b>	<b>\$ 12,491</b>	<b>\$ (625)</b>

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 \$ 74,887

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 81,438

Differences - Budget to GAAP  
 Encumbrances for supplies and services ordered but not received within the recognition period (9,313)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 72,125

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 ROAD  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 4,396	\$ 4,396	\$ 5,584	\$ 1,188
Revenues from Use of Money and Property	250	250	245	(5)
Aid from Other Governmental Agencies	21,522	21,522	20,348	(1,174)
Charges for Current Services	954	954	2,549	1,595
Other Revenues	1,896	1,895	20	(1,875)
<b>Total Revenues</b>	<b>29,018</b>	<b>29,017</b>	<b>28,746</b>	<b>(271)</b>
<b>EXPENDITURES:</b>				
Current:				
Public Ways and Facilities				
Salaries & Benefits	11,498	11,498	10,623	875
Services & Supplies	25,142	32,930	23,440	9,490
Other Charges	313	314	296	18
Fixed Assets	418	430	320	110
<b>Total Expenditures</b>	<b>37,371</b>	<b>45,172</b>	<b>34,679</b>	<b>10,493</b>
Excess (Deficiency) of Revenues Over Expenditures	(8,353)	(16,155)	(5,933)	10,222
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	7,177	7,177	7,177	
<b>Total Other Financing Sources (Uses)</b>	<b>7,177</b>	<b>7,177</b>	<b>7,177</b>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(1,176)	(8,978)	1,244	10,222
Fund Balance (Deficit), July 1, 2002	9,382	12,874	12,874	
Fund Balance (Deficit), June 30, 2003	\$ 8,206	\$ 3,896	\$ 14,118	\$ 10,222

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 \$ 28,746

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 34,679

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (7,717)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 26,962

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 STRUCTURAL FIRE  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 3,455	\$ 34,547	\$ 39,450	\$ 4,903
Licenses, Permits and Franchises				
Fines, Forfeitures and Penalties	23	23	29	6
Revenues from Use of Money and Property	195	175	330	155
Aid from Other Governmental Agencies	1,398	2,838	1,764	(1,074)
Charges for Current Services	11,745	18,031	19,455	1,424
Other Revenues	364	389	246	(143)
<b>Total Revenues</b>	<u>17,180</u>	<u>56,003</u>	<u>61,274</u>	<u>5,271</u>
<b>EXPENDITURES:</b>				
Current:				
Public Protection				
Salaries & Benefits	61,360	66,438	65,152	1,286
Services & Supplies	6,022	9,645	8,012	1,633
Other Charges	2,661	2,754	1,776	978
Fixed Assets		524	486	38
<b>Total Expenditures</b>	<u>70,043</u>	<u>79,361</u>	<u>75,426</u>	<u>3,935</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(52,863)</u>	<u>(23,358)</u>	<u>(14,152)</u>	<u>9,206</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	24,827	24,827	24,827	
Transfers Out	(815)	(815)	(815)	
<b>Total Other Financing Sources (Uses)</b>	<u>24,012</u>	<u>24,012</u>	<u>24,012</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(28,851)	654	9,860	9,206
Fund Balance (Deficit), July 1, 2002	<u>5,331</u>	<u>14,536</u>	<u>14,536</u>	
Fund Balance (Deficit), June 30, 2003	<u>\$ (23,520)</u>	<u>\$ 15,190</u>	<u>\$ 24,396</u>	<u>\$ 9,206</u>

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 61,274

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 75,426

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (826)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 74,600

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 TOBACCO SECURITIZATION PROCEEDS  
 YEAR ENDED JUNE 30, 2003 (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	\$ _____	\$ _____	\$ 2,196	\$ 2,196
Total Revenues	_____	_____	2,196	2,196
EXPENDITURES:				
Current:				
General Government				
Capital Outlay	34,900	34,900	13,709	21,191
Total Expenditures	34,900	34,900	13,709	21,191
Excess (Deficiency) of Revenues Over Expenditures	(34,900)	(34,900)	(11,513)	23,387
OTHER FINANCING SOURCES (USES):				
Transfers Out	(4,362)	(4,362)	(4,362)	
Total Other Financing Sources (Uses)	(4,362)	(4,362)	(4,362)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(39,262)	(39,262)	(15,875)	23,387
Fund Balance (Deficit), July 1, 2002	84,160	84,160	84,160	
Fund Balance (Deficit), June 30, 2003	<u>\$ 44,898</u>	<u>\$ 44,898</u>	<u>\$ 68,285</u>	<u>\$ 23,387</u>

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ <u>2,196</u>
---	-----------------

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule	\$ 13,709
Differences - Budget to GAAP	
Encumbrances for supplies and services ordered but not received within the recognition period	(3,659)
Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ <u>10,050</u>



**COUNTY OF KERN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2003**

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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. General Services-Mail Services, Elections, Department of Public Health, Risk Management, and General fund departments exceeded appropriations by a total of \$1,206 (in thousands). The excess in

**COUNTY OF KERN**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended June 30, 2003**

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

**A. BUDGETARY INFORMATION (continued)**

in appropriations is attributable to the acquisition of a new touch screen voting and tabulation system, unanticipated purchases of fixed assets and maintenance cost. 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 \$72,228,063 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, 2003

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I. BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

B. RECONCILIATION OF BUDGETARY BASIS TO GAAP (continued)

	Fund Balance (Budgetary Basis)	Basis Differences			Fund Balance (Modified Accrual Basis)
		Capital Lease- Inceptions	Capital Lease-Other Financing Source	Outstanding Encumbrances for Budgeted Funds	
General Fund	\$ 75,846	\$ (786)	\$ 786	\$ 22,468	\$ 98,314
Kern Co. Dept. of Child Support	222			162	384
Employer's Training Resource	(1,543)			1,945	402
Human Services	(8,179)			3,019	(5,160)
Mental Health	12,491			9,314	21,805
Road	14,118			7,716	21,834
Structural Fire	24,396			825	25,221
Tobacco Securitization	68,285			3,659	71,944
Total	\$ <u>185,636</u>	\$ <u>(786)</u>	\$ <u>786</u>	\$ <u>49,108</u>	\$ <u>234,744</u>

The seal of Kern County, California, is a circular emblem. It features a central scene with a yellow sun rising over a landscape that includes a lighthouse, a ship, and a bridge. 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 blue striped border.

**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND  
SCHEDULES**



**NONMAJOR  
GOVERNMENTAL FUNDS**

COUNTY OF KERN  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2003 (IN THOUSANDS)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Assets:				
Pooled Cash and Investments	\$ 30,113	\$ 420	\$ 12,674	\$ 43,207
Revolving Fund Cash	2			2
Cash and Investments Deposited With Trustee			26,168	26,168
Receivables:				
Loans			4,964	4,964
Interest	204	2	69	275
Taxes Receivable	572			572
Accrued Revenue	8,475			8,475
Due from Other Funds	458			458
Advances to Other Funds			2,050	2,050
Total Assets	<u>\$ 39,824</u>	<u>\$ 422</u>	<u>\$ 45,925</u>	<u>\$ 86,171</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Payables:				
Accounts	\$ 931			\$ 931
Salaries and Employee Benefits	312			312
Loans	3,656			3,656
Due to Other Funds	3,616			3,616
Advances from Other Funds	1,316	2,050		3,366
Deferred Revenue	557			557
Total Liabilities	<u>10,388</u>	<u>2,050</u>		<u>12,438</u>
Fund Balance (Deficit):				
Reserved	9,510	11	45,925	55,446
Unreserved, reported in:				
Special Revenue Funds	19,926			19,926
Capital Projects Funds		(1,639)		(1,639)
Total Fund Balance (Deficit):	<u>29,436</u>	<u>(1,628)</u>	<u>45,925</u>	<u>73,733</u>
Total Liabilities and Fund Balance	<u>\$ 39,824</u>	<u>\$ 422</u>	<u>\$ 45,925</u>	<u>\$ 86,171</u>

COUNTY OF KERN  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 2,002	\$	\$	\$ 2,002
Licenses, Permits and Franchises	4,302			4,302
Fines, Forfeitures and Penalties	5,637			5,637
Revenues From Use of Money and Property	868	24	2,410	3,302
Aid from Other Governmental Agencies	64,000	2,000		66,000
Charges for Current Services	2,274			2,274
Other Revenues	1,679	330	12,017	14,026
Total Revenues	<u>80,762</u>	<u>2,354</u>	<u>14,427</u>	<u>97,543</u>
EXPENDITURES:				
Current:				
General Government	152		744	896
Public Protection	4,725		121	4,846
Health and Sanitation	2,455			2,455
Public Assistance	27,629			27,629
Education	121			121
Public Ways and Facilities	1,418			1,418
Capital Outlay		972		972
Debt Service:				
Principal			13,217	13,217
Interest			12,454	12,454
Total Expenditures	<u>36,500</u>	<u>972</u>	<u>26,536</u>	<u>64,008</u>
Excess Deficiency of Revenues Over (Under) Expenditures	<u>44,262</u>	<u>1,382</u>	<u>(12,109)</u>	<u>33,535</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	6,229		13,006	19,235
Transfers Out	(54,125)		(10,998)	(65,123)
Total Other Financing Sources (Uses)	<u>(47,896)</u>		<u>2,008</u>	<u>(45,888)</u>
Net Changes in Fund Balance	(3,634)	1,382	(10,101)	(12,353)
Fund Balance, July 1, 2002	<u>33,070</u>	<u>(3,010)</u>	<u>56,026</u>	<u>86,086</u>
Fund Balance, June 30, 2003	<u>\$ 29,436</u>	<u>\$ (1,628)</u>	<u>\$ 45,925</u>	<u>\$ 73,733</u>

## 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, Records 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, 2003 (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	\$ 30,113	\$ 42	\$ 6,116	\$ 523
Revolving Fund Cash	2	2		
Interest Receivable	204	2	33	3
Taxes Receivable	572			
Accrued Revenue	8,475	2,146		
Due from Other Funds	458			
Total Assets	<u>\$ 39,824</u>	<u>\$ 2,192</u>	<u>\$ 6,149</u>	<u>\$ 526</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	\$ 931	\$ 465	\$ 163	\$ 299
Salaries and Employee Benefits Payable	312	223	89	
Advances from Other Funds	1,316	1,250		
Due to Other Funds	3,616			182
Loans Payable	3,656			3,376
Deferred Revenue	557			
Total Liabilities	<u>10,388</u>	<u>1,938</u>	<u>252</u>	<u>3,857</u>
Fund Balance (Deficit):				
Reserved	9,510	110	3,058	1,801
Unreserved:				
Designated	2,590			
Undesignated	17,336	144	2,839	(5,132)
Total Fund Balance (Deficit)	<u>29,436</u>	<u>254</u>	<u>5,897</u>	<u>(3,331)</u>
Total Liabilities and Fund Balance	<u>\$ 39,824</u>	<u>\$ 2,192</u>	<u>\$ 6,149</u>	<u>\$ 526</u>

COUNTY SERVICE AREAS	DISTRICT ATTORNEY EQUIPMENT AUTOMATION	DISTRICT ATTORNEY LOCAL FORFEITURES	EMERGENCY MEDICAL SERVICES	
				<b>ASSETS</b>
\$ 5,918	\$ 514	\$ 1,280	\$ 676	Pooled Cash and Investments
31	2	11	5	Revolving Fund Cash
572				Interest Receivable
				Taxes Receivable
				Accrued Revenue
			145	Due from Other Funds
<u>\$ 6,521</u>	<u>\$ 516</u>	<u>\$ 1,291</u>	<u>\$ 826</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
280				Loans Payable
557				Deferred Revenue
<u>837</u>				Total Liabilities
				Fund Balance (Deficit):
4,279				Reserved
				Unreserved:
205			492	Designated
1,200	516	1,291	334	Undesignated
<u>5,684</u>	<u>516</u>	<u>1,291</u>	<u>826</u>	Total Fund Balance (Deficit)
<u>\$ 6,521</u>	<u>\$ 516</u>	<u>\$ 1,291</u>	<u>\$ 826</u>	Total Liabilities and Fund Balance

COUNTY OF KERN  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS  
 JUNE 30, 2003 (IN THOUSANDS)

Page 2 of 2

	<u>LOCAL PUBLIC SAFETY</u>	<u>PLANNED LOCAL DRAINAGE</u>	<u>PROPERTY TAX ADMINISTRATION</u>	<u>PUBLIC IMPROVEMENT DISTRICTS</u>
<b>ASSETS</b>				
Pooled Cash and Investments	\$	\$ 675	\$ 1,095	\$ 20
Revolving Fund Cash				
Interest Receivable		4	8	
Taxes Receivable				
Accrued Revenue	6,237			
Due from Other Funds				
Total Assets	<u>\$ 6,237</u>	<u>\$ 679</u>	<u>\$ 1,103</u>	<u>\$ 20</u>
<b>LIABILITIES AND FUND BALANCE</b>				
Liabilities:				
Accounts Payable	\$	\$	\$	\$
Salaries and Employee Benefits Payable				
Advances from Other Funds				25
Due to Other Funds	3,434			
Loans Payable				
Deferred Revenue				
Total Liabilities	<u>3,434</u>			<u>25</u>
Fund Balance (Deficit):				
Reserved		154		
Unreserved:				
Designated		195		
Undesignated	2,803	330	1,103	(5)
Total Fund Balance (Deficit)	<u>2,803</u>	<u>679</u>	<u>1,103</u>	<u>(5)</u>
Total Liabilities and Fund Balance	<u>\$ 6,237</u>	<u>\$ 679</u>	<u>\$ 1,103</u>	<u>\$ 20</u>

<u>SHERIFF INMATE WELFARE</u>	<u>SHERIFF FINGERPRINT IDENTIFICATION</u>	<u>TOBACCO LITIGATION SETTLEMENT</u>	<u>OTHER SPECIAL REVENUE</u>	
				<u>ASSETS</u>
\$ 2,472	\$ 1,497	\$ 345	\$ 8,940	Pooled Cash and Investments
17	10	44	34	Revolving Fund Cash
				Interest Receivable
			92	Taxes Receivable
			313	Accrued Revenue
				Due from Other Funds
<u>\$ 2,489</u>	<u>\$ 1,507</u>	<u>\$ 389</u>	<u>\$ 9,379</u>	Total Assets
				<u>LIABILITIES AND FUND BALANCE</u>
\$	\$	\$	\$ 4	Liabilities:
				Accounts Payable
			41	Salaries and Employee Benefits Payable
				Advances from Other Funds
				Due to Other Funds
				Loans Payable
				Deferred Revenue
			45	Total Liabilities
			108	Fund Balance (Deficit):
				Reserved
			1,698	Unreserved:
			7,528	Designated
				Undesignated
<u>2,489</u>	<u>1,507</u>	<u>389</u>	<u>9,334</u>	Total Fund Balance (Deficit)
<u>\$ 2,489</u>	<u>\$ 1,507</u>	<u>\$ 389</u>	<u>\$ 9,379</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, 2003 (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	\$ 2,002	\$	\$	\$
Licenses, Permits and Franchises	4,302		4,082	
Fines, Forfeitures and Penalties	5,637			
Revenues from Use of Money and Property	868	30	141	11
Aid from Other Governmental Agencies	64,000	8,245		8,436
Charges for Current Services	2,274	586	13	
Other Revenues	1,679	123	13	484
Total Revenues	<u>80,762</u>	<u>8,984</u>	<u>4,249</u>	<u>8,931</u>
EXPENDITURES:				
Current:				
General Government	152			
Public Protection	4,725		3,569	
Health and Sanitation	2,455			
Public Assistance	27,629	12,205		12,110
Education	121			
Public Ways and Facilities	1,418			
Total Expenditures	<u>36,500</u>	<u>12,205</u>	<u>3,569</u>	<u>12,110</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>44,262</u>	<u>(3,221)</u>	<u>680</u>	<u>(3,179)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	6,229	2,934		
Transfers Out	(54,125)			
Total Other Financing Sources (Uses)	<u>(47,896)</u>	<u>2,934</u>		
Net Changes in Fund Balance	(3,634)	(287)	680	(3,179)
Fund Balance (Deficit), July 1, 2002	33,070	541	5,217	(152)
Fund Balance (Deficit), June 30, 2003	<u>\$ 29,436</u>	<u>\$ 254</u>	<u>\$ 5,897</u>	<u>\$ (3,331)</u>

<u>COUNTY SERVICE AREAS</u>	<u>DISTRICT ATTORNEY EQUIPMENT AUTOMATION</u>	<u>DISTRICT ATTORNEY LOCAL FORFEITURES</u>	<u>EMERGENCY MEDICAL SERVICES</u>	
\$ 1,985	\$	\$	\$	REVENUES:
1				Taxes
36			1,577	Licenses, Permits and Franchises
163	12	45	21	Fines, Forfeitures and Penalties
43			486	Revenues from Use of Money and Property
				Aid from Other Governmental Agencies
38				Charges for Current Services
				Other Revenues
<u>2,266</u>	<u>12</u>	<u>45</u>	<u>2,084</u>	Total Revenues
				EXPENDITURES:
				Current:
28				General Government
842			1,613	Public Protection
				Health and Sanitation
				Public Assistance
1,409				Education
				Public Ways and Facilities
<u>2,279</u>			<u>1,613</u>	Total Expenditures
<u>(13)</u>	<u>12</u>	<u>45</u>	<u>471</u>	Excess (Deficiency) of Revenues Over Expenditures
				OTHER FINANCING SOURCES (USES):
	<u>(22)</u>	<u>(339)</u>	<u>(444)</u>	Transfers In
				Transfers Out
	<u>(22)</u>	<u>(339)</u>	<u>(444)</u>	Total Other Financing Sources (Uses)
(13)	(10)	(294)	27	Net Changes in Fund Balance
<u>5,697</u>	<u>526</u>	<u>1,585</u>	<u>799</u>	Fund Balance (Deficit), July 1, 2002
<u>\$ 5,684</u>	<u>\$ 516</u>	<u>\$ 1,291</u>	<u>\$ 826</u>	Fund Balance (Deficit), June 30, 2003

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, 2003 (IN THOUSANDS)

Page 2 of 2

	LOCAL PUBLIC SAFETY	PLANNED LOCAL DRAINAGE	PROPERTY TAX ADMINISTRATION	PUBLIC IMPROVEMENT DISTRICTS
REVENUES:				
Taxes	\$	\$	\$	\$ 17
Licenses, Permits and Franchises		63		
Fines, Forfeitures and Penalties				1
Revenues from Use of Money and Property		17	25	
Aid from Other Governmental Agencies	37,803		124	
Charges for Current Services				
Other Revenues				
Total Revenues	<u>37,803</u>	<u>80</u>	<u>149</u>	<u>18</u>
EXPENDITURES:				
Current:				
General Government				
Public Protection				
Health and Sanitation				
Public Assistance				
Education				
Public Ways and Facilities				9
Total Expenditures				<u>9</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>37,803</u>	<u>80</u>	<u>149</u>	<u>9</u>
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out	<u>(35,000)</u>			
Total Other Financing Sources (Uses)	<u>(35,000)</u>			
Net Changes in Fund Balance	2,803	80	149	9
Fund Balance (Deficit), July 1, 2002		599	954	(14)
Fund Balance (Deficit), June 30, 2003	<u>\$ 2,803</u>	<u>\$ 679</u>	<u>\$ 1,103</u>	<u>\$ (5)</u>



SHERIFF INMATE WELFARE	SHERIFF FINGERPRINT IDENTIFICATION	TOBACCO LITIGATION SETTLEMENT	OTHER SPECIAL REVENUE	
\$	\$	\$	\$	REVENUES:
			156	Taxes
			4,023	Licenses, Permits and Franchises
73	42	142	146	Fines, Forfeitures and Penalties
		8,139	724	Revenues from Use of Money and Property
			1,675	Aid from Other Governmental Agencies
			1,021	Charges for Current Services
				Other Revenues
<u>73</u>	<u>42</u>	<u>8,281</u>	<u>7,745</u>	Total Revenues
				EXPENDITURES:
				Current:
			152	General Government
			1,128	Public Protection
				Health and Sanitation
			3,314	Public Assistance
			121	Education
				Public Ways and Facilities
			<u>4,715</u>	Total Expenditures
<u>73</u>	<u>42</u>	<u>8,281</u>	<u>3,030</u>	Excess (Deficiency) of Revenues Over Expenditures
				OTHER FINANCING SOURCES (USES):
			3,295	Transfers In
<u>(5)</u>	<u>(220)</u>	<u>(13,422)</u>	<u>(4,673)</u>	Transfers Out
<u>(5)</u>	<u>(220)</u>	<u>(13,422)</u>	<u>(1,378)</u>	Total Other Financing Sources (Uses)
68	(178)	(5,141)	1,652	Net Changes in Fund Balance
<u>2,421</u>	<u>1,685</u>	<u>5,530</u>	<u>7,682</u>	Fund Balance (Deficit), July 1, 2002
<u>\$ 2,489</u>	<u>\$ 1,507</u>	<u>\$ 389</u>	<u>\$ 9,334</u>	Fund Balance (Deficit), June 30, 2003

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	AGING AND ADULT SERVICES			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Revenues from Use of Money and Property	\$	\$	\$ 30	\$ 30
Aid from Other Governmental Agencies	8,425	8,668	8,245	(423)
Charges for Current Services	639	639	586	(53)
Other Revenues	126	126	123	(3)
Total Revenues	<u>9,190</u>	<u>9,433</u>	<u>8,984</u>	<u>(449)</u>
EXPENDITURES:				
Current:				
Public Assistance				
Salaries & Benefits	5,358	5,472	5,286	186
Services & Supplies	4,217	4,824	4,244	580
Other Charges	6,020	2,816	2,782	34
Fixed Assets		55	1	54
Total Expenditures	<u>15,595</u>	<u>13,167</u>	<u>12,313</u>	<u>854</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,405)</u>	<u>(3,734)</u>	<u>(3,329)</u>	<u>405</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>2,934</u>	<u>2,934</u>	<u>2,934</u>	
Total Other Financing Sources (Uses)	<u>2,934</u>	<u>2,934</u>	<u>2,934</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(3,471)	(800)	(395)	405
Fund Balance (Deficit), July 1, 2002	<u>(198)</u>	<u>541</u>	<u>541</u>	
Fund Balance (Deficit), June 30, 2003	<u>\$ (3,669)</u>	<u>\$ (259)</u>	<u>\$ 146</u>	<u>\$ 405</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 \$ 8,984

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 12,313

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (108)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 12,205

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	BUILDING INSPECTION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual on Budgetary Basis	
<b>REVENUES:</b>				
Licenses, Permits and Franchises	\$ 2,504	\$ 2,504	\$ 4,082	\$ 1,578
Revenues from Use of Money and Property	75	75	141	66
Charges for Current Services	15	15	13	(2)
Other Revenues	10	10	13	3
<b>Total Revenues</b>	<u>2,604</u>	<u>2,604</u>	<u>4,249</u>	<u>1,645</u>
<b>EXPENDITURES:</b>				
Current:				
Public Protection				
Salaries & Benefits	2,354	2,419	2,414	5
Services & Supplies	1,655	1,751	1,140	611
Other Charges	115	115	98	17
Fixed Assets	166	177	31	146
Appropriation for Contingencies	400	400		400
<b>Total Expenditures</b>	<u>4,690</u>	<u>4,862</u>	<u>3,683</u>	<u>1,179</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,086)	(2,258)	566	2,824
Fund Balance (Deficit), July 1, 2002	<u>2,314</u>	<u>5,217</u>	<u>5,217</u>	<u></u>
Fund Balance (Deficit), June 30, 2003	<u>\$ 228</u>	<u>\$ 2,959</u>	<u>\$ 5,783</u>	<u>\$ 2,824</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 \$ 4,249

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 3,683

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (114)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 3,569

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	COMMUNITY DEVELOPMENT			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Revenues from Use of Money and Property	\$	\$	\$ 11	\$ 11
Aid from Other Governmental Agencies	19,807	19,807	8,436	(11,371)
Charges for Current Services	3	3		(3)
Other Revenues	<u>663</u>	<u>663</u>	<u>484</u>	<u>(179)</u>
Total Revenues	<u>20,473</u>	<u>20,473</u>	<u>8,931</u>	<u>(11,542)</u>
EXPENDITURES:				
Current:				
Public Assistance				
Services & Supplies	16,586	22,635	13,913	8,722
Appropriation for Contingencies	<u>1,299</u>	<u>1,910</u>		<u>1,910</u>
Total Expenditures	<u>17,885</u>	<u>24,545</u>	<u>13,913</u>	<u>10,632</u>
Excess (Deficiency) of Revenues Over Expenditures	2,588	(4,072)	(4,982)	(910)
Fund Balance (Deficit), July 1, 2002	<u>150</u>	<u>(152)</u>	<u>(152)</u>	
Fund Balance (Deficit), June 30, 2003	<u>\$ 2,738</u>	<u>\$ (4,224)</u>	<u>\$ (5,134)</u>	<u>\$ (910)</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 \$ 8,931

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 13,913

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (1,803)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 12,110

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	COUNTY SERVICE AREAS			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
<b>REVENUES:</b>				
Taxes	\$ 1,935	\$ 1,952	\$ 1,985	\$ 33
Licenses, Permits and Franchises			1	1
Fines, Forfeitures and Penalties			36	36
Revenues from Use of Money and Property	255	248	163	(85)
Aid from Other Governmental Agencies			43	43
Other Revenues	242	242	38	(204)
<b>Total Revenues</b>	<b>2,432</b>	<b>2,442</b>	<b>2,266</b>	<b>(176)</b>
<b>EXPENDITURES:</b>				
Current:				
Public Protection				
Services & Supplies	2,673	85	39	46
Other Charges	57	1		1
Fixed Assets	215	1		1
Appropriation for Contingencies	277	9		9
<b>Total Public Protection</b>	<b>3,222</b>	<b>96</b>	<b>39</b>	<b>57</b>
Health and Sanitation				
Services & Supplies	522	609	432	177
Other Charges	22	22	5	17
Fixed Assets	1,000	672	549	123
Appropriation for Contingencies	47	62		62
<b>Total Health and Sanitation</b>	<b>1,591</b>	<b>1,365</b>	<b>986</b>	<b>379</b>
Public Ways and Facilities				
Services & Supplies	1,842	2,098	1,440	658
Other Charges	33	34	8	26
Fixed Assets	578			
Appropriation for Contingencies	138	203		203
<b>Total Public Ways and Facilities</b>	<b>2,591</b>	<b>2,335</b>	<b>1,448</b>	<b>887</b>
<b>Total Expenditures</b>	<b>7,404</b>	<b>3,796</b>	<b>2,473</b>	<b>1,323</b>
Excess (Deficiency) of Revenues Over Expenditures	(4,972)	(1,354)	(207)	1,147
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(4,972)	(1,354)	(207)	1,147
Fund Balance (Deficit), July 1, 2002	(343)	5,708	5,708	
Fund Balance (Deficit), June 30, 2003	<u>\$ (5,315)</u>	<u>\$ 4,354</u>	<u>\$ 5,501</u>	<u>\$ 1,147</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 \$ 2,266

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 2,473

Differences - Budget to GAAP  
 Encumbrances for supplies and services ordered but not received within the recognition period (194)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 2,279

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	EMERGENCY MEDICAL SERVICES			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual on Budgetary Basis	
REVENUES:				
Fines, Forfeitures and Penalties	\$ 1,174	\$ 1,174	\$ 1,577	\$ 403
Revenues from Use of Money and Property	44	44	21	(23)
Aid from Other Governmental Agencies	410	585	486	(99)
Total Revenues	<u>1,628</u>	<u>1,803</u>	<u>2,084</u>	<u>281</u>
EXPENDITURES:				
Current:				
Health and Sanitation Services & Supplies	<u>1,450</u>	<u>1,663</u>	<u>1,613</u>	<u>50</u>
Total Expenditures	<u>1,450</u>	<u>1,663</u>	<u>1,613</u>	<u>50</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>178</u>	<u>140</u>	<u>471</u>	<u>331</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(444)</u>	<u>(444)</u>	<u>(444)</u>	
Total Other Financing Sources (Uses)	<u>(444)</u>	<u>(444)</u>	<u>(444)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(266)	(304)	27	331
Fund Balance (Deficit), July 1, 2002	<u>449</u>	<u>799</u>	<u>799</u>	
Fund Balance (Deficit), June 30, 2003	<u>\$ 183</u>	<u>\$ 495</u>	<u>\$ 826</u>	<u>\$ 331</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 \$ 2,084

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 \$ 1,613

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	LOCAL PUBLIC SAFETY			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
REVENUES:				
Aid from Other Governmental Agencies	\$ 35,000	\$ 35,000	\$ 37,803	\$ 2,803
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>37,803</u>	<u>2,803</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>35,000</u>	<u>35,000</u>	<u>37,803</u>	<u>2,803</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	
Total Other Financing Sources (Uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(35,000)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses			2,803	2,803
Fund Balance (Deficit), July 1, 2002				
Fund Balance (Deficit), June 30, 2003	<u>\$</u>	<u>\$</u>	<u>\$ 2,803</u>	<u>\$ 2,803</u>

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ <u>37,803</u>
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COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	PLANNED LOCAL DRAINAGE			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual on Budgetary Basis	
REVENUES:				
Licenses, Permits and Franchises	\$	\$	\$ 63	\$ 63
Revenues from Use of Money and Property			17	17
Total Revenues			80	80
EXPENDITURES:				
Current:				
Public Protection				
Fixed Assets	247			
Total Expenditures	247			
Excess (Deficiency) of Revenues Over Expenditures	(247)		80	80
Fund Balance (Deficit), July 1, 2002	313	599	599	
Fund Balance (Deficit), June 30, 2003	\$ 66	\$ 599	\$ 679	\$ 80

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 \$ 80



COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>TOBACCO LITIGATION SETTLEMENT</u>			
	<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	\$ 300	\$ 300	\$ 142	\$ (158)
Aid from Other Governmental Agencies	<u>8,130</u>	<u>8,130</u>	<u>8,139</u>	<u>9</u>
Total Revenues	<u>8,430</u>	<u>8,430</u>	<u>8,281</u>	<u>(149)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,430</u>	<u>8,430</u>	<u>8,281</u>	<u>(149)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out	<u>(13,930)</u>	<u>(13,930)</u>	<u>(13,422)</u>	<u>508</u>
Total Other Financing Sources (Uses)	<u>(13,930)</u>	<u>(13,930)</u>	<u>(13,422)</u>	<u>508</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(5,500)	(5,500)	(5,141)	359
Fund Balance (Deficit), July 1, 2002	<u>500</u>	<u>5,530</u>	<u>5,530</u>	
Fund Balance (Deficit), June 30, 2003	<u><u>\$ (5,000)</u></u>	<u><u>\$ 30</u></u>	<u><u>\$ 389</u></u>	<u><u>\$ 359</u></u>

Explanation of differences between budgetary revenues and expenditures and GAAP revenues and expenditures

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement  
 of Revenues, Expenditures, and Changes in Fund Balances \$ 8,281

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN SPECIAL REVENUE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

OTHER SPECIAL REVENUE				
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Over (Under)
REVENUES:				
Licenses, Permits and Franchises	\$ 110	\$ 110	\$ 98	\$ (12)
Fines, Forfeitures and Penalties	50	50	232	182
Revenues from Use of Money and Property	6	6	13	7
Aid from Other Governmental Agencies	197	197	148	(49)
Charges for Current Services	960	960	1,551	591
Other Revenues	25	25	51	26
<b>Total Revenues</b>	<b>1,348</b>	<b>1,348</b>	<b>2,093</b>	<b>745</b>
EXPENDITURES:				
IHSS Public Authority				
Services and Supplies	262	262	116	146
Other Charges	3,213	3,213	3,198	15
<b>Total Public Assistance</b>	<b>3,475</b>	<b>3,475</b>	<b>3,314</b>	<b>161</b>
Range Improvement				
Services & Supplies	64	64	38	26
Wildlife Resources				
Services & Supplies	5	5	4	1
Other Charges	20	26	20	6
	25	31	24	7
<b>Total Public Protection</b>	<b>89</b>	<b>95</b>	<b>62</b>	<b>33</b>
Education:				
Experimental Farm				
Services & Supplies	42	42	121	(79)
<b>Total Education</b>	<b>42</b>	<b>42</b>	<b>121</b>	<b>(79)</b>
<b>Total Expenditures</b>	<b>3,606</b>	<b>3,612</b>	<b>3,497</b>	<b>115</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,258)	(2,264)	(1,404)	860
OTHER FINANCING SOURCES (USES):				
Transfer In	3,269	3,269	3,295	26
Transfer Out	(6,386)	(6,386)	(4,673)	1,713
<b>Total Other Financing Sources (Uses)</b>	<b>(3,117)</b>	<b>(3,117)</b>	<b>(1,378)</b>	<b>1,739</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(5,375)	(5,381)	(2,782)	2,599
Fund Balance (Deficit), July 1, 2002	1,075	2,069	2,069	
Fund Balance (Deficit), June 30, 2003	\$ (4,300)	\$ (3,312)	\$ (713)	\$ 2,599

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	\$ 2,093
Revenues from non-budgeted funds	5,652
<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>7,745</b>

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule	\$ 3,497
Differences - Budget to GAAP	
Encumbrances for supplies and services ordered but not received within the recognition period	(112)
Expenditures for non-budgeted funds	1,330
<b>Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances</b>	<b>\$ 4,715</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.

**Public Health Facility** – This fund accounts for the loan proceeds used for the construction of a new public health facility.

COUNTY OF KERN  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECT FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>TOTAL</u>	<u>MASTER LEASE</u>	<u>ACCUMULATIVE CAPITAL OUTLAY ROAD</u>
<b><u>ASSETS</u></b>			
Pooled Cash and Investments	\$ 420	\$ 68	\$ 14
Interest Receivable	<u>2</u>		
<b>Total Assets</b>	<b>\$ <u>422</u></b>	<b>\$ <u>68</u></b>	<b>\$ <u>14</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Liabilities:			
Advances from Other Funds	\$ <u>2,050</u>		
<b>Total Liabilities</b>	<b><u>2,050</u></b>		
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>422</u></b>	<b>\$ <u>68</u></b>	<b>\$ <u>14</u></b>

<u>SEPARATION OF GRADE</u>	<u>PUBLIC HEALTH FACILITY</u>	<u>ASSETS</u>
\$                   338 2 <hr/> \$                   340 <hr/>	\$ <hr/> <hr/> <hr/> <hr/> <hr/>	 Pooled Cash and Investments Interest Receivable  Total Assets  <u>LIABILITIES AND FUND BALANCE</u> Liabilities: Advances from Other Funds  Total Liabilities  Total Liabilities and Fund Balance
\$                   2,050 <hr/> 2,050 <hr/>	\$ <hr/> <hr/>	
\$                   340 <hr/>	\$ <hr/>	

COUNTY OF KERN  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (DEFICIT)  
 NONMAJOR CAPITAL PROJECT FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>TOTAL</u>	<u>MASTER LEASE</u>	<u>ACCUMULATIVE CAPITAL OUTLAY ROAD</u>
REVENUES:			
Revenues From Use of Money	\$ 24	\$	\$
Aid From Other Governments	2,000		
Other Revenues	330	327	
	<u>2,354</u>	<u>327</u>	
Total Revenues	<u>2,354</u>	<u>327</u>	
EXPENDITURES:			
Capital Outlay	<u>972</u>	<u>327</u>	
Total Expenditures	<u>972</u>	<u>327</u>	
Excess (Deficiency) of Revenues over Expenditures	<u>1,382</u>		
Net Changes In Fund Balance	1,382		
Fund Balance, July 1, 2002	<u>(3,010)</u>	<u>68</u>	<u>14</u>
Fund Balance, June 30, 2003	<u><u>\$ (1,628)</u></u>	<u><u>\$ 68</u></u>	<u><u>\$ 14</u></u>

<u>SEPARATION OF GRADE</u>	<u>PUBLIC HEALTH FACILITY</u>	
\$ 22	\$ 2	REVENUES:
2,000		Revenues From Use of Money
3		Aid From Other Governments
<u>2,025</u>	<u>2</u>	Other Revenues
		Total Revenues
<u>520</u>	<u>125</u>	EXPENDITURES:
		Capital Outlay
<u>520</u>	<u>125</u>	Total Expenditures
<u>1,505</u>	<u>(123)</u>	Excess (Deficiency) of Revenues over Expenditures
1,505	(123)	Net Changes In Fund Balance
<u>(3,215)</u>	<u>123</u>	Fund Balance, July 1, 2002
<u>\$ (1,710)</u>	<u>\$</u>	Fund Balance, June 30, 2003

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR CAPITAL PROJECT FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	MASTER LEASE			
	<u>Original Budget</u>	<u>Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Revenues From Use of Money	\$	\$	\$	\$
Aid From Other Governments				
Other Revenues	<u>327</u>	<u>327</u>	<u>327</u>	
Total Revenues	<u>327</u>	<u>327</u>	<u>327</u>	
EXPENDITURES:				
General Government				
Capital Outlay	<u>8,669</u>	8,669	4,322	4,347
Total Expenditures	<u>8,669</u>	<u>8,669</u>	<u>4,322</u>	<u>4,347</u>
Excess (Deficiency) of Revenues over Expenditures	(8,342)	(8,342)	(3,995)	4,347
Fund Balance, July 1, 2002	<u>68</u>	<u>68</u>	<u>68</u>	
Fund Balance, June 30, 2003	<u>\$ (8,274)</u>	<u>\$ (8,274)</u>	<u>\$ (3,927)</u>	<u>\$ 4,347</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 the Combining Statement of Revenue, Expenditures, and Changes in Fund Balances

\$ 327

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule

\$ 4,322

Difference - Budget to GAAP

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

(3,995)

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

\$ 327



COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR CAPITAL PROJECT FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	SEPARATION OF GRADE			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
Revenues From Use of Money	\$	\$	\$	\$
Aid From Other Governments	3,928	3,928	2,000	(1,928)
Other Revenues	<u>          </u>	<u>          </u>	<u>          3</u>	<u>          3</u>
Total Revenues	<u>3,928</u>	<u>3,928</u>	<u>2,025</u>	<u>(1,903)</u>
EXPENDITURES:				
General Government				
Capital Outlay	<u>          500</u>	<u>          500</u>	<u>          530</u>	<u>          (30)</u>
Total Expenditures	<u>          500</u>	<u>          500</u>	<u>          530</u>	<u>          (30)</u>
Excess (Deficiency) of Revenues over Expenditures	3,428	3,428	1,495	(1,933)
Fund Balance, July 1, 2002	<u>(3,214)</u>	<u>(3,214)</u>	<u>(3,214)</u>	<u>          </u>
Fund Balance, June 30, 2003	<u>\$          214</u>	<u>\$          214</u>	<u>\$      (1,719)</u>	<u>\$      (1,933)</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 the Combining Statement of Revenue, Expenditures, and Changes in Fund Balances \$           2,025

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$          530

Difference - Budget to GAAP  
 Encumbrances for supplies and services ordered but not received within the recognition period           (10)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$           520

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR CAPITAL PROJECT FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	PUBLIC HEALTH FACILITY			
	<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	\$	\$	\$ 2	\$ 2
Aid From Other Governments				
Other Revenues	<u>206</u>	<u>206</u>	<u>          </u>	<u>(206)</u>
Total Revenues	<u>206</u>	<u>206</u>	<u>2</u>	<u>(204)</u>
EXPENDITURES:				
General Government				
Capital Outlay	<u>329</u>	<u>329</u>	<u>131</u>	<u>198</u>
Total Expenditures	<u>329</u>	<u>329</u>	<u>131</u>	<u>198</u>
Excess (Deficiency) of Revenues over Expenditures	(123)	(123)	(129)	(6)
Fund Balance, July 1, 2002	<u>123</u>	<u>123</u>	<u>123</u>	<u>          </u>
Fund Balance, June 30, 2003	<u>\$</u>	<u>\$</u>	<u>\$ (6)</u>	<u>\$ (6)</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 the Combining Statement of Revenue, Expenditures, and Changes in Fund Balances \$ 2

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 131

Difference - Budget to GAAP (6)

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

Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 125

## 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 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, 2003 (IN THOUSANDS)

	<u>TOTAL</u>	<u>ACCUMULATIVE CAPITAL OUTLAY GENERAL</u>	<u>ACCUMULATIVE CAPITAL OUTLAY FIRE</u>
<b><u>ASSETS</u></b>			
Pooled Cash and Investments	\$ 12,674	\$ 11,328	\$ 1,346
Cash and Investments Deposited with Trustee	26,168		
Loans Receivable	4,964	4,964	
Interest Receivable	69	62	7
Advances to Other Funds	<u>2,050</u>	<u>2,050</u>	
Total Assets	<u>\$ 45,925</u>	<u>\$ 18,404</u>	<u>\$ 1,353</u>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
Fund Balance:			
Reserved	<u>45,925</u>	<u>18,404</u>	<u>1,353</u>
Total Fund Balance	<u>45,925</u>	<u>18,404</u>	<u>1,353</u>
Total Liabilities and Fund Balance	<u>\$ 45,925</u>	<u>\$ 18,404</u>	<u>\$ 1,353</u>

<u>KERN ASSET LEASING</u>	<u>PENSION OBLIGATION BOND TRUSTEE</u>	<u>PUBLIC HEALTH FACILITY LOAN TRUSTEE</u>
\$ 26,167	\$ 1	\$
<u>26,167</u>	<u>1</u>	<u></u>
<u>\$ 26,167</u>	<u>\$ 1</u>	<u>\$</u>
<u>26,167</u>	<u>1</u>	<u></u>
<u>26,167</u>	<u>1</u>	<u></u>
<u>\$ 26,167</u>	<u>\$ 1</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, 2003 (IN THOUSANDS)

	TOTAL	ACCUMULATIVE CAPITAL OUTLAY GENERAL	ACCUMULATIVE CAPITAL OUTLAY FIRE
REVENUES:			
Revenues from Use of Money or Property	\$ 2,410	\$ 866	\$ 30
Other Revenues	12,017		
Total Revenues	<u>14,427</u>	<u>866</u>	<u>30</u>
EXPENDITURES:			
General Government	744	744	
Public Protection	121		121
Debt Service:			
Principal	13,217		
Interest	12,454		
Total Expenditures	<u>26,536</u>	<u>744</u>	<u>121</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(12,109)</u>	<u>122</u>	<u>(91)</u>
OTHER FINANCING SOURCES (USES):			
Transfer In	13,006		
Transfer Out	<u>(10,998)</u>	<u>(9,598)</u>	<u>(1,183)</u>
Total Other Financing Sources (Uses)	<u>2,008</u>	<u>(9,598)</u>	<u>(1,183)</u>
Net Changes in Fund Balance	<u>(10,101)</u>	<u>(9,476)</u>	<u>(1,274)</u>
Fund Balance, July 1, 2002	<u>56,026</u>	<u>27,880</u>	<u>2,627</u>
Fund Balance, June 30, 2003	<u>\$ 45,925</u>	<u>\$ 18,404</u>	<u>\$ 1,353</u>

<u>KERN ASSET LEASING</u>	<u>PENSION OBLIGATION BOND TRUSTEE</u>	<u>PUBLIC HEALTH FACILITY LOAN TRUSTEE</u>	
\$ 1,306	\$ 208	\$	REVENUES:
	<u>12,017</u>		Revenues from Use of Money or Property
			Other Revenues
<u>1,306</u>	<u>12,225</u>		Total Revenues
			EXPENDITURES:
10,455	1,917	845	General Government
<u>1,778</u>	<u>10,100</u>	<u>576</u>	Public Protection
			Debt Service:
			Principal
			Interest
<u>12,233</u>	<u>12,017</u>	<u>1,421</u>	Total Expenditures
<u>(10,927)</u>	<u>208</u>	<u>(1,421)</u>	Excess (Deficiency) of Revenues over Expenditures
			OTHER FINANCING SOURCES (USES):
11,785	<u>(207)</u>	1,221	Transfer In
		<u>(10)</u>	Transfer Out
<u>11,785</u>	<u>(207)</u>	<u>1,211</u>	Total Other Financing Sources (Uses)
<u>858</u>	<u>1</u>	<u>(210)</u>	Net Changes in Fund Balance
<u>25,309</u>		<u>210</u>	Fund Balance, July 1, 2002
<u>\$ 26,167</u>	<u>\$ 1</u>	<u>\$</u>	Fund Balance, June 30, 2003

COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	ACCUMULATIVE CAPITAL OUTLAY - GENERAL			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
Revenues from Use of Money or Property	\$ 1,498	\$ 1,498	\$ 866	\$ (632)
Total Revenues	<u>1,498</u>	<u>1,498</u>	<u>866</u>	<u>(632)</u>
EXPENDITURES:				
General Government				
Services and Supplies	734	834	744	90
Appropriation for Contingencies	1,468	1,368		1,368
Total Expenditures	<u>2,202</u>	<u>2,202</u>	<u>744</u>	<u>1,458</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(704)</u>	<u>(704)</u>	<u>122</u>	<u>826</u>
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out	(9,050)	(9,050)	(9,598)	(548)
Total Other Financing Sources (Uses)	<u>(9,050)</u>	<u>(9,050)</u>	<u>(9,598)</u>	<u>(548)</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(9,754)	(9,754)	(9,476)	278
Fund Balance, July 1, 2002	<u>18,945</u>	<u>27,880</u>	<u>27,880</u>	<u></u>
Fund Balance, June 30, 2003	<u>\$ 9,191</u>	<u>\$ 18,126</u>	<u>\$ 18,404</u>	<u>\$ 278</u>



COUNTY OF KERN  
 BUDGETARY COMPARISON SCHEDULE  
 CERTAIN NONMAJOR DEBT SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	ACCUMULATIVE CAPITAL OUTLAY - FIRE			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance Favorable (Unfavorable)
REVENUES:				
Revenues from Use of Money or Property	\$ 75	\$ 75	\$ 30	\$ (45)
Total Revenues	<u>75</u>	<u>75</u>	<u>30</u>	<u>(45)</u>
EXPENDITURES:				
Public Protection				
Services and Supplies	119	129	121	8
Appropriation for Contingencies	240	230		230
Total Expenditures	<u>359</u>	<u>359</u>	<u>121</u>	<u>238</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(284)</u>	<u>(284)</u>	<u>(91)</u>	<u>193</u>
OTHER FINANCING SOURCES (USES):				
Transfer In				
Transfers Out	(1,479)	(1,479)	(1,183)	296
Total Other Financing Sources (Uses)	<u>(1,479)</u>	<u>(1,479)</u>	<u>(1,183)</u>	<u>296</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(1,763)	(1,763)	(1,274)	489
Fund Balance, July 1, 2002	<u>2,197</u>	<u>2,627</u>	<u>2,627</u>	
Fund Balance, June 30, 2003	<u>\$ 434</u>	<u>\$ 864</u>	<u>\$ 1,353</u>	<u>\$ 489</u>



**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.

**Airports** - This fund provides for the administration, maintenance and operation of the seven airports located in Bakersfield, Buttonwillow, Kern Valley, Lost Hills, Poso, Taft, and Wasco.

**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, 2003 (IN THOUSANDS)

	TOTAL	AIRPORTS	COUNTY SANITATION DISTRICTS
<b>ASSETS</b>			
Current Assets:			
Pooled Cash and Investments	\$ 12,415	\$ 3,223	\$ 5,580
Interest Receivable	76	22	32
Accounts Receivable - Net	566	120	446
Accrued Revenue	695	268	
Total Current Assets	<u>13,752</u>	<u>3,633</u>	<u>6,058</u>
Noncurrent Assets:			
Cash and Investments Deposited with Trustee	736		
Taxes Receivable	1,235		429
Investment in Joint Venture	2,274		2,274
Capital Assets:			
Nondepreciable:			
Land	7,413	6,745	603
Construction in Progress	230	185	45
Depreciable:			
Structures and Improvements	49,186	34,121	8,309
Equipment	7,085	1,467	846
Subsurface Lines	6,709		6,709
Accumulated Depreciation and Amortization	<u>(29,788)</u>	<u>(18,297)</u>	<u>(7,462)</u>
Total Noncurrent Assets	<u>45,080</u>	<u>24,221</u>	<u>11,753</u>
Total Assets	<u>58,832</u>	<u>27,854</u>	<u>17,811</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	577	19	150
Salaries and Employee Benefits Payable	63	51	
Due to Other Funds	115	18	
Current Portion of Long Term Debt	206	9	
Interest Payable - Current	65	12	
Deferred Income	522		
Current Portion of Compensated Absences	54	47	
Total Current Liabilities	<u>1,602</u>	<u>156</u>	<u>150</u>
Noncurrent Liabilities:			
Loans Payable	1,588	1,588	
Advances Payable	2,500		
Compensated Absences Payable	128	111	
Long Term Debt - Certificates of Participation	3,619		
Long Term Debt - Pension Obligation Bonds	681	566	
Interest Payable - Pension Obligation Bonds	117	97	
Total Noncurrent Liabilities	<u>8,633</u>	<u>2,362</u>	
Total Liabilities	<u>10,235</u>	<u>2,518</u>	<u>150</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	37,021	24,221	9,050
Restricted	736		
Unrestricted	<u>10,840</u>	<u>1,115</u>	<u>8,611</u>
Total Net Assets	<u>\$ 48,597</u>	<u>\$ 25,336</u>	<u>\$ 17,661</u>

<u>GOLF COURSE</u>	<u>PUBLIC TRANSPORTATION</u>	<u>UNIVERSAL COLLECTION</u>	<u>ASSETS</u>
\$ 1,181	\$ 421	\$ 2,010	Current Assets:
6	3	13	Pooled Cash and Investments
			Interest Receivable
	427		Accounts Receivable - Net
			Accrued Revenue
<u>1,187</u>	<u>851</u>	<u>2,023</u>	Total Current Assets
			Noncurrent Assets:
736		806	Cash and Investments Deposited with Trustee
			Taxes Receivable - Net
			Investment in Joint Venture
			Capital Assets:
			Nondepreciable:
65			Land
			Construction in Progress
			Depreciable:
6,649	107		Structures and Improvements
	4,772		Equipment
			Subsurface Lines
<u>(1,369)</u>	<u>(2,660)</u>		Accumulated Depreciation and Amortization
<u>6,081</u>	<u>2,219</u>	<u>806</u>	Total Noncurrent Assets
<u>7,268</u>	<u>3,070</u>	<u>2,829</u>	Total Assets
			<b><u>LIABILITIES</u></b>
			Current Liabilities:
	408		Accounts Payable
	12		Salaries and Employee Benefits Payable
	97		Due to Other Funds
195	2		Current Portion of Long Term Debt
51	2		Interest Payable - Current
	522		Deferred Income
	<u>7</u>		Current Portion of Compensated Absences
<u>246</u>	<u>1,050</u>		Total Current Liabilities
			Noncurrent Liabilities:
		2,500	Loans Payable
			Advances Payable
	17		Compensated Absences Payable
3,619	115		Long Term Debt - Certificates of Participation
	<u>20</u>		Long Term Debt - Pension Obligation Bonds
<u>3,619</u>	<u>152</u>	<u>2,500</u>	Interest Payable - Pension Obligation Bonds
<u>3,865</u>	<u>1,202</u>	<u>2,500</u>	Total Noncurrent Liabilities
			Total Liabilities
			<b><u>NET ASSETS</u></b>
			Invested in Capital Assets, Net of Related Debt
1,531	2,219		Restricted
736			Unrestricted
<u>1,136</u>	<u>(351)</u>	<u>329</u>	Total Net Assets
<u>\$ 3,403</u>	<u>\$ 1,868</u>	<u>\$ 329</u>	

COUNTY OF KERN  
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS (DEFICIT)  
 NONMAJOR ENTERPRISE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>TOTAL</u>	<u>AIRPORTS</u>	<u>COUNTY SANITATION DISTRICTS</u>
OPERATING REVENUES:			
Charges for Current Services	\$ 5,479	\$ 139	\$ 262
Revenues from Use of Property	2,103	1,983	120
Total Operating Revenues	<u>7,582</u>	<u>2,122</u>	<u>382</u>
OPERATING EXPENSES:			
Salaries and Employee Benefits	1,528	1,216	
Services and Supplies	17,699	1,297	1,919
Other Charges	203	171	29
Depreciation	2,170	1,170	380
Total Operating Expenses	<u>21,600</u>	<u>3,854</u>	<u>2,328</u>
Operating Income (Loss)	<u>(14,018)</u>	<u>(1,732)</u>	<u>(1,946)</u>
NON-OPERATING REVENUES (EXPENSES):			
Taxes and Assessments	11,606	422	2,011
Fines, Forfeitures and Penalties	145	4	110
Licenses, Permits and Franchises	8		8
Interest on Bank Deposits and Investments	340	91	126
Aid from Other Governmental Agencies	3,336	1,558	
Interest Expense	(304)	(48)	
Other Non-Operating Revenues	97	67	22
Gain (Loss) on Sale of Fixed Assets	18		18
Total Non-Operating Revenues (Expenses)	<u>15,246</u>	<u>2,094</u>	<u>2,295</u>
Income (Loss) before transfers	1,228	362	349
Transfers In	<u>64</u>	<u>64</u>	
Change in Net Assets	1,292	426	349
Net Assets (Deficit), July 1, 2002 (as previously reported)	43,110	24,910	13,117
Prior Period Adjustment	<u>4,195</u>		<u>4,195</u>
Net Assets(Deficit), June 30 , 2003	<u>\$ 48,597</u>	<u>\$ 25,336</u>	<u>\$ 17,661</u>

<u>GOLF COURSE</u>	<u>PUBLIC TRANSPORTATION</u>	<u>UNIVERSAL COLLECTION</u>	
\$ 4,492	\$ 586	\$	OPERATING REVENUES:
			Charges for Current Services
			Revenues from Use of Property
<u>4,492</u>	<u>586</u>	<u></u>	Total Operating Revenues
			OPERATING EXPENSES:
4,179	312	5,923	Salaries and Employee Benefits
	4,381		Services and Supplies
	3		Other Charges
<u>169</u>	<u>451</u>	<u></u>	Depreciation
<u>4,348</u>	<u>5,147</u>	<u>5,923</u>	Total Operating Expenses
<u>144</u>	<u>(4,561)</u>	<u>(5,923)</u>	Operating Income (Loss)
			NON-OPERATING REVENUES (EXPENSES):
	3,279	5,894	Taxes and Assessments
		31	Fines, Forfeitures and Penalties
			Licenses, Permits and Franchises
58	30	35	Interest on Bank Deposits and Investments
	1,778		Aid from Other Governmental Agencies
(207)	(10)	(39)	Interest Expense
	8		Other Non-Operating Revenues
			Gain (Loss) on Sale of Fixed Assets
<u>(149)</u>	<u>5,085</u>	<u>5,921</u>	Total Non-Operating Revenues (Expenses)
(5)	524	(2)	Income (Loss) before transfers
			Transfers In
(5)	524	(2)	Change in Net Assets
3,408	1,344	331	Net Assets (Deficit), July 1, 2002 (as previously reported)
			Prior Period Adjustment
<u>\$ 3,403</u>	<u>\$ 1,868</u>	<u>\$ 329</u>	Net Assets(Deficit), June 30 , 2003

COUNTY OF KERN  
 COMBINING STATEMENT OF CASH FLOWS  
 NONMAJOR ENTERPRISE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

Page 1 of 2

	<u>TOTAL</u>	<u>AIRPORTS</u>	<u>COUNTY SANITATION DISTRICTS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received for Current Services	\$ 5,401	\$ 141	\$ 183
Cash Received for Use of Property	2,087	1,983	104
Cash Received for Other Operations	162	132	22
Cash Received as Fines, Forfeitures, and Penalties	145	4	110
Cash Received as Licenses and Permits	8		8
Cash Paid for Salaries and Benefits	(1,551)	(1,243)	
Cash Paid for Services and Supplies	(17,857)	(1,583)	(1,906)
Cash Paid for Interfund Services and Supplies	(223)	(183)	
Cash Paid for Other Charges	(203)	(171)	(29)
Net Cash Provided (Used) by Operating Activities	<u>(12,031)</u>	<u>(920)</u>	<u>(1,508)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Taxes and Special Assessments	11,614	423	2,098
Loans Paid	(250)	(250)	
Cash Received From Advances	(1,800)	(1,800)	
Aid from Other Governmental Agencies	4,999	3,178	
Payment of Long Term Debt - Pension Obligation Bond	(7)	(6)	
Interest Paid	(77)	(32)	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>14,479</u>	<u>1,513</u>	<u>2,098</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition or Construction of Capital Assets	(1,607)	(664)	(45)
Proceeds from Disposal of Capital Assets	118		118
Payment of Long Term Debt - Certificates of Participation	(185)		
Interest Paid on Long Term Debt	(209)		
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,883)</u>	<u>(664)</u>	<u>73</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on Bank Deposits and Investments	374	100	139
Net Cash Provided (Used) by Investing Activities	<u>374</u>	<u>100</u>	<u>139</u>
Net Increase (Decrease) in Cash and Cash Equivalents	939	29	802
Cash and Cash Equivalents, July 1, 2002	12,212	3,194	4,778
Cash and Cash Equivalents, June 30, 2003	<u>\$ 13,151</u>	<u>\$ 3,223</u>	<u>\$ 5,580</u>



<u>GOLF COURSE</u>	<u>PUBLIC TRANSPORTATION</u>	<u>UNIVERSAL COLLECTION</u>	
\$ 4,492	\$ 585	\$	CASH FLOWS FROM OPERATING ACTIVITIES:
	8	31	Cash Received for Patient /Current Services
	(308)		Cash Received for Use of Property
(4,298)	(4,147)	(5,923)	Cash Received for Other Operations
	(40)		Cash Received as Fines, Forfeitures, and Penalties
	(3)		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>194</u>	<u>(3,905)</u>	<u>(5,892)</u>	Net Cash Provided (Used) by Operating Activities
			CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:
	3,279	5,814	Taxes and Special Assessments
			Loans Paid
	1,821		Cash Received From Advances
	(1)		Aid from Other Governmental Agencies
	(6)	(39)	Payment of Long Term Debt - Pension Obligation Bond
			Interest Paid
	<u>5,093</u>	<u>5,775</u>	Net Cash Provided (Used) by Non-Capital Financing Activities
			CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
	(898)		Acquisition or Construction of Capital Assets
(185)			Proceeds from Disposal of Capital Assets
(209)			Payment of Long Term Debt - Certificates of Participation
			Interest Paid on Long Term Debt
<u>(394)</u>	<u>(898)</u>		Net Cash Provided (Used) by Capital and Related Financing Activities
			CASH FLOWS FROM INVESTING ACTIVITIES:
<u>61</u>	<u>31</u>	<u>43</u>	Interest on Bank Deposits and Investments
<u>61</u>	<u>31</u>	<u>43</u>	Net Cash Provided (Used) by Investing Activities
(139)	321	(74)	Net Increase (Decrease) in Cash and Cash Equivalents
<u>2,056</u>	<u>100</u>	<u>2,084</u>	Cash and Cash Equivalents, July 1, 2002
<u>\$ 1,917</u>	<u>\$ 421</u>	<u>\$ 2,010</u>	Cash and Cash Equivalents, June 30, 2003

COUNTY OF KERN  
 COMBINING STATEMENT OF CASH FLOWS (CONTINUED)  
 NONMAJOR ENTERPRISE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

Page 2 of 2

	<u>TOTAL</u>	<u>AIRPORTS</u>	<u>COUNTY SANITATION DISTRICTS</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (14,018)	\$ (1,732)	\$ (1,946)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Other Non-Operating Revenues	315	136	140
Depreciation	2,170	1,170	380
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(93)	2	(95)
(Increase) Decrease in Prepaid Items	9		9
Increase (Decrease) in Accounts Payable	(602)	(487)	4
Increase (Decrease) in Accrued Expenses	99	2	
Increase (Decrease) in Due to Others	115	18	
Increase (Decrease) in Salaries & Benefits Payable	3		
Increase (Decrease) in Compensated Absences Payable	(29)	(29)	
Total Adjustments	<u>1,987</u>	<u>812</u>	<u>438</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (12,031)</u>	<u>\$ (920)</u>	<u>\$ (1,508)</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Net Transfers of Fixed Assets (To) From Other Funds	\$ _____	\$ 64	\$ _____
Total Noncash, Investing, Capital and Financing Activities	<u>\$ _____</u>	<u>\$ 64</u>	<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
\$ 144	\$ (4,561)	\$ (5,923)	Operating Income (Loss)
			Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
169	8 451	31	Other Non-Operating Revenues
			Depreciation
(119)			Changes in Assets and Liabilities:
	97		(Increase) Decrease in Accounts Receivable
	97		(Increase) Decrease in Prepaid Items
	3		Increase (Decrease) in Accounts Payable
			Increase (Decrease) in Accrued Expenses
			Increase (Decrease) in Due to Others
			Increase (Decrease) in Salaries & Benefits Payable
			Increase (Decrease) in Compensated Absences Payable
<u>50</u>	<u>656</u>	<u>31</u>	Total Adjustments
<u>\$ 194</u>	<u>\$ (3,905)</u>	<u>\$ (5,892)</u>	Net Cash Provided (Used) by Operating Activities
\$ _____	\$ _____	\$ _____	NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES
<u>_____</u>	<u>_____</u>	<u>_____</u>	Net Transfers of Fixed Assets (To) From Other Funds
			Total Noncash, Investing, Capital and Financing 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, 2003 (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	\$ 38,286	\$ 5,177	\$ 1,978	\$ 11,040
Accounts Receivable	787		194	593
Interest Receivable	213	36	11	37
Inventory- Materials and Supplies	92		92	
Total Current Assets	<u>39,378</u>	<u>5,213</u>	<u>2,275</u>	<u>11,670</u>
Noncurrent Assets:				
Deposits with Others	1,310			1,310
Equipment (Net of Accumulated Depreciation)	3,889		3,889	
Total Noncurrent Assets	<u>5,199</u>		<u>3,889</u>	<u>1,310</u>
Total Assets	<u>44,577</u>	<u>5,213</u>	<u>6,164</u>	<u>12,980</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	1,877		15	1,862
Salaries and Employee Benefits Payable	20		20	
Interest Payable - Current	10		10	
Current Portion of Long Term Debt	7		7	
Due to Other Funds	280			
Current Portion of Compensated Absences	21		21	
Liability for Self-Insurance - Current	22,043	611		8,862
Total Current Liabilities	<u>24,258</u>	<u>611</u>	<u>73</u>	<u>10,724</u>
Noncurrent Liabilities				
Compensated Absences Payable	49		49	
Liability for Self-Insurance - Long Term	29,168	7,656		
Interest Payable - Long-term - Pension Obligation Bonds	80		80	
Long Term Debt - Pension Obligation Bonds	466		466	
Total Noncurrent Liabilities	<u>29,763</u>	<u>7,656</u>	<u>595</u>	
Total Liabilities	<u>54,021</u>	<u>8,267</u>	<u>668</u>	<u>10,724</u>
<b>NET ASSETS</b>				
Invested in Capital Assets, Net of Related Debt	3,889		3,889	
Restricted	1,310			1,310
Unrestricted	(14,643)	(3,054)	1,607	946
Total Net Assets	<u>\$ (9,444)</u>	<u>\$ (3,054)</u>	<u>\$ 5,496</u>	<u>\$ 2,256</u>

<u>RETIREE GROUP HEALTH</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>WORKERS' COMPENSATION</u>	<u>ASSETS</u>		
\$ 14,968	\$ 40	\$ 5,083	Current Assets:		
91		38	Pooled Cash and Investments		
			Accounts Receivable		
			Interest Receivable		
			Inventory- Materials and Supplies		
<u>15,059</u>	<u>40</u>	<u>5,121</u>	Total Current Assets		
			Noncurrent Assets:		
			Deposits with Others		
			Equipment (Net of Accumulated Depreciation)		
			Total Noncurrent Assets		
<u>15,059</u>	<u>40</u>	<u>5,121</u>	Total Assets		
			<u>LIABILITIES</u>		
			Current Liabilities:		
			Accounts Payable		
			Salaries and Employee Benefits Payable		
			Interest Payable - Current		
		280	Current Portion of Long Term Debt		
			Due to Other Funds		
			Current Portion of Compensated Absences		
	907	11,663	Liability for Self-Insurance- Current		
	<u>907</u>	<u>11,943</u>	Total Current Liabilities		
			Noncurrent Liabilities		
		21,512	Compensated Absences Payable		
			Liability for Self-Insurance- Long Term		
			Interest Payable - Long-term - Pension Obligation Bonds		
			Long Term Debt - Pension Obligation Bonds		
		<u>21,512</u>	Total Noncurrent Liabilities		
	<u>907</u>	<u>33,455</u>	Total Liabilities		
			<u>NET ASSETS</u>		
			Invested in Capital Assets, Net of Related Debt		
			Restricted		
			Unrestricted		
<u>15,059</u>	<u>(867)</u>	<u>(28,334)</u>	Total Net Assets		
\$ <u>15,059</u>	\$ <u>(867)</u>	\$ <u>(28,334)</u>			

COUNTY OF KERN  
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (DEFICIT)  
 INTERNAL SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	<u>TOTAL</u>	<u>GENERAL LIABILITY</u>	<u>GENERAL SERVICES- GARAGE</u>	<u>GROUP HEALTH</u>
OPERATING REVENUES:				
Charges for Current Services	\$ 103,238	\$ 4,563	\$ 2,148	\$ 77,735
Total Operating Revenues	<u>103,238</u>	<u>4,563</u>	<u>2,148</u>	<u>77,735</u>
OPERATING EXPENSES:				
Salaries and Employee Benefits	3,110		459	
Services and Supplies	11,163	2,713	683	4,905
Claims Incurred	82,183	1,374		62,134
Other Charges	6,220	1,132	5	4,848
Depreciation Expense	655		655	
Total Operating Expenses	<u>103,331</u>	<u>5,219</u>	<u>1,802</u>	<u>71,887</u>
Operating Income (Loss)	<u>(93)</u>	<u>(656)</u>	<u>346</u>	<u>5,848</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest on Bank Deposits and Investments	887	132	44	170
Other Revenues	120	23	57	27
Interest Expense	(40)		(40)	
Gain (Loss) on Sale of Fixed Assets	(200)		(200)	
Total Non-Operating Revenues (Expenses)	<u>767</u>	<u>155</u>	<u>(139)</u>	<u>197</u>
Income (Loss) before Transfers	674	(501)	207	6,045
Transfers	<u>(174)</u>		<u>(174)</u>	
Change in Net Assets	500	(501)	33	6,045
Net Assets (Deficit), July 1, 2002	<u>(9,944)</u>	<u>(2,553)</u>	<u>5,463</u>	<u>(3,789)</u>
Net Assets (Deficit), June 30, 2003	<u>\$ (9,444)</u>	<u>\$ (3,054)</u>	<u>\$ 5,496</u>	<u>\$ 2,256</u>

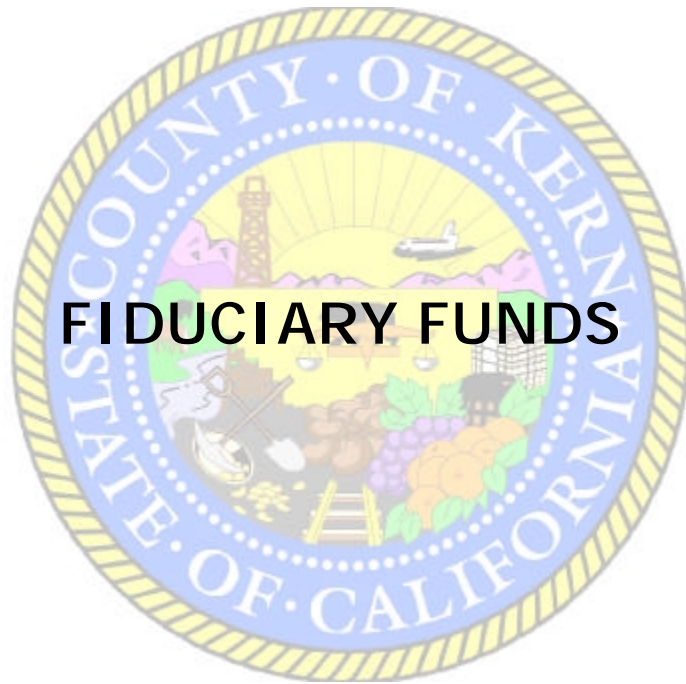


<u>RETIREE GROUP HEALTH</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>WORKERS' COMPENSATION</u>	
\$ 3,782	\$ 1,684	\$ 13,326	OPERATING REVENUES: Charges for Current Services
<u>3,782</u>	<u>1,684</u>	<u>13,326</u>	Total Operating Revenues
2,651			OPERATING EXPENSES: Salaries and Employee Benefits
99	11	2,752	Services and Supplies
	2,475	16,200	Claims Incurred
36	1	198	Other Charges
			Depreciation Expense
<u>2,786</u>	<u>2,487</u>	<u>19,150</u>	Total Operating Expenses
<u>996</u>	<u>(803)</u>	<u>(5,824)</u>	Operating Income (Loss)
373	16	152	NON-OPERATING REVENUES (EXPENSES): Interest on Bank Deposits and Investments
		13	Other Revenues
			Interest Expense
			Gain (Loss) on Sale of Fixed Assets
<u>373</u>	<u>16</u>	<u>165</u>	Total Non-Operating Revenues (Expenses)
1,369	(787)	(5,659)	Income (Loss) before Transfers
			Transfers
1,369	(787)	(5,659)	Change in Net Assets
<u>13,690</u>	<u>(80)</u>	<u>(22,675)</u>	Net Assets (Deficit), July 1, 2002
<u>\$ 15,059</u>	<u>\$ (867)</u>	<u>\$ (28,334)</u>	Net Assets (Deficit), June 30, 2003

COUNTY OF KERN  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	TOTAL	GENERAL LIABILITY	GENERAL SERVICES- GARAGE	GROUP HEALTH
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash Received for Current Services	\$ 4,965	\$ 3	\$ 200	\$ 4,233
Cash Received for Interfund Services Provided	97,529	4,560	1,795	72,910
Cash Received for Other Operations	94	23	31	27
Cash Paid for Salaries and Benefits	(3,039)		(388)	
Cash Paid for Services and Supplies	(11,419)	(2,713)	(705)	(5,137)
Cash Paid for Reported Claims	(74,880)	(663)		(62,269)
Cash Paid for Interfund Services Used	(78)		(78)	
Cash Paid for Other Charges	(6,220)	(1,132)	(5)	(4,848)
Net Cash Provided (Used) by Operating Activities	<u>6,952</u>	<u>78</u>	<u>850</u>	<u>4,916</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>				
Cash Received from Other Funds	5		5	
Pension Obligation Bond Principal Paid	(5)		(5)	
Pension Obligation Bond Interest Paid	(26)		(26)	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(26)</u>		<u>(26)</u>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition or Construction of Capital Assets	(599)		(599)	
Proceeds From Sale of Fixed Assets	110		110	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(489)</u>		<u>(489)</u>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on Bank Deposits and Investments	943	144	46	161
Net Increase (Decrease) in Cash and Cash Equivalents	7,380	222	381	5,077
Cash and Cash Equivalents, July 1, 2002	30,906	4,955	1,597	5,963
Cash and Cash Equivalents, June 30, 2003	<u>\$ 38,286</u>	<u>\$ 5,177</u>	<u>\$ 1,978</u>	<u>\$ 11,040</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>				
Operating Income (Loss)	\$ (93)	\$ (656)	\$ 346	\$ 5,848
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Other Non-Operating Revenues	94	23	31	27
Depreciation	655		655	
Changes in Assets and Liabilities:				
(Increase) Decrease in Inventory	8		8	
(Increase) Decrease in Accounts Receivable	(745)		(152)	(593)
Increase (Decrease) in Accounts Payable	(261)		(30)	(231)
Increase (Decrease) in Due to Others	105			
Increase (Decrease) in Salaries & Benefits Payable	2		2	
Increase (Decrease) in Compensated Absences Payable	(10)		(10)	
Increase (Decrease) in Provision for Liability Claims	7,197	711		(135)
Total Adjustments	<u>7,045</u>	<u>734</u>	<u>504</u>	<u>(932)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,952</u>	<u>\$ 78</u>	<u>\$ 850</u>	<u>\$ 4,916</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>				
Net Transfers of Fixed Assets (To) From Other Funds	\$ (174)		\$ (174)	
Total Noncash Investing, Capital, and Financing Activities	<u>\$ (174)</u>		<u>\$ (174)</u>	

<u>RETIREE GROUP HEALTH</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>WORKERS' COMPENSATION</u>	
\$ 165	\$ 37	\$ 327	CASH FLOWS FROM OPERATING ACTIVITIES:
3,617	1,647	13,000	Cash Received for Current Services
		13	Cash Received for Interfund Services Provided
(2,651)			Cash Received for Other Operations
(99)	(11)	(2,754)	Cash Paid for Salaries and Benefits
	(2,301)	(9,647)	Cash Paid for Services and Supplies
			Cash Paid for Reported Claims
			Cash Paid for Interfund Services Used
<u>(36)</u>	<u>(1)</u>	<u>(198)</u>	Cash Paid for Other Charges
<u>996</u>	<u>(629)</u>	<u>741</u>	Net Cash Provided (Used) by Operating Activities
			CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:
			Cash Received from Other Funds
			Pension Obligation Bond Principal Paid
			Pension Obligation Bond Interest Paid
			Net Cash Provided (Used) by Non-Capital Financing Activities
			CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
			Acquisition or Construction of Capital Assets
			Proceeds From Sale of Fixed Assets
			Net Cash Provided (Used) by Capital and Related Financing Activities
			CASH FLOWS FROM INVESTING ACTIVITIES:
<u>406</u>	<u>23</u>	<u>163</u>	Interest on Bank Deposits and Investments
1,402	(606)	904	Net Increase (Decrease) in Cash and Cash Equivalents
<u>13,566</u>	<u>646</u>	<u>4,179</u>	Cash and Cash Equivalents, July 1, 2002
<u>\$ 14,968</u>	<u>\$ 40</u>	<u>\$ 5,083</u>	Cash and Cash Equivalents, June 30, 2003
			RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:
\$ <u>996</u>	\$ <u>(803)</u>	\$ <u>(5,824)</u>	Operating Income (Loss)
			Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
		13	Other Non-Operating Revenues
			Depreciation
			Changes in Assets and Liabilities:
			(Increase) Decrease in Inventory
			(Increase) Decrease in Accounts Receivable
		105	Increase (Decrease) in Accounts Payable
			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
	<u>174</u>	<u>6,447</u>	
	<u>174</u>	<u>6,565</u>	Total Adjustments
<u>\$ 996</u>	<u>\$ (629)</u>	<u>\$ 741</u>	Net Cash Provided (Used) by Operating Activities
			NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:
\$ _____	\$ _____	\$ _____	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

**Investment Trust Funds** - The Investment Trust 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 fiduciary responsibility for cash and investments, and the Auditor-Controller-County Clerk makes disbursements upon the request of the responsible school district officers. 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.

**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 County Auditor-Controller upon the requisition of the responsible officer.

COUNTY OF KERN  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	BALANCE JULY 1, 2002	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2003
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 151,958	\$ 3,547,446	\$ 3,542,821	\$ 156,583
Interest Receivable	796	563	796	563
Due from Other Funds	102	893	983	12
Accounts Receivable	142	949	1,070	21
Loans Receivable	232	80	32	280
Taxes Receivable	69,963	664,681	695,364	39,280
Due from Other Agencies	5,648	6,552	5,648	6,552
Total Assets	\$ 228,841	\$ 4,221,164	\$ 4,246,714	\$ 203,291
<b>LIABILITIES</b>				
Warrants Payable	\$ 33,087	\$ 1,479,559	\$ 1,478,040	\$ 34,606
Accounts Payable	6	7	6	7
Due to Other Funds	622	828	622	827
Due to Other Governments	192,531	2,009,966	2,034,978	167,521
Unapportioned Installment Redemptions	2,595	3,565	5,829	331
Total Liabilities	\$ 228,841	\$ 3,493,925	\$ 3,519,475	\$ 203,291
<b>CLEARING FUNDS</b>				
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 117	\$ 699,738	\$ 699,673	\$ 182
Accounts Receivable	11	120	121	10
Due from Other Agencies		211		211
Total Assets	\$ 128	\$ 700,069	\$ 699,794	\$ 403
<b>LIABILITIES</b>				
Due to Other Governments	\$ 128	\$ 749,872	\$ 749,808	\$ 192
Due to Other Funds		211		211
Total Liabilities	\$ 128	\$ 750,083	\$ 749,808	\$ 403
<b>WARRANT CLEARANCE FUNDS</b>				
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 33,087	\$ 1,479,560	\$ 1,478,041	\$ 34,606
Total Assets	\$ 33,087	\$ 1,479,560	\$ 1,478,041	\$ 34,606
<b>LIABILITIES</b>				
Warrants Payable	\$ 33,087	\$ 1,479,559	\$ 1,478,040	\$ 34,606
Total Liabilities	\$ 33,087	\$ 1,479,559	\$ 1,478,040	\$ 34,606

COUNTY OF KERN  
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)  
 AGENCY FUNDS  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

	BALANCE JULY 1, 2002	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2003
<b>STATE FUNDS</b>				
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 2,785	\$ 14,437	\$ 12,575	\$ 4,647
Interest Receivable	2	5	2	5
Total Assets	<u>\$ 2,787</u>	<u>\$ 14,442</u>	<u>\$ 12,577</u>	<u>\$ 4,652</u>
<b>LIABILITIES</b>				
Due to Other Governments	\$ 2,787	\$ 14,037	\$ 12,172	\$ 4,652
Total Liabilities	<u>\$ 2,787</u>	<u>\$ 14,037</u>	<u>\$ 12,172</u>	<u>\$ 4,652</u>
<b>OTHER FUNDS</b>				
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 111,304	\$ 617,769	\$ 625,638	\$ 103,435
Interest Receivable	430	360	430	360
Due from Other Funds		786	786	
Due from Other Agencies	5,648	6,341	5,648	6,341
Accounts Receivable	131	829	949	11
Loans Receivable	232	80	32	280
Total Assets	<u>\$ 117,745</u>	<u>\$ 626,165</u>	<u>\$ 633,483</u>	<u>\$ 110,427</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 6	\$ 7	\$ 6	\$ 7
Due to Other Funds	150	200	150	200
Due to Other Government	117,589	503,911	511,280	110,220
Total Liabilities	<u>\$ 117,745</u>	<u>\$ 504,118</u>	<u>\$ 511,436</u>	<u>\$ 110,427</u>
<b>UNAPPORTIONED FUNDS</b>				
<b>ASSETS</b>				
Pooled Cash and Investments	\$ 4,665	\$ 735,942	\$ 726,894	\$ 13,713
Interest Receivable	364	198	364	198
Due From Other Funds	102	107	197	12
Taxes Receivable	69,963	664,681	695,364	39,280
Total Assets	<u>\$ 75,094</u>	<u>\$ 1,400,928</u>	<u>\$ 1,422,819</u>	<u>\$ 53,203</u>
<b>LIABILITIES</b>				
Due to Other Funds	\$ 472	\$ 416	\$ 472	\$ 416
Due to Other Governments	72,027	742,146	761,717	52,456
Unapportioned Installment Redemptions	2,595	3,565	5,829	331
Total Liabilities	<u>\$ 75,094</u>	<u>\$ 746,127</u>	<u>\$ 768,018</u>	<u>\$ 53,203</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, and various agricultural products like grapes and 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  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

**Governmental Funds Capital Assets:**

Land	\$	19,564
Structures & Improvements		299,083
Equipment		102,475
Infrastructure		28,025
Construction in Progress		27,627
Total Governmental Funds Capital Assets	\$	<u>476,774</u>

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

General Fund	\$	241,882
Special Revenue Fund		97,609
Capital Projects Fund		127,858
Donations		9,425
Total Governmental Funds Capital Assets	\$	<u>476,774</u>

COUNTY OF KERN  
 CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS  
 SCHEDULE OF FUNCTION AND ACTIVITY  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

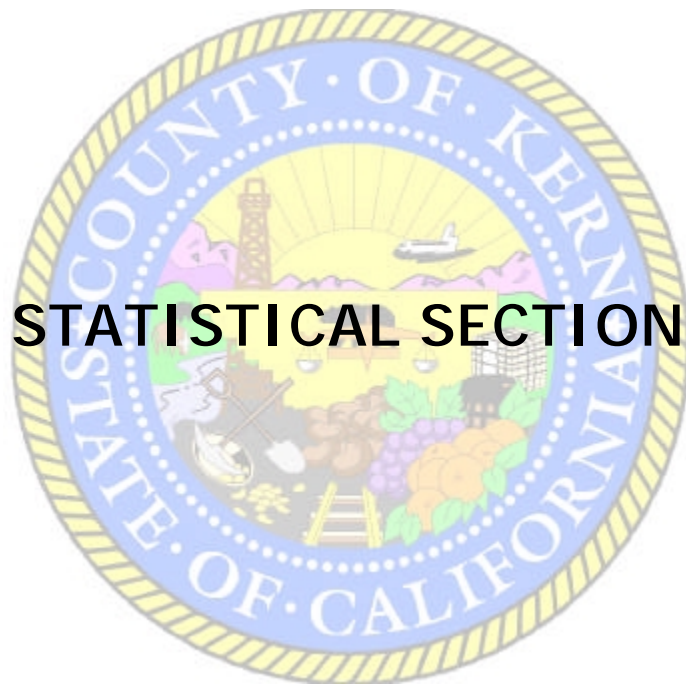
Function & Activity	Department #	Land	Structures & Improvements	Equipment	Construction in Progress	Infrastructure	Total
<b>General Activity</b>							
Board of Supervisors - Dist #1	1011	\$	\$	\$	\$	\$	39
Board of Supervisors - Dist #2	1012			50			50
County Administrative Office	1020			85			85
Clerk of the Board	1030			82			82
Auditor-Controller	1110			230			230
Treasurer	1120			574			574
Assessor	1130	9	1,072	59			1,140
Assessor - Property Tax	1140			132			132
General Services - Mail Services	1151			32			32
Reprographics	1153			190			190
Information Systems	1160			2,430			2,430
County Counsel	1210		47	103			150
Personnel	1310			42			42
Elections - County Clerk	1420			1,134			1,134
Communications	1510		4,473	7,037	4,791		16,301
General Services	1610	2,422	70,698	2,616	117	32	75,885
General Services - Construction	1640			19			19
Board of Trade	1812		139	44			183
Engineering & Survey Services	1900		1,727	512	962	2,325	5,526
Risk Management	1910			22			22
<b>Total General Activity</b>		<u>2,431</u>	<u>78,156</u>	<u>15,432</u>	<u>5,870</u>	<u>2,357</u>	<u>104,246</u>
<b>Public Safety</b>							
Superior Court	2115	401	40,598				40,999
District Attorney	2180			999			999
Children Support Services	2183			1,165			1,165
Public Defender	2190		3,809	597			4,406
DA Forensic	2200		139	1,936			2,075
Sheriff	2210	7,107	55,988	24,814			87,909
Probation	2340	219	20,248	2,719	7,457		30,643
Fire	2415	1,186	25,721	24,472	2		51,381
Dept. of Ag & Measure Standard	2610	317	2,563	366			3,246
Code Compliance	2620			111			111
Building Inspection	2625			521			521
Recorder	2705			811			811
Resource Management Agency	2730			123			123
Planning	2750			34			34
Animal Control	2760		1,850	59	1		1,910
LAFCO	2770			7			7
<b>Total Public Safety</b>		<u>9,230</u>	<u>150,916</u>	<u>58,734</u>	<u>7,460</u>		<u>226,340</u>
<b>Public Ways</b>							
Road	3000	1,706	6,623	10,983	7	20,005	39,324
<b>Total Public Ways</b>		<u>1,706</u>	<u>6,623</u>	<u>10,983</u>	<u>7</u>	<u>20,005</u>	<u>39,324</u>
<b>Health</b>							
Public Health	4110	308	2,432	589	11,938		15,267
Environmental Health	4113			178			178
Mental Health	4120		2,481	690			3,171
Mental Health - Substance Abuse	4123			20			20
Emergency Medical Services	4200			42			42
California Children's Services	4300			8			8
<b>Total Health</b>		<u>308</u>	<u>4,913</u>	<u>1,527</u>	<u>11,938</u>		<u>18,686</u>
<b>Public Assistance</b>							
Human Services	5120	6	2,201	5,493			7,700
Veterans Services	5510		34				34
Aging & Adult Services	5610		240	198			438
Employers Training Resources	5923			1,528			1,528
Community Development Program Agency	5940		97	54		5,663	5,814
<b>Total Public Assistance</b>		<u>6</u>	<u>2,572</u>	<u>7,273</u>		<u>5,663</u>	<u>15,514</u>
<b>Education</b>							
Library	6210	2,108	25,362	4,265			31,735
Farm & Home Advisor	6310			41			41
Experimental Farm	6320		506				506
<b>Total Education</b>		<u>2,108</u>	<u>25,868</u>	<u>4,306</u>			<u>32,282</u>
<b>Parks &amp; Recreation</b>							
Parks	7100	3,775	30,035	4,220	2,352		40,382
<b>Total Parks &amp; Recreation</b>		<u>3,775</u>	<u>30,035</u>	<u>4,220</u>	<u>2,352</u>		<u>40,382</u>
<b>Total Governmental Funds</b>		<u>\$ 19,564</u>	<u>\$ 299,083</u>	<u>\$ 102,475</u>	<u>\$ 27,627</u>	<u>\$ 28,025</u>	<u>\$ 476,774</u>

\*\*General Services accounts for a large portion of the governmental activity because there are several county buildings, such as the Administration building located at 1115 Truxtun and the Public Services building located at Golden State, that are being occupied by departments that have different functions.

\*\*Departments 2610 & 2630 merged into one department and are now operating as department 2610

COUNTY OF KERN  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE OF CHANGES IN FUNCTION AND ACTIVITY  
 YEAR ENDED JUNE 30, 2003 (IN THOUSANDS)

Function & Activity	Department #	Governmental Funds Capital Assets			Governmental Funds Capital Assets	
		6/30/2002	Additions	Deductions	6/30/2003	
<b>General Activity</b>						
Board of Supervisors - Dist #1	1011	\$ 39	\$	\$	\$	39
Board of Supervisors - Dist #2	1012	27	23			50
County Administrative Office	1020	85				85
Clerk of the Board	1030	82				82
Auditor-Controller	1110	326		96		230
Treasurer	1120	542	46	14		574
Assessor	1130	1,140				1,140
Assessor - Property Tax	1140	112	20			132
General Services - Mail Services	1151	30	20	18		32
Reprographics	1153	190				190
Information Systems	1160	2,427	10	7		2,430
County Counsel	1210	103	93	46		150
Personnel	1310	42				42
Elections - County Clerk	1420	77	1,077	20		1,134
Communications	1510	16,477	2,046	2,222		16,301
General Services	1610	75,239	1,330	684		75,885
General Services - Construction	1640	19				19
Board of Trade	1812	183				183
Engineering & Survey Services	1900	442	6,812	1,728		5,526
Risk Management	1910	22				22
<b>Total General Activity</b>		<u>97,604</u>	<u>11,477</u>	<u>4,835</u>		<u>104,246</u>
<b>Public Safety</b>						
Superior Court	2115	40,999				40,999
District Attorney	2180	238	761			999
Children Support Services	2183	942	223			1,165
Public Defender	2190	4,393	13			4,406
DA Forensic	2200	2,075				2,075
Sheriff	2210	86,491	2,569	1,151		87,909
Probation	2340	23,645	7,927	929		30,643
Fire	2415	51,266	361	246		51,381
Agricultural Commissioner	2610	3,277	15	46		3,246
Code Compliance	2620	111				111
Building Inspection	2625	521	11	11		521
Recorder	2705	749	62			811
Resource Management Agency	2730	123				123
Planning	2750	34				34
Animal Control	2760	1,909	1			1,910
LAFCO	2770	7				7
<b>Total Public Safety</b>		<u>216,780</u>	<u>11,943</u>	<u>2,383</u>		<u>226,340</u>
<b>Public Ways</b>						
Road	3000	29,924	10,653	1,253		39,324
<b>Total Public Ways</b>		<u>29,924</u>	<u>10,653</u>	<u>1,253</u>		<u>39,324</u>
<b>Health</b>						
Public Health	4110	14,992	284	9		15,267
Environmental Health	4113	178				178
Mental Health	4120	3,153	46	28		3,171
Mental Health - Substance Abuse	4123	20				20
Emergency Medical Services	4200	24	36	18		42
California Children's Services	4300	8				8
<b>Total Health</b>		<u>18,375</u>	<u>366</u>	<u>55</u>		<u>18,686</u>
<b>Public Assistance</b>						
Human Services	5120	7,063	716	79		7,700
Veterans Services	5510	34				34
Aging & Adult Services	5610	357	113	32		438
Employers Training Resources	5923	1,149	402	23		1,528
Community Development Program Ager	5940	5,675	247	108		5,814
<b>Total Public Assistance</b>		<u>14,278</u>	<u>1,478</u>	<u>242</u>		<u>15,514</u>
<b>Education</b>						
Library	6210	31,726	9			31,735
Farm & Home Advisor	6310	41				41
Experimental Farm	6320	666		160		506
<b>Total Education</b>		<u>32,433</u>	<u>9</u>	<u>160</u>		<u>32,282</u>
<b>Parks &amp; Recreation</b>						
Parks	7100	37,422	3,729	769		40,382
<b>Total Parks &amp; Recreation</b>		<u>37,422</u>	<u>3,729</u>	<u>769</u>		<u>40,382</u>
<b>Total Governmental Funds</b>		<u>\$ 446,816</u>	<u>\$ 39,655</u>	<u>\$ 9,697</u>		<u>\$ 476,774</u>



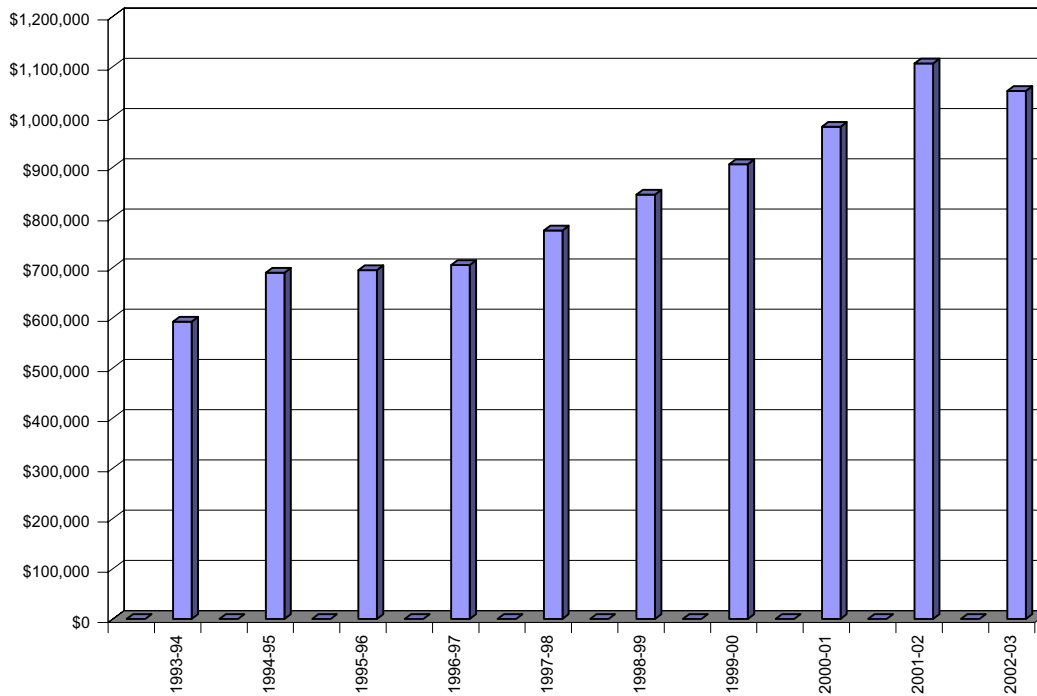
**STATISTICAL SECTION**

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

<u>SOURCE</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>
Taxes	\$ 126,338	\$ 114,397	\$ 119,228	\$ 124,323	\$ 138,034
Licenses, Permits and Franchises	8,507	7,766	8,189	8,453	8,582
Fines, Forfeitures and Penalties	6,435	6,788	8,701	7,669	12,697
Revenue from Use of Money and Property	6,551	8,928	10,687	10,315	11,840
Aid From Other Governmental Agencies	357,021	398,843	428,170	421,008	440,414
Charges For Current Services	60,626	73,360	77,447	80,267	88,679
Other Revenue	<u>26,901</u>	<u>79,640</u>	<u>42,084</u>	<u>52,987</u>	<u>73,467</u>
Total	<u>\$ 592,379</u>	<u>\$ 689,722</u>	<u>\$ 694,506</u>	<u>\$ 705,022</u>	<u>\$ 773,713</u>

(1) Total General Revenues include all Governmental Activities.

REVENUE TRENDS



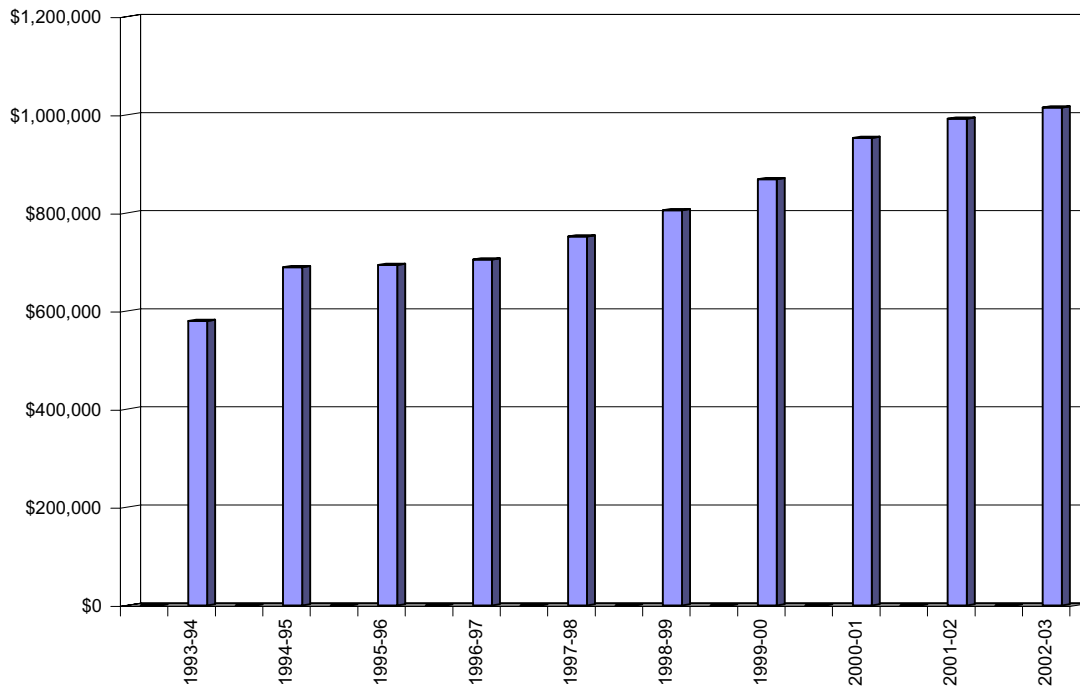
	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>SOURCE</u>
\$	132,131	\$ 139,328	\$ 143,060	\$ 158,277	\$ 168,142	Taxes
	9,710	9,492	12,293	13,609	11,988	Licenses, Permits and Franchises
	13,926	17,248	17,618	23,787	17,878	Fines, Forfeitures and Penalties
	12,061	13,038	19,543	13,466	13,246	Revenue from Use of Money and Property
	464,590	521,590	577,078	621,690	624,447	Aid From Other Governmental Agencies
	105,232	116,471	132,038	129,066	124,171	Charges For Current Services
	<u>107,422</u>	<u>88,256</u>	<u>78,482</u>	<u>146,829</u>	<u>91,856</u>	Other Revenue
\$	<u><u>845,072</u></u>	<u><u>905,423</u></u>	<u><u>980,112</u></u>	<u><u>1,106,724</u></u>	<u><u>1,051,728</u></u>	Total

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

<u>FUNCTION</u>	<u>1993-94</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>
General Government	\$ 50,767	\$ 50,778	\$ 53,100	\$ 52,337	\$ 57,246
Public Protection	188,358	204,075	220,899	227,549	245,748
Health and Sanitation	44,632	108,586	88,878	97,355	120,616
Public Assistance	246,581	275,568	279,640	262,503	251,601
Education	6,213	6,486	6,758	7,064	7,663
Recreation and Cultural Services	7,629	8,795	9,377	8,769	9,010
Public Ways and Facilities	25,345	23,125	22,075	20,806	24,295
Capital Outlay	2,501	3,715	4,839	8,966	14,038
Debt Service - Principal	4,210	4,150	4,300	5,300	6,962
Debt Service - Interest	3,320	4,233	4,185	14,223	14,759
Total	<u>\$ 579,556</u>	<u>\$ 689,511</u>	<u>\$ 694,051</u>	<u>\$ 704,872</u>	<u>\$ 751,938</u>

(1) Total General Expenditures include all Governmental Activities.

EXPENDITURE TRENDS



	<u>1998-99</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>FUNCTION</u>
\$	66,343	\$ 66,461	\$ 69,040	\$ 76,860	\$ 87,676	General Government
	251,602	264,142	300,742	316,154	321,502	Public Protection
	136,385	157,362	152,334	144,518	161,553	Health and Sanitation
	281,877	309,570	334,562	370,226	355,787	Public Assistance
	7,365	7,449	8,377	8,909	10,258	Education
	9,397	9,440	9,843	10,591	10,268	Recreation and Cultural Services
	24,138	24,194	36,632	27,533	28,380	Public Ways and Facilities
	7,411	8,478	17,455	10,363	11,808	Capital Outlay
	7,406	8,079	9,816	11,724	13,277	Debt Service - Principal
	13,620	13,590	14,139	15,215	14,356	Debt Service - Interest
	<u>805,544</u>	<u>868,765</u>	<u>952,940</u>	<u>992,093</u>	<u>1,014,865</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>
1993-94	Secured	408,640	391,347	17,293	
	Unsecured	25,294	24,708	586	
	Total	<u>433,934</u>	<u>416,055</u>	<u>17,879</u>	4.120%
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%

\* 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

<u>FISCAL YEAR</u>	<u>COUNTYWIDE</u>	<u>SPECIAL DISTRICTS</u>	<u>SCHOOLS</u>	<u>TOTAL</u>
1993-94	1.0	0.066719	0.104529	1.171248
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

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)

FISCAL YEAR	REAL ESTATE INSIDE	REAL ESTATE OUTSIDE	IMPROVEMENTS INSIDE	IMPROVEMENTS OUTSIDE	PERSONAL PROPERTY INSIDE
1993-94	2,825,926	12,674,067	7,533,228	9,942,178	486,084
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

\* 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

<u>PERSONAL PROPERTY OUTSIDE</u>	<u>COUNTYWIDE UNITARY AND OPERATING NON-UNITARY**</u>	<u>TOTAL COUNTY VALUATION</u>	<u>LESS NON-SUBVENTED EXEMPTIONS</u>	<u>NET TOTAL COUNTY VALUATIONS*</u>	<u>FISCAL YEAR</u>
1,048,198	1,729,828	36,239,509	568,500	35,671,009	1993-94
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	41,810,286	816,531	40,993,755	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	46,183,585	2001-02
1,122,234	1,501,357	46,006,214	1,003,827	45,002,387	2002-03

COUNTY OF KERN  
 BUILDING PERMITS  
 FISCAL YEARS 1993-94 THROUGH 2002-03

COUNTY OF KERN  
 BUILDING PERMITS (1)

(In Thousands)

Fiscal Year	Permits Issued	Value of Buildings
1993-94	6,716	528,321
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

(1) Source: Building Inspection and Board of Trade, 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)

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL DEBT SERVICE</u>	<u>TOTAL GENERAL EXPENDITURES (1)</u>	<u>RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES</u>
1993-94	4,210	3,320	7,530	579,556	1.30%
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%

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, 2003 (IN THOUSANDS)

2002-03 Assessed Valuation: \$43,979,241 (After deducting \$1,125,298 Redevelopment Incremental Valuation; Includes unitary utility valuation)

	Percentage Applicable	Debt 3/01/2003
<b><u>Overlapping Tax and Assessment Debt:</u></b>		
Delano Joint Union High School District	70.507%	\$ 18,623
Kern County Union High School District	100	67,160
Unified School Districts	100	46,553
Bakersfield School District	100	28,714
Delano Union School District	100	12,298
Fruitvale School District and Lease Tax Obligations	100	14,415
Panama-Buena Vista Union School District	100	11,255
Taft School District	100	11,500
Other School Districts	100	58,541
City of Bakersfield	100	4,000
Kern County Water Agency I.D. #4	100	4,315
Other Water Districts	Various	12,248
Belridge Water Storage District	100	4,350
Wheeler Ridge-Maricopa Water Storage District	100	12,560
Semitropic Water Storage District Improvement Districts	100	11,870
Other Water Storage Districts	100	1,174
Other Special Districts	100	7,365
Community Facilities Districts	100	46,665
1915 Act bonds (Estimated)	100	104,503
Total Gross Overlapping Tax and Assessment Debt		\$ 478,109
Less:		
City of Bakersfield Water Bonds (100% self-supporting)		4,000
Water Storage Districts (100% self-supporting)		13,249
Cawelo Water District (100% self-supporting)		5,285
Total Net Overlapping Tax and Assessment Debt		\$ 455,575

	Percentage Applicable	Debt 3/01/2003
<b><u>Overlapping General Fund Obligation Debt:</u></b>		
Kern County Board of Education Certificates of Participation	100	\$ 99,115
Community College District Certificates of Participation	Various	39,617
Kern County Union High School District Certificates of Participation	100	95,500
Other High School Certificates of Participation	Various	2,315
Unified School District General Fund Obligations	Various	26,414
School District General Fund Obligations	100	38,995
City of Bakersfield General Fund Obligations	100	36,815
City of Ridgecrest Certificates of Participation	100	9,685
City of Delano General Fund Obligations	100	8,075
Other City General Fund Obligations	100	1,734
Total Overlapping General Fund Obligation Debt		\$ 358,265
Less:		
City of Delano Self Supporting Obligations		8,075
Total Net Overlapping General Fund Obligation Debt		350,190
TOTAL NET OVERLAPPING DEBT		\$ 805,765

	Percentage Applicable	Debt 3/01/2003
<b><u>Direct General Fund Obligation Debt:</u></b>		
Kern County Certificates of Participation	100	\$ 110,512 (1)
Kern County Pension Obligations	100	223,753 (1)
Total Net Direct General Fund Obligation Debt		334,265
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b>		<b>\$ 1,140,030 (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	1.06%
Total Net Overlapping Tax and Assessment Debt	1.01%

Ratios to Adjusted Assess Valuation:

Combined Direct Debt (\$334,265)	0.76%
Gross Combined Total Debt	2.66%
Net Combined Total Debt	2.59%

State School Building Aid Repayable as of 06/30/02: \$ -

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)

<u>FISCAL YEAR</u>	<u>POPULATION (1)</u>	<u>ASSESSED VALUE (2)</u>	<u>BONDED DEBT (3)</u>	<u>RATIO OF NET BONDED DEBT</u>	<u>NET BONDED DEBT PER CAPITA</u>
1993-94	619	35,671,009	-	-	-
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

NOTES:

(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, 2003 (IN THOUSANDS)

	BOND RATE	COUNTY ASSESSMENT SECURED	COUNTY ASSESSMENT UNSECURED	STATE ASSESSMENT UTILITIES	TOTAL
<b><u>ASSESSED VALUATION OF INSIDE PROPERTY</u></b>					
Arvin		\$ 157,569	\$ 15,491	\$ 206	\$ 173,266
Bakersfield		10,820,927	482,906	18,615	11,322,448
California City		307,806	1,505	119	309,430
Delano		576,177	11,501	1,804	589,482
Maricopa		16,199	1,982	3	18,184
McFarland		154,627	2,492	130	157,249
Ridgecrest		453,349	23,311	11	476,671
Shafter		279,180	19,531	1,612	300,323
Taft		202,658	15,792	415	218,865
Tehachapi		227,866	11,618	2,437	241,921
Wasco		241,112	14,482	1,372	256,966
Total Assessed Value of Inside Property		13,437,470	600,611	26,724	14,064,805
<b><u>ASSESSED VALUE OF OUTSIDE PROPERTY</u></b>					
Road Fund - Outside		26,755,530	1,297,447	36,749	28,089,726
<b><u>ASSESSED VALUATION OF COUNTYWIDE PROPERTY</u></b>					
Unitary and Operating Non-Unitary (GENERAL LEVY = 1.000000)	0.149895			1,501,357	1,501,357
Pipeline Right of Way (GENERAL LEVY = 1.000000)	0.153466		140,180	1,174	141,354
Total Inside and Outside (Excluding Aircraft and Redevelopment)		40,193,000	2,038,238	1,566,004	43,797,242
Arvin		49,798	(10,619)	(69)	39,110
Bakersfield - Downtown		98,580	19,797	(68)	118,309
Bakersfield - Old Town		25,410	20,467	(3,145)	42,732
Bakersfield - Southeast		35,529	886	9,158	45,573
California City		171,085	3,640	(13)	174,712
Delano #1		14,323	89	-	14,412
Delano		152,290	13,176	(567)	164,899
Ridgecrest		307,153	4,892	(10)	312,035
Shafter #1		61,463	360	463	62,286
Shafter #2		58,912	3,111	-	62,023
Taft		16,200	7,967	2,218	26,385
Tehachapi		11,455	3,471	(885)	14,041
Wasco		53,069	(4,070)	67	49,066
Wasco #1		(283)	-	-	(283)
Total Redevelopment Agency		1,054,984	63,167	7,149	1,125,300
Grand Total - Countywide Taxable Value		\$ 41,247,984	\$ 2,101,405	\$ 1,573,153	\$ 44,922,542

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>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>
<b>Valuations:(1)</b>					
Residential	\$ 333,461	\$ 306,916	\$ 333,865	\$ 290,196	\$ 274,743
Non-Residential	<u>194,860</u>	<u>151,881</u>	<u>114,799</u>	<u>136,615</u>	<u>144,408</u>
Total	\$ <u>528,321</u>	\$ <u>458,797</u>	\$ <u>448,664</u>	\$ <u>426,811</u>	\$ <u>419,151</u>
<b>New Dwelling Units:(1)</b>					
Single Family	\$ 295,959	\$ 265,246	\$ 275,226	\$ 245,186	\$ 244,134
Multiple Family	<u>16,647</u>	<u>23,773</u>	<u>40,450</u>	<u>22,089</u>	<u>11,132</u>
Total	\$ <u>312,606</u>	\$ <u>289,019</u>	\$ <u>315,676</u>	\$ <u>267,275</u>	\$ <u>255,266</u>
<b>Bank Deposits:(2)</b>	\$ <u>not available</u>	\$ <u>3,220,000</u>	\$ <u>3,197,000</u>	\$ <u>3,058,000</u>	\$ <u>3,092,000</u>

(1) Source: Construction Industry Research Board.

(2) Source: Federal Deposit Insurance Corporation. Bank deposit information unanavailable prior to 1994.

<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	
					<b>Valuations:(1)</b>
\$ 360,455	\$ 361,140	\$ 399,392	\$ 480,294	\$ 624,316	Residential
<u>202,899</u>	<u>164,388</u>	<u>155,276</u>	<u>327,804</u>	<u>296,909</u>	Non-Residential
<u>\$ 563,354</u>	<u>\$ 525,528</u>	<u>\$ 554,668</u>	<u>\$ 808,098</u>	<u>\$ 921,225</u>	Total
					<b>New Dwelling Units:(1)</b>
\$ 314,658	\$ 320,811	\$ 357,260	\$ 445,556	\$ 578,454	Single Family
<u>28,770</u>	<u>17,953</u>	<u>12,947</u>	<u>10,042</u>	<u>17,897</u>	Multiple Family
<u>\$ 343,428</u>	<u>\$ 338,764</u>	<u>\$ 370,207</u>	<u>\$ 455,598</u>	<u>\$ 596,351</u>	Total
<u>\$ 3,179,000</u>	<u>\$ 3,268,000</u>	<u>\$ 3,265,000</u>	<u>\$ 3,545,000</u>	<u>\$ 3,752,000</u>	<b>Bank Deposits:(2)</b>

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

<u>FISCAL YEAR</u>	<u>POPULATION COUNTY OF KERN (1)</u>	<u>POPULATION STATE OF CALIFORNIA (1)</u>	<u>POPULATION UNITED STATES (2)</u>	<u>SCHOOL ENROLLMENT COUNTY OF KERN (1)</u>	<u>UNEMPLOYMENT RATE COUNTY OF KERN (3)</u>
1993-94	619	31,183	258,897	132	14.3%
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%

(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, 2003**

**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:** 263,827 as of June 30, 2003

**ESTIMATED POPULATION OF THE COUNTY OF KERN AS OF JANUARY 1, 2003:**

**INCORPORATED CITIES (1):**

Arvin	14,050
Bakersfield	266,800
California City	11,100
Delano	42,000
Maricopa	1,130
McFarland	10,650
Ridgecrest	25,600
Shafter	13,350
Taft	8,975
Tehachapi	11,400
Wasco	22,250
Unincorporated	275,600
Total Population	<u>702,905</u>

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

1993-94	7,750
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

**Notes:**

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

COUNTY OF KERN  
 PRINCIPAL TAXPAYERS  
 JUNE 30, 2003 (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>
Occidental of Elk Hills, Inc.	Oil	\$ 4,297,344	\$ 44,672	10.69%
Aera Energy LLC	Oil	2,664,382	27,414	6.63%
Chevron USA, Inc.	Oil	1,416,166	15,004	3.52%
Texaco Exploration & Prod., Inc.	Oil	1,135,453	11,985	2.83%
Texaco California, Inc.	Oil	781,956	7,984	1.95%
La Paloma Generating Trust LTD	Utility	425,619	4,338	1.06%
Pacific Gas & Electric Co.	Utility	356,312	4,097	0.89%
U.S. Borax, Inc.	Mining	376,063	4,030	0.94%
Nuevo Energy Co.	Oil	358,048	3,691	0.89%
Equilon Enterprises LLC	Oil	<u>253,579</u>	<u>3,137</u>	<u>0.63%</u>
Total		\$ <u>12,064,922</u>	\$ <u>126,352</u>	<u>30.03%</u>

Source: TRAN