



**COUNTY OF KERN
STATE OF CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended
June 30, 2006**

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

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2006**



COUNTY OF KERN

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

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



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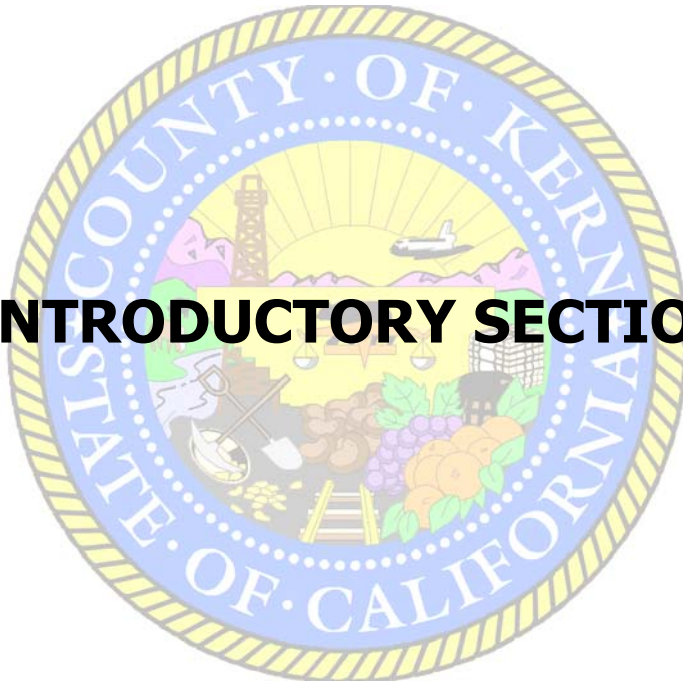
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INTRODUCTORY SECTION



ANN K. BARNETT
Auditor-Controller-County Clerk



December 19, 2006

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, 2006 is hereby submitted in compliance with Section 25253 of the Government Code of the State of California and Board of Supervisors' Resolution No. 69-58, dated January 28, 1969. The accompanying financial statements were prepared in accordance with generally accepted accounting principles in the United States of America (GAAP), and audited by a firm of certified public accountants in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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

The County's financial statements have been audited by Brown Armstrong, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2006 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, 2006 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 770,424 living within the greater metropolitan area.

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

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

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and all budgeted major funds, comparisons are presented on pages 98 - 118 as part of the required supplementary information. For non-major governmental funds with appropriated annual budgets, these comparisons are presented in the combining and individual fund statements and schedules subsection of this report, which begins on page 139.

Factors Affecting Financial Condition

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

Local economy

Oil extraction, agricultural production, and government are driving forces in the County's economy. Four of the top ten taxpayers of the County are oil producers or are closely related to the oil industry. Kern County remains the largest oil-producing County in the State, containing an estimated 71% of all the State's oil reserves.

The Assessor's total net assessed valuation roll at June 30, 2006, with oil and gas representing approximately 23% of the total, reflected a 15.24% increase in value, which increased available property taxes to the County in fiscal year 2005-06.

Agriculture continues to remain relatively stable, with the County being the fourth leading producer of agricultural products in the State. The unemployment rate decreased significantly from 9.1% in 2004-05 to 7.6% in 2005-06. The population of the County increased by 2.30% from 753,070 to 770,424. The County's major employers continue to be the public school system, Edwards Air Force Base, China Lake Naval Weapons Center and the County of Kern.

Debt administration

The County has instituted a cash management program for its General Fund through the issuance of tax and revenue anticipation notes. The notes provide cash flows to meet General Fund expenditures during the period prior to collection of property taxes. On July 5, 2005 the County issued \$125,000,000 in Tax and Revenue Anticipation Notes that matured on June 30, 2006. On July 6, 2006, the County issued \$160,000,000 in Tax and Revenue Anticipation Notes that matured on June 30, 2007.

As of June 30, 2006, the County had outstanding certificates of participation in a principal amount of \$67,145,000. 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, 2006 includes (in thousands):

Description of Issue	Date Issued	Maturity	Principal Outstanding
Kern Medical Center Emergency Facilities	1991	2007	1,290
Solid Waste Systems Improvements	1994	2010	6,180
Rosamond Library Project	1994	2015	1,175
1999 Capital Improvement Projects – Communications portion	1999	2020	5,380
Beale Memorial Library	1996	2008	3,310
Golf Course Capital Improvement	1996	2017	3,210
Fire Department	1997	2017	6,700
1999 Capital Improvement Projects – KMC portion	1999	2020	13,010
Airports Capital Improvements	2003	2024	12,725
Solid Waste Systems Improvements	2002	2017	14,165
Total:			\$ 67,145

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, 2006 the Treasurer's Pooled Cash included cash and investments totaling \$1.431 billion.

Pooled Cash funds are managed by Treasurer-Tax Collector staff to maintain adequate liquidity to meet daily operating demands and to provide the highest interest earnings possible within County investment policies and Government Code Section 53635. Investments authorized under this policy include U.S. Treasury and Agency obligations, local and State bond issues, banker's acceptances, commercial paper of prime quality, certificates of deposit, medium term corporate notes, mutual funds and mortgage backed securities. In October 1995, the Board of Supervisors approved formation of a Treasury Oversight Committee. The purpose of the committee is to review and monitor the Pooled Cash investment policy and to contract for an annual investment program compliance audit, filed with the Treasurer-Tax Collector. Earnings on Pooled Cash during fiscal year ended June 30, 2006 averaged 3.54%, which compares with 3.89% for 91-day Treasury Bills for the same period. Interest earnings are allocated quarterly to each fund based on each fund's average daily balance.

Risk management

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

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

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

Defined benefit pension plan

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

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

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

The County also provides post retirement health and dental care benefits for certain retirees and their dependents. At June 30, 2006, there were 866 retired employees receiving the Retiree Health Premium Supplement Program and 2,669 retired employees receiving the Retiree Health Stipend. Additional information on the pension arrangement and post employment benefits can be found in Notes XII. C and XII. G, respectively, in the notes to the financial statements.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Kern for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the ninth consecutive year that the County of Kern has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully Submitted,



Ann K. Barnett
Auditor-Controller-County Clerk



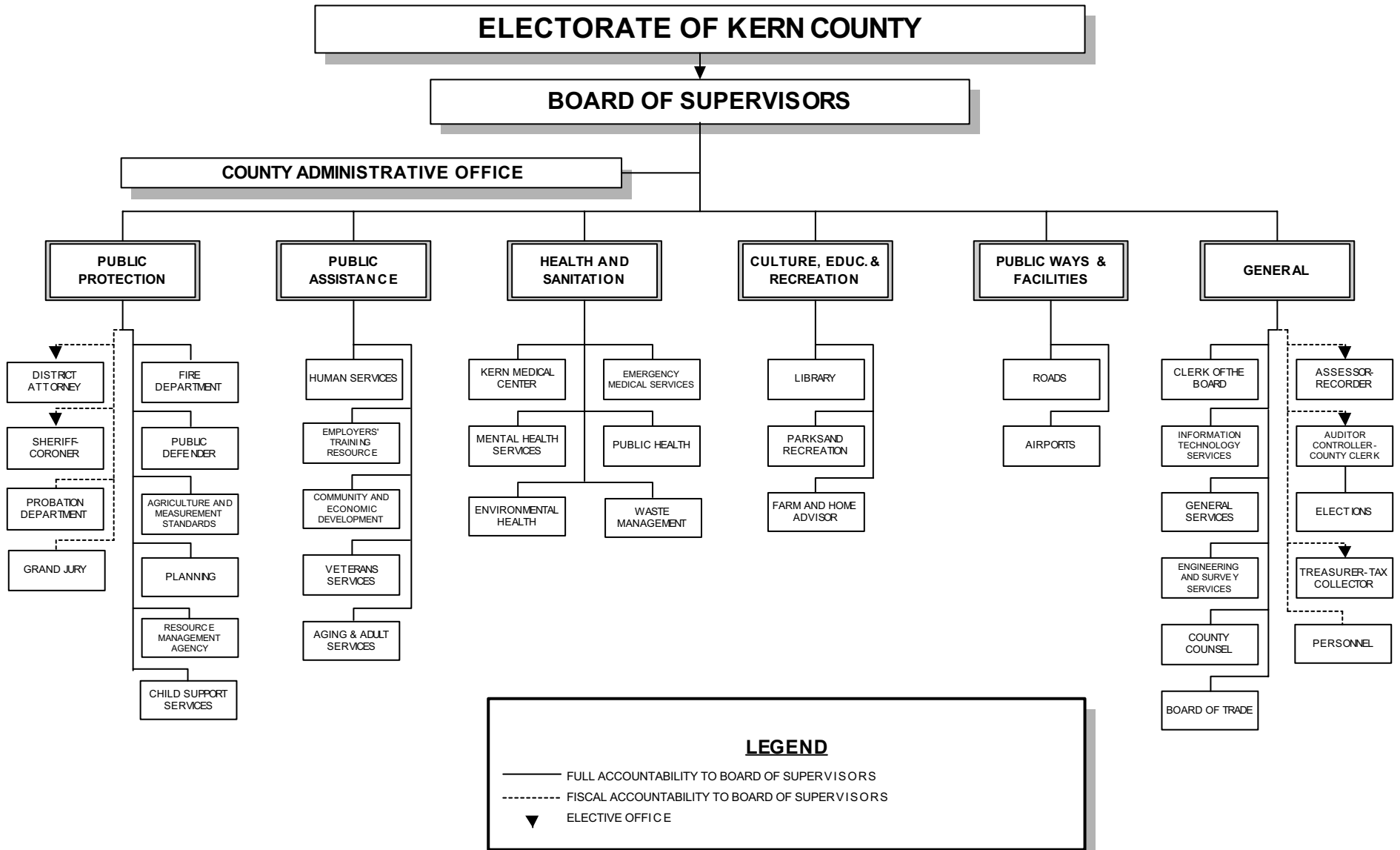
**COUNTY OF KERN
DIRECTORY OF COUNTY OFFICIALS**

ELECTED

COUNTY SUPERVISOR, FIRST DISTRICT..... JON MCQUISTON
COUNTY SUPERVISOR, SECOND DISTRICT DON MABEN
COUNTY SUPERVISOR, THIRD DISTRICTBARBARA PATRICK
COUNTY SUPERVISOR, FOURTH DISTRICTRAYMOND A. WATSON
COUNTY SUPERVISOR, FIFTH DISTRICT.....MICHAEL J. RUBIO
ASSESSOR-RECORDER.....JAMES FITCH
AUDITOR-CONTROLLER-COUNTY CLERK ANN K. BARNETT
DISTRICT ATTORNEY EDWARD R. JAGELS
SHERIFF-CORONER-PUBLIC ADMINISTRATOR MACK WIMBISH
TREASURER-TAX COLLECTORPHIL D. FRANNEY

APPOINTED

AGING AND ADULT SERVICES DEBBIE STEVENSON
AGRICULTURAL COMMISSIONER/SEALER..... DAVID J. MOORE
AIRPORTS.....RAYMOND BISHOP
BOARD OF TRADE RICK DAVIS
CLERK OF THE BOARD DENISE PENNELL
CHILD SUPPORT SERVICES JOHN NILON
COMMUNITY AND ECONOMIC DEVELOPMENT BARRY JUNG
COUNTY ADMINISTRATIVE OFFICER..... RONALD M. ERREA
 GENERAL SERVICES
 GROUP HEALTH
 RETIREE GROUP HEALTH
 UNEMPLOYMENT
 INFORMATION TECHNOLOGY SERVICES
COUNTY COUNSEL..... BERNARD C. BARMANN
EMERGENCY MEDICAL SERVICES.....ROSS ELLIOTT
EMPLOYERS' TRAINING RESOURCE.....VERNA LEWIS
ENGINEERING & SURVEY SERVICES CHARLES LACKEY
ENVIRONMENTAL HEALTH SERVICES..... MATTHEW CONSTANTINE
FARM AND HOME ADVISOR.....DARLENE LIESCH
FIRE DEPARTMENT.....DENNIS THOMPSON
HUMAN SERVICES BEVERLY BEASLEY JOHNSON
KERN MEDICAL CENTER.....PETER K. BRYAN
LIBRARY..... DIANE R. DUQUETTE
MENTAL HEALTH DIANE G. KODITEK
PARKS AND RECREATION..... ROBERT LERUDE
PERSONNELKAY F. MADDEN
PLANNING..... TED JAMES
PROBATION JOHN ROBERTS
PUBLIC DEFENDER MARK A. ARNOLD
PUBLIC HEALTH BABATUNDE A. JINADU, M.D.
RESOURCE MANAGEMENT AGENCY..... DAVID L. PRICE, III
ROADS..... CRAIG POPE
VETERANS' SERVICESCHARLES BIKAKIS
WASTE MANAGEMENT DAPHNE B. HARLEY



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

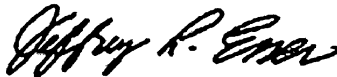
County of Kern
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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.



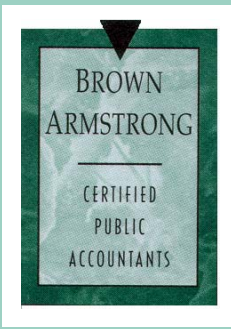
President



Executive Director



FINANCIAL SECTION



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

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

INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, the aggregated remaining fund information, and the fiduciary funds of the County of Kern, California as of and for the year ended June 30, 2006, which collectively comprise the County of Kern's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Kern's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregated remaining fund information, and the fiduciary funds of the County of Kern, California, as of June 30, 2006, 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.


As described in Note 1 to the financial statements, in 2006 the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting, The Statistical Section (An Amendment of NCGA Statement 1).

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 19, 2006 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 THORNBURGH & 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, sweeping flourish at the end.

Bakersfield, California
December 19, 2006



**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

**County of Kern
Management's Discussion and Analysis
For the Year Ended June 30, 2006
Unaudited**

Management's discussion and analysis section of the County of Kern's (County) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2006. Users of these financial statements should read this section in conjunction with the transmittal letter at the front of the CAFR and the County's basic financial statements following this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- At June 30, 2006, the County's total net assets were \$390,912. Of this total net asset amount \$23,777 is restricted, which may be used for the County's ongoing obligations with external restrictions. (For detail on Restricted Net Assets see Note XI. C on page 81). The remaining balance of the total net assets is a deficit balance of \$175,174, representing the unrestricted net assets.
- During the current fiscal year, the County's net assets increased by \$51,600. The County's net assets for governmental activities and business-type activities increased by \$39,866 and \$11,734, respectively.
- At June 30, 2006, the County's governmental funds reported total ending fund balances of \$297,974, an increase of 10.9% compared to prior year's total ending fund balance. Approximately 70% or \$207,264 is unreserved fund balance, which is available for spending. See further discussion in the Financial Analysis of the Government's Funds section on page 18.
- At June 30, 2006, the unreserved fund balance for the General Fund was \$80,986 or 19.5% of total General Fund expenditures.
- At June 30, 2006, the County's total long-term debt decreased by \$16,028, primarily due to the normal maturity of existing long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1. Government-Wide Financial Statements

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

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

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

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

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

2. Fund Financial Statements

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

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

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

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

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

The basic governmental fund financial statements are presented on pages 25 through 30

of the CAFR.

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

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

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

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

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

3. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in both government-wide and fund financial statements.

The notes to the financial statements are presented on pages 37 through 97 of the CAFR.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve as a useful indicator of a government's financial position over time. At June 30, 2006, the County's total net assets were \$390,912. See Table 1 on page 15 for details.

The County's largest portion of total net assets is the investment in capital assets, \$542,308. The investment in capital assets includes land, buildings and improvements, roads, flood control channels, machinery and equipment, and construction in progress, less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens, and, as a result, these assets are not available for future spending. Because the investment in capital assets is reported net of related debt, and since the capital assets themselves cannot be used to liquidate the debt liabilities, it should be noted that the resources needed to repay this debt must be provided from other sources.

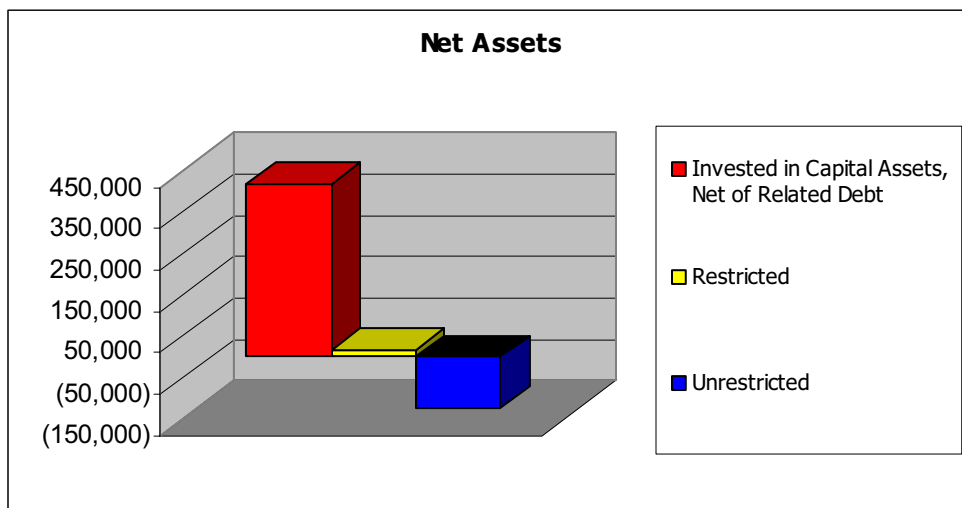
Of the County's total net assets, \$23,777 is restricted, which represents external restrictions on how these resources may be used. The major portion of the restricted net assets is reserved for debt repayment. The remaining balance of the net assets represents the unrestricted net assets, which has a

deficit balance of \$175,173. This deficit balance is primarily due to the inclusion of the debt associated with the Kern County Tobacco Funding Corporation (see Note XII. J), and the 1995 Pension Obligation Bonds used to pay the unfunded actuarial liability owed to the Kern County Retirement Association.

At June 30, 2006, the County as a whole and its governmental and business-type activities reported positive balances in "Net Assets Invested in Capital Assets, Net of Related Debt" and "Restricted Net Assets". For both governmental and business-type activities, deficits were reported in unrestricted net assets. Per GASB directive, the governmental activities' unrestricted net assets deficit is primarily due to the recognition of liabilities associated with the Kern County Tobacco Funding Corporation. The business-type activities reported a deficit in unrestricted net assets of \$52,275. This is the result of negative unrestricted net assets for Kern Medical Center (KMC). KMC had higher expenses for salaries and benefits. In addition, Federal and State reimbursements for indigent care have continuously not matched the cost of providing such care.

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

	Governmental Activities		Business - Type Activities		Total		Total Change
	2006	2005	2006	2005	2006	2005	
Current and Other Asset	\$ 688,005	\$ 693,362	\$ 123,756	\$ 121,493	\$ 811,761	\$ 814,855	\$ (3,094)
Capital Assets	479,603	370,657	170,086	143,218	649,689	513,875	135,814
Total Assets	\$ 1,167,608	\$ 1,064,019	\$ 293,842	\$ 264,711	\$ 1,461,450	\$ 1,328,730	\$ 132,720
Current and Other Liabilities	76,169	71,447	40,185	24,679	116,354	96,126	20,228
Long - Term Liabilities	781,311	788,452	172,873	173,326	954,184	961,778	(7,594)
Total Liabilities	857,480	859,899	213,058	198,005	1,070,538	1,057,904	12,634
Net Assets							
Invested in Capital Assets, Net of Related Debt	417,677	309,886	124,631	94,418	542,308	404,304	138,004
Restricted	15,349	35,653	8,428	9,724	23,777	45,377	(21,600)
Unrestricted	(122,898)	(141,419)	(52,275)	(37,436)	(175,173)	(178,855)	3,682
Total Net Assets	310,128	204,120	80,784	66,706	390,912	270,826	120,086
Total Liabilities & Net Assets	\$ 1,167,608	\$ 1,064,019	\$ 293,842	\$ 264,711	\$ 1,461,450	\$ 1,328,730	\$ 132,720



As shown in Table 2, the County's total net assets increased by \$51,600, of which, all \$51,600 is for current year activity.

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

	Governmental Activities		Business - Type Activities		Total		Change
	2006	2005	2006	2005	2006	2005	
Revenues							
Program Revenues							
Charges for Services	\$ 207,387	\$ 279,218	\$ 263,815	\$ 207,805	\$ 471,202	\$ 487,023	\$ (15,821)
Operating Grants & Contributions	606,855	595,660	1,853	686	608,708	596,346	12,362
Capital Grants & Contributions	6,564	9,165	9,674	4,505	16,238	13,670	2,568
General Revenues							
Property Taxes	181,729	148,204			181,729	148,204	33,525
Aircraft Taxes	156	150			156	150	6
Vehicle License Taxes	61,061	43,739			61,061	43,739	17,322
Sales & Use Taxes	33,182	27,423			33,182	27,423	5,759
Transient Occupancy Tax	1,414	1,338			1,414	1,338	76
Transfer Tax	7,402	5,909			7,402	5,909	1,493
Other Taxes	795	590			795	590	205
Investment Earnings	14,682	10,502	1,404	1,294	16,086	11,796	4,290
Miscellaneous	20,488	3,041	3,593	3,627	24,081	6,668	17,413
Gain on Sale of Capital Assets			(4)		(4)		(4)
Total Revenues	1,141,715	1,124,939	280,335	217,917	1,422,050	1,342,856	79,194
Expenses							
General Government	82,788	78,057			82,788	78,057	4,731
Public Protection	374,303	342,347			374,303	342,347	31,956
Public Ways & Facilities	38,348	22,146			38,348	22,146	16,202
Health & Sanitation	126,815	194,836			126,815	194,836	(68,021)
Public Assistance	381,836	369,097			381,836	369,097	12,739
Education	9,002	8,852			9,002	8,852	150
Culture & Recreation	10,556	12,915			10,556	12,915	(2,359)
Interest on Short & Long-Term Debt	41,864	39,428			41,864	39,428	2,436
Airports			6,223	5,608	6,223	5,608	615
County Sanitation Districts			3,429	3,061	3,429	3,061	368
Golf Course			4,725	4,400	4,725	4,400	325
Kern Medical Center			240,742	192,186	240,742	192,186	48,556
Public Transportation			5,652	5,376	5,652	5,376	276
Universal Collection			7,930	7,557	7,930	7,557	373
Waste Management			36,237	26,631	36,237	26,631	9,606
Total Expenses	1,065,512	1,067,678	304,938	244,819	1,370,450	1,312,497	57,953
Excess of Revenues Over Expenses							
Before Special Items and Transfers	76,203	57,261	(24,603)	(26,902)	51,600	30,359	21,241
Special Items							
Transfers	(36,337)	(30,166)	36,337	30,166			
Increase (Decrease) in Net Assets	39,866	27,095	11,734	3,264	51,600	30,359	21,241
Net Assets at Beginning of Year, as restated	270,262	177,025	69,050	63,442	339,312	240,467	98,845
Net Assets at End of Year	<u>\$ 310,128</u>	<u>\$ 204,120</u>	<u>\$ 80,784</u>	<u>\$ 66,706</u>	<u>\$ 390,912</u>	<u>\$ 270,826</u>	<u>\$ 120,086</u>

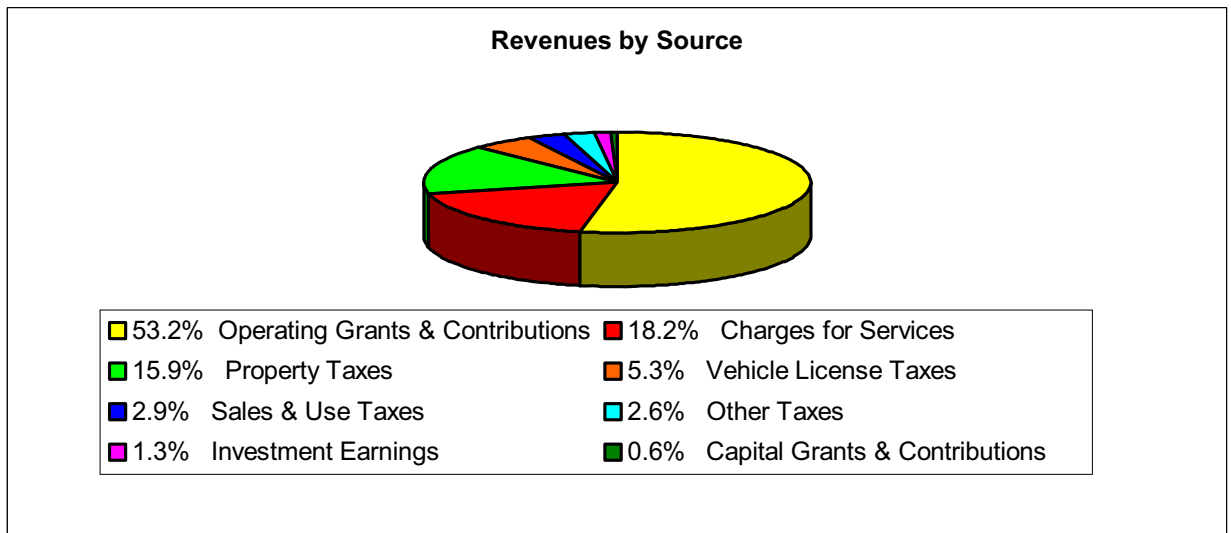
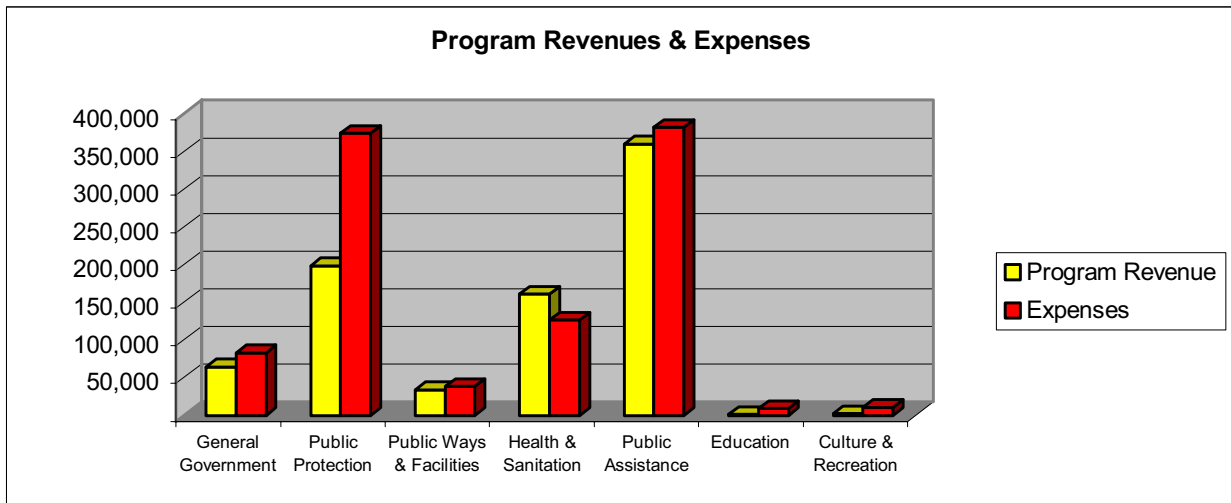
Governmental Activities

The Governmental activities increased the County's net assets by \$39,866 for the year ended June 30, 2006:

- Total revenue increased by 1.5% from the prior year.
- As an arm of the State government, operating grants and contributions serve

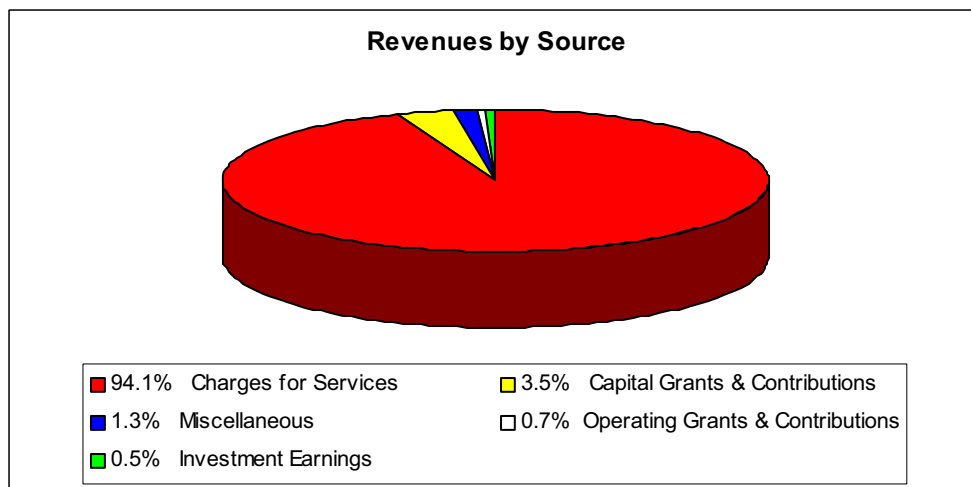
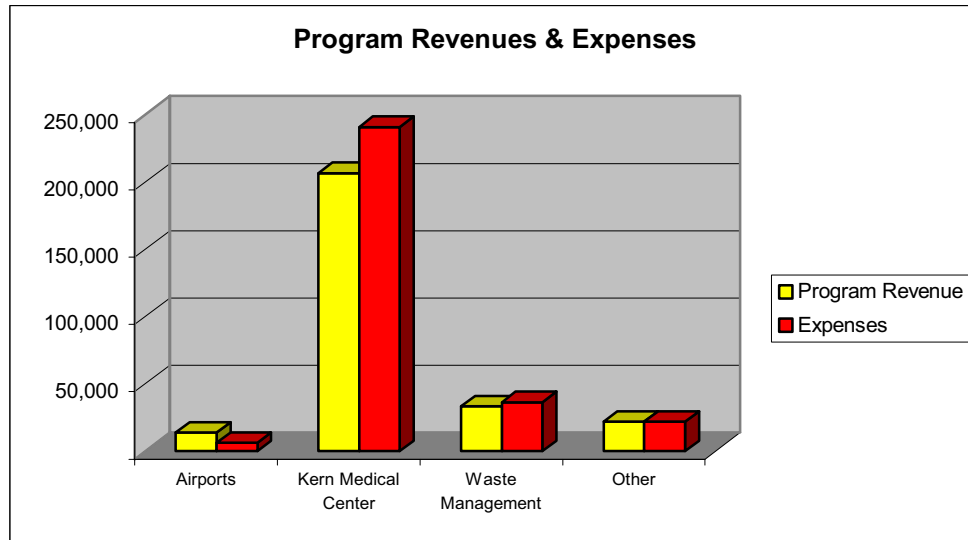
multiple programs, representing 53.2% of the County's program revenue for governmental activities, and are tied to the mandated services such as public assistance, public health and mental health. These revenue sources funding levels remained virtually unchanged from the prior year.

- Taxes and investment earnings that are generated locally provide the Board of Supervisors (Board) with most of its discretionary spending power. The increase in taxes revenue is primarily due to the following:
 1. Property taxes increased by \$33,525 or 22.6% due to significantly higher real estate values and oil prices.
 2. Investment earnings increased by \$4,180 or 39.8% due to higher earnings on pooled cash and investments.
 3. Due to a change in the State's method of distribution, beginning in fiscal year 2004 - 2005, vehicle license fees are to be reported separately as vehicle license taxes. This year's vehicle license taxes are \$61,061. In the prior years, the vehicle license fees were reported under operating grants and contributions as revenue.
- Total Governmental expenses decreased by \$2,166 or 0.2%. All major functions increased except for health and sanitation and culture and recreation. The County's major cost component is public assistance.



Business-type Activities

Business-type activities' total net assets increased the County's net assets by \$11,734. Revenues received for charges for services and operating grants and contributions increased by \$56,010 and \$1,167, respectively.



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

At June 30, 2006, the County's governmental funds reported total fund balances of \$297,974, an increase of 10.9% compared to prior year's total ending fund balance. Approximately 70% or \$207,264 of the total fund balances is unreserved fund balance, which is available to meet the County's current and future needs. The remaining balance of fund balance is reserved.

Reserved fund balance indicates that it is not available for new spending because it has been committed to 1) reserve for property tax assessment appeals, \$4,165; 2) reserve for debt service, \$30,712; 3) reserve for encumbrances, \$21,683; 4) reserve for fiscal stability, \$19,520 and 5) a variety of other restricted purposes, \$21,792.

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

The General Fund is the chief operating fund of the County. At June 30, 2006, unreserved fund balance of the General Fund was \$80,986. As a measure of the General Fund's liquidity, it may be helpful to compare both unreserved fund balance and fund balance to total fund expenditures. Unreserved fund balance represents 19.5% of total General Fund expenditures, while total fund balance represents 30.4% of total General Fund expenditures.

The other governmental funds' fund balances decreased by \$7,961 or 10.2%. The following major governmental funds **increased** in fund balance:

- Child Support – Fund balance increased by \$1,357 or 119.0% from the prior year as a result of additional Federal and State revenues.
- Human Services – Fund balance increased by \$3,069 or 31.8% from the prior year as a result of additional cost reimbursements from Federal agencies.
- Mental Health – Fund balance increased by \$7,400 or 44.9% from the prior year as a result of additional revenue from investments and aid from governmental agencies.
- Structural Fire – Fund balance increased by \$1,578 or 16.1% from the prior year as a result of additional revenue from taxes.

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

- Employers' Training Resource – Fund balance decreased by \$469 or 63.7% from the prior year due to lower funding from governmental agencies.
- Roads – Fund balance decreased by \$4,713 or 22.6% from the prior year due to additional services and supplies expenditures.
- Tobacco Securitization Proceeds – Fund balance decreased by \$8,307 or 15.3% from the prior year due to expenditures incurred for construction projects.

Proprietary Funds

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

The enterprise funds total net assets increased by \$14,380. The increase in total net assets is principally due to Airports change in net assets of \$12,176. Airports net income increased more than eighteen times prior year's net income. Airports received significantly more funding from the Federal government for the construction of the airport terminal.

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

GENERAL FUND BUDGETARY VARIANCES

Differences between the County's final budget and the County's original budget resulted in a \$18,659

increase in supplemental appropriations that is briefly summarized as follows:

- The increase in supplemental appropriations is primarily due to three factors that account for \$17,761 or 95.2% of the \$18,659 increase. The first factor is the increase in the total general government appropriations by \$8,373, of which \$6,856 of the increase is attributable to capital projects capital assets. The second factor is the increase in total public protection by \$6,289, of which \$5,459 of the increase is attributable to the Sheriff's department. The last factor is the increase in the total health and sanitation by \$3,099, of which \$1,559 and \$1,262 is attributable to Department of Public Health and Emergency Medical Services, respectively.
- The remainder of the supplemental appropriation increase consists of small increases in appropriations for normal operations in the other budgetary units of the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's total investment in capital assets, net of accumulated depreciation is \$649,689 at June 30, 2006. Investment in capital assets includes land, land acquisition in progress, construction in progress, infrastructure, structures and improvements and equipment and intangibles. This current fiscal year, the County implemented GASB Statement No. 34, which requires the County to report its infrastructure assets at historical value. The retroactive historical value of the County's infrastructure assets is \$237,938, of which \$166,877 has been depreciated. In Table 3, the 2006 governmental activities balances changed to illustrate the implementation of GASB 34. These changes are illustrated in the infrastructure balance as well as the accumulated depreciation balances for infrastructure, structures and improvements and equipment and intangibles.

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

	Governmental Activities		Business - Type Activities		Total		Total Change
	2006	2005	2006	2005	2006	2005	
Land	\$ 23,073	\$ 20,367	\$ 22,869	\$ 22,448	\$ 45,942	\$ 42,815	3,127
Land Acquisition in Progress	-		63	457	63	457	(394)
Construction in Progress	36,752	46,898	51,952	22,880	88,704	69,778	18,926
Infrastructure	161,550	61,433	3,228	2,430	164,778	63,863	100,915
Structures and Improvements	196,469	183,131	78,517	82,511	274,986	265,642	9,344
Equipment	61,759	58,827	13,457	12,492	75,216	71,319	3,897
Total	\$ 479,603	\$ 370,656	\$ 170,086	\$ 143,218	\$ 649,689	\$ 513,874	\$ 135,815

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

- The completion of capital projects includes the Frazier Park Skate Park, the Lake Isabella Park restroom and the ten playgrounds.
- Major construction in progress includes Phase II of the Panorama Park, the Rosamond Fire Station and the Mojave Court Security.
- The Roads Department had several infrastructure improvements and additions for the current fiscal year. The total for reconstructed roads was \$10,630, roads dedicated to the County by developers were \$20,360 and additions to existing roads were \$2,852.
- Airport's added new jet bridges and the construction of the new terminal is wrapping up.

Additional information regarding the County's capital assets are reported in Note VII.A on pages 63

through 65 of the CAFR.

Long-Term Debt

At June 30, 2006, the County's total long-term liabilities are \$798,607. Of the total long-term liabilities, Certificates of Participation is \$67,145, which is secured by the County's lease rental payments, and Pension Obligation Bonds is \$489,906. The remaining long-term liabilities balance includes bonds payables, facilities and capital asset leases and a public health facility loan.

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

Additional information regarding the County's long-term debt can be found in Note IX.A on page 68 of the CAFR.

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

	Governmental Activities		Business - Type Activities		Total		Change
	2006	2005	2006	2005	2006	2005	
Lease Purchase Agreements	\$ 7,103	\$ 5,364	\$ 3	\$ 3	\$ 7,106	\$ 5,367	\$ 1,739
Certificates of Participation	16,565	30,320	50,579	54,530	67,144	84,850	(17,706)
Facility Lease		355				355	(355)
Loans Payable	8,380	9,952			8,380	9,952	(1,572)
Bonds Payable	225	225			225	225	
Tobacco - Asset Backed Bonds	102,415	103,065			102,415	103,065	(650)
Pension Obligation Bonds	458,849	463,987	31,057	31,992	489,906	495,979	(6,073)
Landfill Closure Cost			29,969	29,403	29,969	29,403	566
Post Closure Cost			34,272	28,934	34,272	28,934	5,338
Total	\$ 593,537	\$ 613,268	\$ 145,880	\$ 144,862	\$ 739,417	\$ 758,130	\$ (18,713)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The State's budget remains as the major determining factor in determining the County's budget for fiscal year 2006 – 2007 and beyond. The County is required to contribute \$75.6 million in property tax revenues to the State budget in 2006 – 2007.

The recommended regular County budget for fiscal year 2006 – 2007 totals \$1.3 billion, which is \$159 million or 13.9% higher than total appropriations adopted in fiscal year 2005 – 2006. This increase results chiefly from stronger oil prices and extremely robust growth in commercial and residential property values, increased Federal and State funds for mandated programs, and a healthy carryover balance from fiscal year 2005 – 2006. These gains, however, are partially offset by the continued shift of property taxes to the State budget and actuarial changes impacting the County's employer contributions to the retirement fund. Ongoing negotiations with County employee unions for new memorandums of understanding (MOUs) could also yield unknown cost increases. These MOUs may require the County to disburse funds to affected General Fund departments during the fiscal year as more precise costs of employee compensation become known for each department, or some departments could be required to absorb new costs.

The \$1.3 billion budget does not include special budgets totaling \$493.1 million for enterprise funds such as Kern Medical Center, Airports and Waste Management; internal service funds such as Workers' Compensation and Group Health Insurance; and grant-funded programs administered by the Employers' Training Resource and the Community and Economic Development departments. Special budgets have decreased by \$49.5 million or 11.2% from fiscal year 2005 – 2006.

Discretionary revenues are projected to grow by \$30 million or 9.6% above last year's actual collections. Discretionary revenues comprise 26.3% of the regular County budget, and the County must use much of this money to meet the local match requirements for mandated Federal and State programs. Current property tax revenues within both the General Fund and the Fire Fund are estimated to grow by a combined \$26.7 million in fiscal year 2006 – 2007, a 15.5% increase over fiscal year 2005 – 2006. A strong carryover balance, along with a fourth consecutive year of increased assessed valuation and property tax revenues will help offset the County's higher retirement contributions and will increase funds available for contingencies.

REQUESTS FOR INFORMATION

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





BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

**COUNTY OF KERN
STATEMENT OF NET ASSETS
JUNE 30, 2006 (IN THOUSANDS)**

	Primary Government			Component
	Governmental Activities	Business-type Activities	Totals	Unit First 5 Kern
ASSETS				
Cash and Investments	\$ 268,266	\$ 72,109	\$ 340,375	\$ 22,875
Restricted Cash and Investments	15,214	13,078	28,292	
Revolving Fund Cash	1,334	16	1,350	
Receivables, Net	117,834	55,895	173,729	2,161
Due from Other Governments	60		60	
Inventories and Prepaid Expenses	2,433	2,768	5,201	
Deposits with Other	340		340	
Internal Balances	22,197	(22,197)		
Investment in Joint Venture		2,087	2,087	
Net Pension Asset	260,327		260,327	
Capital Assets:				
Nondepreciable	59,825	74,884	134,709	
Depreciable, Net	419,778	95,202	514,980	12
Total Assets	\$ 1,167,608	\$ 293,842	\$ 1,461,450	\$ 25,048
LIABILITIES				
Accounts Payable	\$ 23,003	\$ 23,634	\$ 46,637	\$ 2,384
Salaries and Employee Benefits Payable	29,437	7,431	36,868	44
Claims Payable		6,854	6,854	
Due to Other Governments	6,288		6,288	
Accrued Interest Payable	8,502	1,413	9,915	
Unearned Revenue	8,939	853	9,792	
Long-Term Liabilities:				
Current Portion of Long-Term Debt	14,825	5,296	20,121	
Current Portion of Compensated Absences	28,215	7,227	35,442	
Current Portion of Landfill Closure/Postclosure Costs		4,115	4,115	
Current Portion of Liability for Self Insurance	20,303		20,303	
Portion Due or Payable After One Year:				
Professional Liabilities		5,956	5,956	
Certificates of Participation	14,095	46,465	60,560	
Bonds and Notes Payable	553,933	29,878	583,811	
Loans Payable	6,724		6,724	
Accrued Interest	54,453	8,873	63,326	
Capital Leases	3,960		3,960	
Compensated Absences	18,811	4,937	23,748	103
Accrued Landfill Closure/Postclosure Costs		60,126	60,126	
Liability for Self Insurance	65,992		65,992	
Total Liabilities	857,480	213,058	1,070,538	2,531
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	417,677	124,631	542,308	12
Restricted (Note XI. C):				
Debt Service	15,214	8,428	23,642	
Other Purposes	135		135	15,476
Unrestricted (Deficits)	(122,898)	(52,275)	(175,173)	7,029
Total Net Assets	\$ 310,128	\$ 80,784	\$ 390,912	\$ 22,517

**COUNTY OF KERN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit First 5 Kern
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	
Governmental activities:								
General government	\$ 82,788	\$ 53,668	\$ 10,559	\$	\$ (18,561)	\$	\$ (18,561)	
Public protection	374,303	87,368	110,927		(176,008)		(176,008)	
Public ways and facilities	38,348	10,661	23,320		(4,367)		(4,367)	
Health and sanitation	126,815	48,041	106,234	6,564	34,024		34,024	
Public assistance	381,836	4,986	355,239		(21,611)		(21,611)	
Education	9,002	580	552		(7,870)		(7,870)	
Culture and recreation	10,556	2,083	24		(8,449)		(8,449)	
Interest on short and long-term debt	41,864				(41,864)		(41,864)	
Total governmental activities	<u>1,065,512</u>	<u>207,387</u>	<u>606,855</u>	<u>6,564</u>	<u>(244,706)</u>		<u>(244,706)</u>	
Business-type activities:								
Airports	6,223	3,396	656	9,674		7,503	7,503	
County Sanitation Districts	3,429	3,580				151	151	
Golf Course	4,725	4,937				212	212	
Kern Medical Center	240,742	205,985	455			(34,302)	(34,302)	
Public Transportation	5,652	4,567	353			(732)	(732)	
Universal Collection	7,930	8,390				460	460	
Waste Management	36,237	32,960	389			(2,888)	(2,888)	
Total business-type activities	<u>304,938</u>	<u>263,815</u>	<u>1,853</u>	<u>9,674</u>		<u>(29,596)</u>	<u>(29,596)</u>	
Total Primary Government	<u>\$ 1,370,450</u>	<u>\$ 471,202</u>	<u>\$ 608,708</u>	<u>\$ 16,238</u>	<u>(244,706)</u>	<u>(29,596)</u>	<u>(274,302)</u>	
Component Unit:								
Children and Families Commission	<u>\$ 12,084</u>	<u>\$</u>	<u>\$ 12,329</u>	<u>\$</u>				<u>245</u>
General revenues:								
Taxes:								
Property taxes					181,729		181,729	
Vehicle License taxes					61,061		61,061	
Aircraft taxes					156		156	
Sales and use taxes					33,182		33,182	
Transient occupancy tax					1,414		1,414	
Transfer taxes					7,402		7,402	
Other taxes					795		795	
Grants and contributions not restricted to specific programs								
Unrestricted investment earnings					14,682	1,404	16,086	810
Miscellaneous					20,488	3,593	24,081	
Gain on sale of Capital Assets						(4)	(4)	
Transfers					(36,337)	36,337		
Total General revenues and Transfers					<u>284,572</u>	<u>41,330</u>	<u>325,902</u>	<u>810</u>
Change in Net Assets					39,866	11,734	51,600	1,055
Net Assets--beginning (As restated, note II. A)					270,262	69,050	339,312	21,462
Net Assets--ending					<u>\$ 310,128</u>	<u>\$ 80,784</u>	<u>\$ 390,912</u>	<u>\$ 22,517</u>



BASIC FINANCIAL STATEMENTS

Fund Financial Statements



**COUNTY OF KERN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006 (IN THOUSANDS)**

Page 1 of 1

	GENERAL FUND	KERN CO. DEPT. OF CHILD SUPPORT	EMPLOYERS' TRAINING RESOURCE	HUMAN SERVICES	MENTAL HEALTH
ASSETS					
Pooled Cash and Investments	\$ 77,278	\$ 339	\$ 410	\$ 8,817	\$ 21,121
Revolving Fund Cash	1,129	97		101	3
Cash and Investments Deposited with Trustee					
Interest Receivable	2,435	25	6	56	160
Accounts Receivable				15,925	350
Taxes Receivable	32,864				
Accrued Revenue	23,320	1,629	2,191	1,525	9,226
Due from Other Funds	6,665				
Advances to Other Funds	14,545				
Due from Other Agencies	60				
Deposits with Others	205				
Inventory - Materials and Supplies	71				
Total Assets	\$ 158,572	\$ 2,090	\$ 2,607	\$ 26,424	\$ 30,860
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 5,654	\$ 114	\$ 1,407	\$ 328	\$ 6,087
Salaries and Employee Benefits Payable	16,225	835		4,667	2,108
Advances from Other Funds				6,443	
Due to Other Funds	1,305	1	464	3	5
Due to Other Agencies				35	6,193
Loans Payable					
Deferred Revenue	8,993			24,604	
Total Liabilities	32,177	950	1,871	36,080	14,393
Fund Balances:					
Reserved (Note XI. A)	45,409	97		104	16
Unreserved, reported in:					
General Fund	80,986				
Special Revenue Funds		1,043	736	(9,760)	16,451
Capital Project Funds					
Total Fund Balances (Deficits)	126,395	1,140	736	(9,656)	16,467
Total Liabilities and Fund Balances	\$ 158,572	\$ 2,090	\$ 2,607	\$ 26,424	\$ 30,860

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

	ROADS	STRUCTURAL FIRE	TOBACCO SECURITIZATION PROCEEDS	OTHER GOVERNMENTAL FUNDS	TOTAL	
						ASSETS
\$	16,181	\$ 8,557	\$ 591	\$ 55,522	\$ 188,816	Pooled Cash and Investments
		2		2	1,334	Revolving Fund Cash
			49,318	15,215	64,533	Cash and Investments Deposited with Trustee
	240	159	32	500	3,613	Interest Receivable
					16,275	Accounts Receivable
		3,556		675	37,095	Taxes Receivable
	3,800	4,860		10,343	56,894	Accrued Revenue
	260	622		595	8,142	Due from Other Funds
			4,500	3,111	22,156	Advances to Other Funds
					60	Due from Other Agencies
					205	Deposits with Others
	1,577	727			2,375	Inventory - Materials and Supplies
\$	<u>22,058</u>	<u>18,483</u>	<u>54,441</u>	<u>85,963</u>	<u>401,498</u>	Total Assets
						LIABILITIES AND FUND BALANCES
\$	510	\$ 1,153	\$ 191	\$ 653	\$ 16,097	Liabilities:
	687	4,379		503	29,404	Accounts Payable
				788	7,231	Salaries and Employee Benefits Payable
				5,254	7,032	Advances from Other Funds
				60	6,288	Due to Other Funds
				83	83	Due to Other Agencies
		3,141		651	37,389	Loans Payable
						Deferred Revenue
	1,197	8,673	191	7,992	103,524	Total Liabilities
						Fund Balances:
	2,888	6,089	11	36,096	90,710	Reserved (Note XI. A)
					80,986	Unreserved, reported in:
					69,210	General Fund
	17,973	3,721		39,046	69,210	Special Revenue Funds
			54,239	2,829	57,068	Capital Project Funds
	20,861	9,810	54,250	77,971	297,974	Total Fund Balances (Deficits)
\$	<u>22,058</u>	<u>18,483</u>	<u>54,441</u>	<u>85,963</u>	<u>401,498</u>	Total Liabilities and Fund Balances

**COUNTY OF KERN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2006 (IN THOUSANDS)**

Fund Balances - Total Governmental Funds:	\$	297,974
Deferred charges in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		28,450
Capital assets used in governmental activities are not financial resources; therefore, the capital assets are not reported in the governmental funds.		475,638
Accrued interest recognized as soon as earned, regardless of its availability.		126
Negative Net Pension Obligation - Offset of Pension Obligation Bonds for Unfunded Actuarial Liability.		260,327
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.		(49,559)
Long term interest payable does not require the use of current financial resources; therefore, is not accrued as a liability in the governmental funds.		(62,789)
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	\$	(458,407)
Bonds Payable		(102,640)
Certificates of Participation		(16,565)
Capital Leases		(7,103)
Loan Payable		(8,379)
Compensated Absences		(46,945)
		<u>(640,039)</u>
Net Assets of Governmental Activities	\$	<u>310,128</u>



**COUNTY OF KERN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

Page 1 of 1

	GENERAL FUND	KERN CO. DEPT. OF CHILD SUPPORT	EMPLOYERS' TRAINING RESOURCE	HUMAN SERVICES	MENTAL HEALTH
REVENUES:					
Taxes	\$ 225,815	\$	\$	\$	\$
Licenses, Permits and Franchises	9,264				
Fines, Forfeitures and Penalties	14,922				
Revenues from Use of Money and Property	11,787	103	17		100
Aid from Other Governmental Agencies	108,021	23,898	19,792	298,541	58,618
Charges for Current Services	82,913			217	37,623
Other Revenues	6,334	97	4	2,756	44
Total Revenues	459,056	24,098	19,813	301,514	96,385
EXPENDITURES:					
Current:					
General Government	81,122				
Public Protection	254,325	22,741			
Health and Sanitation	34,606				90,053
Public Assistance	14,443		20,282	314,490	
Education	8,610				
Recreation and Cultural Services	12,167				
Public Ways and Facilities					
Capital Outlay	6,110				
Debt Service:					
Principal	18				
Interest	4,939				
Total Expenditures	416,340	22,741	20,282	314,490	90,053
Excess (Deficiency) of Revenues over Expenditures	42,716	1,357	(469)	(12,976)	6,332
OTHER FINANCING SOURCES (USES):					
Transfers In	56,676			16,045	1,073
Transfers Out	(83,516)				(5)
Inception of Capital Leases	6,110				
Total Other Financing Sources (Uses)	(20,730)			16,045	1,068
Net Changes in Fund Balances (Deficits)	21,986	1,357	(469)	3,069	7,400
Fund Balances (Deficits), July 1, 2005 (as previously reported)	79,305	(217)	1,205	(12,725)	16,712
Prior Period Adjustments	25,104				(7,645)
Fund Balances (Deficits), June 30, 2006	\$ 126,395	\$ 1,140	\$ 736	\$ (9,656)	\$ 16,467

ROADS	STRUCTURAL FIRE	TOBACCO SECURITIZATION PROCEEDS	OTHER GOVERNMENTAL FUNDS	TOTAL	
\$ 3,087	\$ 51,322	\$	\$ 2,370	\$ 282,594	REVENUES:
	32		5,490	14,786	Taxes
	36		7,100	22,058	Licenses, Permits and Franchises
604	76	636	2,080	15,403	Fines, Forfeitures and Penalties
23,307	3,409		77,831	613,417	Revenues from Use of Money and Property
6,663	18,814		4,963	151,193	Aid from Other Governmental Agencies
923	669		31,246	42,073	Charges for Current Services
					Other Revenues
<u>34,584</u>	<u>74,358</u>	<u>636</u>	<u>131,080</u>	<u>1,141,524</u>	Total Revenues
					EXPENDITURES:
					Current:
			1,332	82,454	General Government
	94,462		6,476	378,004	Public Protection
			2,346	127,005	Health and Sanitation
			32,086	381,301	Public Assistance
				8,610	Education
				12,167	Recreation and Cultural Services
41,797			1,622	43,419	Public Ways and Facilities
		3,756	13	9,879	Capital Outlay
					Debt Service:
			20,545	20,563	Principal
			28,707	33,646	Interest
<u>41,797</u>	<u>94,462</u>	<u>3,756</u>	<u>93,127</u>	<u>1,097,048</u>	Total Expenditures
<u>(7,213)</u>	<u>(20,104)</u>	<u>(3,120)</u>	<u>37,953</u>	<u>44,476</u>	Excess (Deficiency) of Revenues Over Expenditures
					OTHER FINANCING SOURCES (USES):
5,500	22,388		22,846	124,528	Transfers In
(3,000)	(706)	(5,187)	(68,760)	(161,174)	Transfers Out
				6,110	Inception of Capital Leases
<u>2,500</u>	<u>21,682</u>	<u>(5,187)</u>	<u>(45,914)</u>	<u>(30,536)</u>	Total Other Financing Sources (Uses)
(4,713)	1,578	(8,307)	(7,961)	13,940	Net Changes in Fund Balances (Deficits)
25,574	8,232	62,557	85,932	266,575	Fund Balances (Deficits), July 1, 2005 (as previously reported)
				17,459	Prior Period Adjustments
<u>\$ 20,861</u>	<u>\$ 9,810</u>	<u>\$ 54,250</u>	<u>\$ 77,971</u>	<u>\$ 297,974</u>	Fund Balances (Deficits), June 30, 2006

**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, 2006 (IN THOUSANDS)**

Net Change in Fund Balance - Total Governmental Funds:	\$	13,940
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	\$ 27,174	
Less: current year depreciation	<u>(20,035)</u>	7,139
Capital contribution of capital assets are not reported on governmental funds but recorded at fair value on the statement of net assets.		20,360
Governmental fund revenues deferred due to unavailability were booked in the statement of activities.		5,498
Governmental fund revenues not recognized due to unavailability were booked in the statement of activities.		126
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	\$ 5,125	
Certificates of Participation	13,755	
Capital Leases	3,944	
Facility Lease	355	
Tobacco -Asset Backed Bonds	650	
Loans Payable	<u>1,573</u>	25,402
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		
Change in accrued interest payable	\$ (8,147)	
Change in compensated absences	<u>722</u>	(7,425)
Adjustment to the Negative Net Pension Obligation is not reported in the governmental funds, but the adjustment reduces the Net Pension Obligation in the statement of net assets.		(10,174)
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>(15,000)</u>
	\$	<u><u>39,866</u></u>

**COUNTY OF KERN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2006 (IN THOUSANDS)**

	BUSINESS - TYPE ACTIVITIES - ENTERPRISE FUNDS					GOVERNMENTAL
	AIRPORTS	KERN MEDICAL CENTER	WASTE MANAGEMENT	NON-MAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
ASSETS						
Current Assets:						
Pooled Cash and Investments	\$ 5,722	\$ 476	\$ 54,398	\$ 11,513	\$ 72,109	\$ 30,131
Revolving Fund Cash		6	10		16	
Interest Receivable	38	93	608	134	873	377
Accounts Receivable, Net	134	44,693	1,632	8	46,467	1,524
Accrued Revenue	1,608		588	672	2,868	93
Due from Other Funds		1,289			1,289	44
Prepaid Items		892	149		1,041	
Inventory - Materials and Supplies		1,727			1,727	58
Total Current Assets	7,502	49,176	57,385	12,327	126,390	32,227
Non-current Assets:						
Cash and Investments Deposited with Trustee	1,082	8,200	3,081	715	13,078	
Taxes Receivable			3,931	1,756	5,687	
Advances to Other Funds			2,500		2,500	
Deposits with Others						135
Investment in Joint Venture		503		1,584	2,087	
Capital Assets:						
Non-depreciable:						
Land	6,755	168	15,278	668	22,869	
Land Acquisition in Progress			63		63	
Construction in Progress	36,246	948	14,737	21	51,952	
Depreciable:						
Structures and Improvements	35,953	60,033	37,130	15,088	148,204	
Equipment	2,843	40,358	2,267	7,195	52,663	3,966
Intangible Assets			238	48	286	
Subsurface Lines				7,642	7,642	
Accumulated Depreciation and Amortization	(22,404)	(59,494)	(18,039)	(13,656)	(113,593)	
Total Non-current Assets	60,475	50,716	61,186	21,061	193,438	4,101
Total Assets	67,977	99,892	118,571	33,388	319,828	36,328
LIABILITIES						
Current Liabilities:						
Accounts Payable	10	16,138	6,706	780	23,634	6,906
Salaries and Employee Benefits Payable	96	6,795	476	64	7,431	33
Due to Other Funds	55		5	201	261	398
Current Portion of Long Term Debt	530	3,056	1,481	229	5,296	17
Interest Payable - Current	227	706	435	45	1,413	11
Current Portion of Compensated Absences	50	6,625	547	5	7,227	48
Current Portion of Accrued Closure/Post Closure Liability			4,115		4,115	
Current Portion of Liability for Self-Insurance						20,304
Deferred Income		12		841	853	
Total Current Liabilities	968	33,332	13,765	2,165	50,230	27,717
Non-current Liabilities:						
Advances from Other Funds	7,611	7,314		2,500	17,425	
Estimate for Professional Liability Claims		5,956			5,956	
Compensated Absences Payable	141	4,417	364	15	4,937	32
Due to Other Agencies		6,854			6,854	
Liability for Self-Insurance - Long Term						65,992
Long Term Debt - Certificates of Participation	12,215	12,340	18,925	2,985	46,465	
Long Term Debt - Pension Obligation Bonds	517	27,716	1,540	105	29,878	425
Long Term -Interest Payable - Pension Obligation Bonds	149	8,235	458	31	8,873	157
Accrued Closure Liability			25,947		25,947	
Accrued Postclosure Liability			34,179		34,179	
Total Non-current Liabilities	20,633	72,832	81,413	5,636	180,514	66,606
Total Liabilities	21,601	106,164	95,178	7,801	230,744	94,323
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	46,667	32,839	31,329	13,796	124,631	3,966
Restricted (Note XI. C)	1,082	3,550	3,081	715	8,428	135
Unrestricted	(1,373)	(42,661)	(11,017)	11,076	(43,975)	(62,096)
Total Net Assets	\$ 46,376	\$ (6,272)	\$ 23,393	\$ 25,587	\$ 89,084	\$ (57,995)
Cumulative adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.					(8,300)	
Net Assets of Business -Type Activities:				\$	80,784	

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

COUNTY OF KERN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS (DEFICITS)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)

	BUSINESS -TYPE ACTIVITIES - ENTERPRISE FUNDS					GOVERNMENTAL
	AIRPORTS	KERN MEDICAL CENTER	WASTE MANAGEMENT	NON-MAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:						
Patient Services	\$	\$ 166,508	\$	\$	\$ 166,508	\$
Charges for Current Services	193	8,861	16,659	6,441	32,154	113,361
Revenues from Use of Property	2,672		16	133	2,821	
Other Operating Revenues		11,650	1		11,651	
Total Operating Revenues	2,865	187,019	16,676	6,574	213,134	113,361
OPERATING EXPENSES:						
Salaries and Employee Benefits	1,658	131,811	8,553	1,346	143,368	4,845
Services and Supplies	2,002	75,833	21,169	18,776	117,780	17,043
Claims Incurred						104,211
Other Charges	177	3,630	3,455	26	7,288	5,822
Depreciation	2,230	5,196	1,761	1,282	10,469	623
Total Operating Expenses	6,067	216,470	34,938	21,430	278,905	132,544
Operating Income (Loss)	(3,202)	(29,451)	(18,262)	(14,856)	(65,771)	(19,183)
NON-OPERATING REVENUES (EXPENSES):						
Taxes and Assessments	530		16,078	14,690	31,298	
Fines, Forfeitures and Penalties	1	7	207	181	396	
Licenses, Permits and Franchises				30	30	
Interest on Bank Deposits and Investments		277	1,035	211	1,523	930
Aid from Other Governmental Agencies	10,330	455	389	353	11,527	69
Interest Expense	(247)	(3,201)	(1,134)	(276)	(4,858)	(52)
Other Non-Operating Revenues	327	2,567	662	37	3,593	576
Gain (Loss) on Sale of Capital Assets		29	(33)		(4)	(15)
Total Non-Operating Revenues	10,941	134	17,204	15,226	43,505	1,508
Income (Loss) before Transfers	7,739	(29,317)	(1,058)	370	(22,266)	(17,675)
Transfers In	4,437	32,209			36,646	31
Changes in Net Assets	12,176	2,892	(1,058)	370	14,380	(17,644)
Net Assets (Deficits), July 1, 2005 (as previously reported)	32,072	(9,483)	24,451	25,320		(40,147)
Prior Period Adjustments	2,128	319		(103)		(204)
Net Assets (Deficits), June 30 , 2006	\$ 46,376	\$ (6,272)	\$ 23,393	\$ 25,587		\$ (57,995)
Adjustment to reflect the consolidation of internal service funds activities' related to enterprise funds.					(2,646)	
Change in Net Assets - Business - Type Activities					\$ 11,734	

**COUNTY OF KERN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

Page 1 of 2

	BUSINESS - TYPE ACTIVITIES - ENTERPRISE FUNDS					GOVERNMENTAL ACTIVITIES
	AIRPORTS	KERN MEDICAL CENTER	WASTE MANAGEMENT	NON-MAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received for Patient/Current Services	\$ 185	\$ 163,535	\$ 17,067	\$ 6,474	\$ 187,261	\$
Cash Received for Use of Property	2,672		16	93	2,781	
Cash Received for Interfund Services Provided						113,151
Cash Received for Other Operations	327	13,412	662	37	14,438	576
Cash Received as Fines, Forfeitures, and Penalties	1	6	207	181	395	
Cash Received as Licenses and Permits				30	30	
Cash Paid for Salaries and Benefits	(1,603)	(129,717)	(8,358)	(1,351)	(141,029)	(4,840)
Cash Paid for Services and Supplies	(1,709)	(57,397)	(11,362)	(18,456)	(88,924)	(10,766)
Cash Paid for Reported Claims						(100,771)
Cash Paid for Interfund Services and Supplies	(241)	(15,032)	(1,433)	(216)	(16,922)	
Cash Paid for Other Charges	(177)	(3,630)	(2,889)	(26)	(6,722)	(5,822)
Net Cash Used by Operating Activities	(545)	(28,823)	(6,090)	(13,234)	(48,692)	(8,472)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Cash Received from Other Funds		32,209			32,209	
Taxes and Special Assessments	530		15,604	14,386	30,520	
Cash Received From Advances	5,611	88,105			93,716	
Cash Paid for Advances		(84,686)			(84,686)	
Aid from Other Governmental Agencies	1,845	455	389	54	2,743	69
Payment of Long Term Debt - Pension Obligation Bond	(16)	(1,595)	(48)	(3)	(1,662)	(13)
Interest Paid	(224)	(867)	(89)	(95)	(1,275)	(25)
Net Cash Provided by Non-Capital Financing Activities	7,746	33,621	15,856	14,342	71,565	31
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Capital Contributions	13,564				13,564	
Acquisition or Construction of Capital Assets	(16,425)	(3,966)	(11,994)	(875)	(33,260)	(553)
Proceeds from Sale of Capital Assets			32		32	82
Payment of Long Term Debt - Certificates of Participation		(1,895)	(1,345)	(210)	(3,450)	
Interest Paid on Long Term Debt	(1,019)	(574)	(1,004)	(180)	(2,777)	
Payment of Capital Lease		(15)			(15)	
Net Cash Used by Capital and Related Financing Activities	(3,880)	(6,450)	(14,311)	(1,265)	(25,906)	(471)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Cash Collection on Loan Receivable			60		60	
Interest on Bank Deposits and Investments		264	842	157	1,263	835
Net Cash Provided by Investing Activities		264	902	157	1,323	835
Net Increase (Decrease) in Cash and Cash Equivalents	3,321	(1,388)	(3,643)		(1,710)	(8,077)
Cash and Cash Equivalents, July 1, 2005	3,483	10,070	61,132	12,228	86,913	38,208
Cash and Cash Equivalents, June 30, 2006	\$ 6,804	\$ 8,682	\$ 57,489	\$ 12,228	\$ 85,203	\$ 30,131

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

**COUNTY OF KERN
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

Page 2 of 2

	BUSINESS - TYPE ACTIVITIES - ENTERPRISE FUNDS					GOVERNMENTAL
	AIRPORTS	KERN MEDICAL CENTER	WASTE MANAGEMENT	NON-MAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Loss	\$ (3,202)	\$ (29,451)	\$ (18,262)	\$ (14,856)	\$ (65,771)	\$ (19,183)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:						
Other Non-Operating Revenues	327	1,768	869	248	3,212	576
Depreciation	2,230	5,196	1,761	1,282	10,469	623
Changes in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	(8)	(15,808)	75	(8)	(15,749)	(334)
(Increase) Decrease in Inventory		(135)			(135)	2
(Increase) Decrease in Accrued Revenue			333	4	337	
(Increase) Decrease in Due from Others		738			738	123
(Increase) Decrease in Deposits with Others						
(Increase) Decrease in Prepaid Items		37			37	
(Increase) Decrease in Investment in Joint Venture				(54)	(54)	
Increase (Decrease) in Accounts Payable	10	7			17	
Increase (Decrease) in Accrued Expenses		7,756	3,038	(19)	10,775	6,276
Increase (Decrease) in Due to Others	42	3,235	(2)	175	3,450	(20)
Increase (Decrease) in Salaries & Benefits Payable	30	607	84	(8)	713	5
Increase (Decrease) in Compensated Absences Payable	26	1,487	111	2	1,626	
Increase (Decrease) in Claims Payable						
Increase (Decrease) in Provision for Liability Claims		(4,260)			(4,260)	3,460
Increase (Decrease) in Closure/Post Closure Liability			5,903		5,903	
Total Adjustments	2,657	628	12,172	1,622	17,079	10,711
Net Cash Used by Operating Activities	\$ (545)	\$ (28,823)	\$ (6,090)	\$ (13,234)	\$ (48,692)	\$ (8,472)
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Net Transfers of Capital Assets to Other Funds	\$	\$	\$	\$	\$	\$ (31)
Total Non-cash Investing, Capital, and Financing Activities	\$	\$	\$	\$	\$	\$ (31)

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

**COUNTY OF KERN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006 (IN THOUSANDS)**

<u>ASSETS</u>	<u>INVESTMENT</u>	<u>AGENCY</u>
Cash and Cash Equivalents	\$ 1,207,966	\$ 132,307
Total Cash and Cash Equivalents	<u>1,207,966</u>	<u>132,307</u>
Receivables:		
Accounts	300	64
Loans		84
Taxes	8	59,621
Interest and Dividends Receivable	<u>12,785</u>	<u>996</u>
Total Receivables	<u>13,093</u>	<u>60,765</u>
Due from Other Funds		21
Due from Other Agencies	<u>37</u>	<u>4,295</u>
Total Due from Others	<u>37</u>	<u>4,316</u>
Capital Assets, Net of Accumulated Depreciation	<u>5</u>	
Total Assets	<u>\$ 1,221,101</u>	<u>\$ 197,388</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Warrants Payable	\$ 126,072	\$ 32,752
Accounts Payable	1,691	12
Advances Payable	330	
Matured Bonds & Interest Payable	139	5,008
Due to Other Funds	1,805	
Due to Other Agencies		159,296
Unapportioned Installment Redemptions		<u>320</u>
Total Liabilities	<u>130,037</u>	<u>\$ 197,388</u>
Net Assets Held in Trust for Pool Participants	<u>\$ 1,091,064</u>	
Total Liabilities and Fund Balances	<u>\$ 1,221,101</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, 2006 (IN THOUSANDS)**

ADDITIONS:	
Contributions on Pooled Investments	\$ 4,855,342
Use of Money and Property	<u>12,839</u>
Total Additions	<u>4,868,181</u>
DEDUCTIONS:	
Distributions from Pooled Investments	<u>4,886,604</u>
Net increase in Net Assets	(18,423)
Net Assets held in trust, July 1, 2005	<u>1,109,487</u>
Net Assets held in trust, June 30, 2006	<u>\$ 1,091,064</u>

**NOTES TO THE FINANCIAL
STATEMENTS**



**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

B. BLENDED COMPONENT UNITS

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

County Service Areas (CSAs)

The County's Board of Supervisors 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 non-major 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 non-major enterprise funds.

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 non-major governmental fund in these statements. This non-profit entity holds the capital assets constructed through the Certificates of Participation Program. Equipment and construction costs related to proprietary funds are recorded within each appropriate enterprise fund, and any cash related to the Certificates of Participation is designated as deposits with trustee. (See Note IX.B)

Kern County Tobacco Funding Corporation (the Corporation)

This is a separate legal nonprofit public benefit corporation created under the California Nonprofit Public Benefit Corporation Law. It was established to purchase tobacco settlement payments allocated to the County from the State of California, pursuant to the Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 states (including California), the District of Columbia and four U.S. Territories (See Note XII. J for additional information regarding the sale by the County to the Corporation of all rights, title and interest of the County to such monies). The Corporation is governed by the

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BLENDED COMPONENT UNITS (continued)

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

C. DISCRETELY PRESENTED COMPONENT UNIT

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

First 5 Kern

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

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

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

GASB Statement No. 43

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

GASB Statement No. 44

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

GASB Statement No. 45

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

Government-Wide Financial Statements

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

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

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

Comparative Data

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

Estimates

In compliance with generally accepted accounting principles, the preparation of basic

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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. The three fund categories that are presented separately are 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 non-major funds.

Proprietary funds' operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. An exchange transaction is where two parties receive and give up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions. Proprietary fund operating expenses, such as salaries and benefits or services and supplies, result from providing services and producing and delivering goods in related to the proprietary funds' primary operations. Expenses that are not directly related to the proprietary funds' primary operations are reported as non-operating expenses.

The County reports the following major governmental funds:

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

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

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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 economic 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.

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

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

The County reports the following major business-type funds:

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

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

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

The County reports the following additional fund types:

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

The **Investment Trust Fund** is made up of funds for school districts, self-governed special districts, State trial court and other investment trusts. The County schools' operating and debt service funds are grouped under this entity. The County 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 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.

E. BASIS OF ACCOUNTING

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

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BASIS OF ACCOUNTING (continued)

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 asset 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 these records to be maintained and incorporated with the Governmental Activities column in the government-wide statement of net assets.

Internal Service Funds are used by management to charge the cost of certain activities, such as fleet management and the self-insurance programs. 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 or loss was allocated to the function or program that benefited from the Internal Service Fund activity using the look-back approach.

F. ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

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

Investments

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

Receivables and Payables

Transactions between funds that are representative of lending or borrowing arrangements outstanding at the end of the fiscal year are referred to as either "loans receivable or payable" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e.,

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" (See Notes VI. A, VI. B, VI. C, and VI. D 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 2005 - 2006 net assessed valuation of the County of Kern was \$58,541,513.

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

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

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

Inventory - Materials and Supplies

Inventories in the General Fund, General Services - Garage Internal Services Fund, the Roads Fund, the Structural Fire Fund and the Kern Medical Center Enterprise Fund consist of expendable supplies held for consumption. The General Fund and the Kern Medical Center

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Enterprise Fund use the "moving average" method for costing inventory. Roads and Structural Fire Funds value inventory at cost and the General Services - Garage Internal Service Fund uses the first-in, first-out (FIFO) method of costing inventory. Other materials and supplies are recorded as expenditures upon acquisition.

Although a component of net assets, reported inventories are equally offset by a fund balance reserve for governmental type funds indicating that they do not constitute "available spendable resources".

Capital Assets

Capital assets, which include plant, property, and equipment and infrastructure assets (roads, street lighting, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. By definition, County's fixed assets exceed \$5,000 in value and must have an estimated useful life of at least two years. All purchased capital assets are valued at cost where historical records are available and donated capital assets are valued at their estimated fair market value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Major outlays for capital assets and improvement are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets are depreciated 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, other improvements)	5 - 50 years

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

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

paid. Several funds that contribute to the liquidation of compensated absences are 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 funds type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate governmental activities or proprietary funds type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable premium or discount.

Fund Equity

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

G. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Gross patient services revenue for fiscal year 2005-2006 was \$410,542, the estimated adjustment was \$274,826 for a net patient service revenue of \$135,717. 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 42% and 14%, respectively, of the net patient care revenue for the year ended June 30, 2006.

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

The disproportionate share hospital (DSH) program was established in 1981 as part of the Medicaid program and requires State Medicaid agencies to make additional payments to

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. HOSPITAL AND OTHER PROGRAM REVENUES (continued)

Medi-Cal and Medicare Programs (continued)

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

In 2001, the Office of Inspector General (OIG) of the U.S. Department of Health and Human Services conducted an audit of DSH payments to Kern Medical Center in order to determine that those payments did not exceed the hospital specific limit for fiscal 1998. A final report was issued on 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 conclusion, the report does not specifically request Kern Medical Center to refund the overpayment.

The issues surrounding the OIG audit are serious and affect every DSH participant hospital in the State. The State has contended that payments made to 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 - 1992, Senate Bills (SB) 855 and 146 were enacted to provide higher Medi-Cal reimbursement rates to "disproportionate share hospitals." These are hospitals which provide service to a large number of indigent patients. The law requires certain public entities to contribute funds to the State. These funds, along with additional Federal revenues, are utilized by the State to fund the supplemental payment amounts. Kern Medical Center received \$78,262 and \$75,766 in fiscal years 2006 and 2005, respectively, under the State of California's Medi-Cal disproportionate share program. The program required the County to provide matching funds of \$18,960 and \$55,162 in fiscal years 2006 and 2005, 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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. HOSPITAL AND OTHER PROGRAM REVENUES (continued)

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, 2006 was \$1,089,703.

Revenues related to the aforementioned programs are included in the accompanying financial statements as hospital operating revenues. The non-operating revenues consist of taxes and assessments; fines, 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 - 1992, the State implemented the Health and Welfare Realignment Act ("Realignment"), which transferred a significant portion of the financial and administrative responsibilities for local health and welfare programs from the State to Counties. The State utilizes a one-half (1/2) cent sales tax increase and an increase in vehicle license fees as the sources for funding allocations to the counties in lieu of previous State general fund financing. The amount to be received by Counties is dependent upon the actual increased sales tax and vehicle license fees. Kern County realignment revenues were recorded as State revenues in the General, Mental Health, Department of Human Services, Kern Medical Center Funds, and Aging and Adult Services – Non-major Special Revenue Fund.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

II. NET ASSETS RESTATEMENTS

A. RESTATEMENT OF EQUITY

The County's beginning fund balance and net assets have been restated to reflect prior period adjustments to Mental Health, General Fund, Airports, Kern Medical Center and Public Transportation – Non-major Enterprise Fund for the fiscal year ended June 30, 2006:

Fund Balances	
Fund balances – Governmental Funds at June 30, 2005, as previously reported	\$ 266,575
Prior Period Adjustments:	
Liability to the State not previously reported – Mental Health	(7,645)
Adjustment to Deferred Revenue - General Fund	25,104
Fund balances – Governmental Funds at June 30, 2005, as restated	\$ <u>284,034</u>
Net Assets	
Net Assets – Business-type Activities at June 30, 2005, as previously reported	\$ 72,360
Prior Period Adjustments:	
Adjustment to Construction in Progress - Airports	2,128
Adjustment to Capital Assets - Non-major Enterprise Fund	(103)
Adjustment to Inventory – Kern Medical Center	319
Net Assets – Business-type Activities at June 30, 2005, as restated	\$ <u>74,704</u>

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

Net Assets – Governmental Activities	
Net Assets – Governmental Activities at June 30, 2005 as previously reported	\$ 204,120
Prior Period Adjustments:	
Adjustment to Accounts Receivable- Garage Internal Service Fund	(204)
Liability to the State not previously reported – Mental Health	(7,645)
Capital Assets – Governmental (Retroactive infrastructure reporting)	73,991
Net Assets – Governmental Activities at June 30, 2005, as restated	\$ <u>270,262</u>
Net Assets – Business-type Activities	
Net Assets – Business-type Activities at June 30, 2005, as previously reported	\$ 66,706
Prior Period Adjustments:	
Adjustment to Construction in Progress - Airports	2,128
Adjustment to Capital Assets – Non-major Enterprise Fund	(103)
Adjustment to Inventory – Kern Medical Center	319
Net Assets – Business-type Activities at June 30, 2005, as restated	\$ <u>69,050</u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES/DEFICIT NET ASSETS

The following funds have total fund deficits or total net assets deficits at June 30, 2006:

<u>Major Governmental Funds</u>	
Human Services	\$ <u>(9,656)</u>
 <u>Non-major Governmental Funds</u>	
Public Improvement Districts	\$ (9)
Master Lease	(157)
Certificates of Participation	(15)
	\$ <u>(181)</u>
 <u>Major Enterprise Funds</u>	
Kern Medical Center	\$ <u>(6,272)</u>
 <u>Internal Service Funds</u>	
General Liability	\$ (7,700)
Group Health	(9,732)
Workers' Compensation	(64,628)
	\$ <u>(82,060)</u>

The fund deficit for Human Services is the result of last year's increase in employees' salaries and benefits. As a result of an increase in fund balance for Human Services, the fund deficit was \$12,725 and \$9,656 for June 30, 2005 and 2006, respectively. The deficit fund balance for Public Improvement Districts, Master Lease, and Certificates of Participation are the result of un-reimbursed capital expenditures at fiscal year end. The deficits in Public Improvement Districts and Master Lease were reduced from prior year's \$16 and \$411 to current year's \$9 and \$157, respectively, as a result of an increase in fund balances. The fund deficit for Kern Medical Center is the result of prior year's increase in employees' salaries and benefits and current year's increase in services and supplies. However, the prior year's deficit of \$9,483 was reduced to \$6,272 in current year as a result of an increase in net assets. The General Liability, Group Health, and Workers' Compensation negative retained earnings represent liabilities incurred as a result of self-insurance.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IV. CASH AND INVESTMENTS

A. DEPOSITS

Cash and Deposits

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

B. CASH AND INVESTMENTS DEPOSITED WITH TRUSTEE

At June 30, 2006, the balance for Cash and Investments Deposited with Trustee consists of the following:

Money Market Accounts	\$	6,881
Investment Agreements		59,735
Federal Agency		11,053
Total Cash and Investments Deposited with Trustee	\$	<u>77,669</u>

Of the \$77,669 total cash and investments deposited with trustee, \$16,228 relates to the construction debt refinancing and equipment acquisition funds from Certificates of Participation held by the trustee for Kern County Asset Leasing Corporation and are reported in the Kern Asset Leasing Debt Service Non-major Governmental Fund, the Golf Course Non-major Enterprise Fund, Kern Medical Center and Waste Management Enterprise Funds. \$49,318 is recorded in the Tobacco Securitization Fund and will be utilized for capital projects, while \$10,975 is recorded on the Kern County Tobacco Funding Corporation are held in trust for debt service reserves. \$1,082 relates to the construction of a new airport terminal and it is reported on the Airport Non-major Enterprise Fund. The funds are currently held by Wells Fargo Bank.

Of the \$77,669, \$66 is in the Pension Obligation Bond Trustee Debt Service Non-major Governmental Fund relates to monies held in a trust account with U.S. Bank. This account is used to service debt payments related to the County's Pension Obligation Bonds.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IV. CASH AND INVESTMENTS (continued)

C. INVESTMENTS

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

Credit risk. Statutes authorize the County to invest in obligations of the United States Treasury, Federal agencies, municipalities, commercial paper rated A-1 by Standard & Poor's Corporation (S & P) 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, 2006 to support the value of the shares in the Pool. Management believes that the investments in the Pool are of high quality and that the risk of participation in the Pool is negligible.

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

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

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

Certain agencies outside of the County reporting entity participate in the Pool. The participation of these agencies is externally mandated. The participants reported under the Investment Trust Fund are 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 91.2% and 8.8%, 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 \$31,345. 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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IV. CASH AND INVESTMENTS (continued)

C. INVESTMENTS (CONTINUED)

position in the Pool.

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

<u>Investment</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate</u> <u>% Range</u>	<u>Maturity Range</u>
Bankers Acceptance	\$ 33,015	33,261	4.50 – 5.15	7/24/06 – 11/20/06
Commercial Paper	114,121	114,121	5.00 – 5.31	7/01/06 – 9/07/06
Fed Agency Issues (Coupon)	843,215	858,341	1.78 – 6.00	7/07/06 – 6/29/11
State Treasury's Pool (LAIF)	30,991	31,402	3.63 – 4.53	
Asset Backed Securities	57,599	59,308	2.55 – 6.87	1/20/09 – 5/20/11
Medium Term Notes	248,355	263,536	2.50 – 7.50	8/15/06 – 6/15/11
Negotiable CDs	246,747	249,914	4.06 – 5.26	7/10/06 – 2/12/07
Fed Agency Issues (Discount)	23,269	23,053	4.45	7/28/06 – 08/09/06
Bank Accounts & Accruals	57,600	57,600		
Totals	<u>\$1,654,912</u>	<u>\$ 1,690,536</u>		

<u>Investment</u>	<u>Rating</u>		<u>Weighted Avg. Maturity</u>
	<u>Moody's</u>	<u>S & P</u>	
Bankers Acceptance	P1	A1+	0.449442
Commercial Paper	P1	A1 and A1+	0.145043
Fed Agency Issues (Coupon)	Aaa and AAA	AAA	2.398333
Asset Backed Securities	Aaa	AAA	4.700280
Medium Term Notes	AA1, Aaa, Aa1, Aa2, and Aa3	AAA, AA+, AA, and AA-	3.851968
Negotiable CDs	P1	A1 and A1+	0.575807
Fed Agency Issues (Discount)	Aaa	AAA	0.482451
Portfolio Weighted Average Maturity			<u>12.603324</u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IV. CASH AND INVESTMENTS (continued)

C. INVESTMENTS (continued)

The following represents a condensed statement of net assets and changes in net assets for the Pool as of June 30, 2006:

Statement of Net Assets	
Total Assets Held for Pool Participants	\$ 1,431,412
Less: Warrants Payable	<u>(158,825)</u>
Pool Equity, Net	<u>\$ 1,272,587</u>
Equity of Internal Pool Participants	\$ 181,523
Equity of External Pool Participants (Voluntary and Involuntary)	<u>1,091,064</u>
Total Equity	<u>\$ 1,272,587</u>
Statement of Changes in Net Assets	
Net Assets at July 1, 2005	\$ 1,525,758
Net Changes in Investments by Pool Participant	<u>(253,171)</u>
Net Assets at June 30, 2006	<u>\$ 1,272,587</u>

Bank deposits are reported based upon balances at June 30, 2006 and investments are reported at the County's book balance.

GASB Statement No. 40 requires that the following disclosure be made with respect to custodial credit risks relating to deposits and investments. The County's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts in the amount of \$70,788.

D. DEPOSITS WITH OTHERS

The County has total deposits with others of \$340,333. 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 balance of \$135,060 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, 2006 (IN THOUSANDS)**

V. RECEIVABLES

A. RECEIVABLES

The County's net receivables for the year ended June 30, 2006 for the individual funds, non-major funds and internal services funds are as follows:

Governmental Activities:	Taxes	Accounts	Interest	Other	Total Receivables
General Fund	\$ 32,864	\$	\$ 2,435	\$ 23,320	\$ 58,619
Kern Co. Dept. of Child Support			25	1,629	1,654
Employer's Training Resource			6	2,191	2,197
Human Services		15,925	56	1,525	17,506
Mental Health		350	160	9,226	9,736
Roads			240	3,800	4,040
Structural Fire	3,556		159	4,860	8,575
Tobacco Securitization Proceeds			32		32
Other Non-major Governmental Funds	675		500	10,343	11,518
Internal Service Funds		1,524	377	93	1,994
Total Governmental Activities	<u>\$ 37,095</u>	<u>\$ 17,799</u>	<u>\$ 3,991</u>	<u>\$ 56,987</u>	<u>\$ 115,871</u>

The receivables category classified as Other is composed of receivables from various State sources. Of the \$16,124 of accounts receivable for Human Services, \$999 is estimated to be collected within one year, leaving \$15,125 in receivables to be collected in future years. Human Services has a slow collection process due to the nature of the services they provide. The total amount of taxes receivables not expected to be collected within one-year totals \$31,052. Of this amount, \$27,510 is recorded in the General Fund, \$2,977 in the Structural Fire Fund and \$565 in the County Service Areas Non-major Governmental Fund – Special Revenue Fund.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

V. RECEIVABLES (continued)

A. RECEIVABLES (continued)

Business-type Activities:	Taxes	Accounts	Interest	Other	Gross Receivables	Less: Allowance for Uncollectibles	Total Receivables
Airports	\$	\$ 216	\$ 38	\$ 1,608	\$ 1,862	\$ (82)	\$ 1,780
Kern Medical Center		167,013	93		167,106	(122,320)	44,786
Waste Management	3,931	1,757	608	588	6,884	(125)	6,759
Non-major Enterprise Funds	1,756	8	134	672	2,570		2,570
Total Business-Type Activities	\$ 5,687	\$ 168,994	\$ 873	\$ 2,868	\$ 178,421	\$ (122,527)	\$ 55,895

Kern Medical Center's accounts receivable balance is \$167,013. Of the accounts receivable balance, Kern Medical Center estimates not to collect \$1,965 within in one year. The total amount of taxes receivable not expected to be collected within one year is \$4,760. Of the \$4,760 the receivable will be allocated to Waste Management, County Sanitation Districts, and Universal Collections in the amounts of \$3,291, \$347 and \$1,122, respectively.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

V. RECEIVABLES (continued)

B. UNAVAILABLE/UNEARNED REVENUE

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

The various components of deferred revenue and unearned revenue reported at June 30, 2006 are as follows:

Governmental Activities:	<u>Unavailable</u>
Delinquent Property Taxes Receivable	
General Fund	\$ 8,993
Structural Fire	3,141
Non-major Governmental Fund	651
Accounts Receivable	
Department of Human Services	15,664
Advance Funds	
Department of Human Services	<u>8,940</u>
Total Deferred or Unearned Revenue for Governmental Funds	\$ <u><u>37,389</u></u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

**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, 2006 are as follows:

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund	\$ 6,665	\$	
Employers' Training Resource		464	Expense reimbursement
Non-major Governmental Funds		4,741	Expense reimbursement & Proposition 172 revenue
Internal Service Funds		272	Expense reimbursement
Investment Trust	<u>6,665</u>	<u>1,188</u> <u>6,665</u>	Final allocation of court fines
Structural Fire	622		
Non-major Governmental Funds		496	Proposition 172 revenue
Internal Service Funds	<u>622</u>	<u>126</u> <u>622</u>	Expense reimbursement
Road	260		Services provided
General		4	Services provided
Non-major Governmental		2	Services provided
Airports		55	Services provided
Waste Management		5	Services provided
Non-major Enterprise Funds	<u>260</u>	<u>194</u> <u>260</u>	Services provided
Kern Medical Center	1,289		
General		1,274	Final allocation of tax revenue
Non-major Governmental Funds		15	Expense reimbursement
	<u>\$ 1,289</u>	<u>\$ 1,289</u>	

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

VI. INTERFUND TRANSACTION (continued)

A. DUE TO/FROM OTHER FUNDS (continued)

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
Internal Service Funds	\$ 44	\$	Services provided
General		27	Services provided
Human Services		3	Services provided
Mental Health		5	Services provided
Child Support		1	Services provided
Waste Management		4	Services provided
Non-major Enterprise Funds	<u>44</u>	<u>4</u>	Services provided
		<u>44</u>	
Non-major Governmental Funds	595		
Investment Trust		595	Final allocation of court fines
	<u>595</u>	<u>595</u>	
Agency	21		
Investment Trust		21	Cash Flow
	<u>21</u>	<u>21</u>	
Total	\$ <u>9,496</u>	\$ <u>9,496</u>	

B. LOANS RECEIVABLE/PAYABLE

Loans receivable or payable at June 30, 2006 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Agency	Non-major Governmental Fund	\$ 83	Start up cost of projects
		<u>\$ 83</u>	

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

VI. INTERFUND TRANSACTION (continued)

C. ADVANCES TO/FROM OTHER FUNDS

Advances to or from Other Funds at June 30, 2006 are as follows:

<u>Advances From</u>	<u>Advances To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Human Services	\$ 6,443	To cover cash flow
	Kern Medical Center	7,314	To cover cash flow
	Non-major Governmental Funds	<u>788</u>	To cover cash flow
		<u>14,545</u>	
Non-major Governmental Funds	Airports	<u>3,111</u>	To cover cash flow while waiting for Federal reimbursement
Tobacco Securitization	Airports	<u>4,500</u>	To cover cash flow while waiting for Federal reimbursement
Waste Management	Non-major Enterprise Funds	<u>2,500</u>	To cover start up cost
		<u>\$ 24,656</u>	

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

VI. INTERFUND TRANSACTION (continued)

D. TRANSFERS

A reconciliation of transfers is detailed below:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Human Services	\$ 15,931
	Mental Health	882
	Road	5,500
	Structural Fire	16,236
	Non-major Governmental Funds	12,758
	Kern Medical Center	<u>32,209</u>
		<u>83,516</u>
Mental Health	General	<u>5</u>
Road	Non-major Governmental Funds	<u>3,000</u>
Structural Fire	General	<u>706</u>
Tobacco Securitization	General	750
	Airport	<u>4,437</u>
		<u>5,187</u>
Capital Assets (Government-Wide)	Internal Service Fund	<u>31</u>
Non-major Governmental Fund	General	55,215
	Human Services	115
	Mental Health	190
	Structural Fire	6,152
	Non-major Governmental Funds	<u>7,088</u>
	<u>68,760</u>	
		<u>\$ 161,205</u>

The General Fund transferred \$39,499 to Human Services, Mental Health, Road, Structural Fire, and Aging and Adult Services-Non-major Governmental Fund as a subsidy to their operations. Also, Public Health Debt Service, a Non-major Governmental Fund, received \$1,392 as a loan. The General Fund also transferred \$2,035 to Kern Asset Leasing Corporation to cover debt service payments. The transfer to Kern Medical Center of \$32,209 represents a contribution to the hospital operations as well as a transfer of special purpose funds received from the State. The transfer to In-Home Supportive Services (IHSS) of \$8,381 also represents a contribution to the department's operations.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

VI. INTERFUND TRANSACTION (continued)

D. TRANSFERS (CONTINUED)

The Tobacco Securitization Fund transferred \$750 of earned interests to General Fund as discretionary revenue.

Non-major Governmental Fund transferred \$52,185 to the General Fund as part of the funding for POB Debt Service, Sheriff Sidearm Conversion, Health MAA/TCM, Fire Special Program, Prop 35 Substance Abuse, ACO-General, Litter Cleanup, Off-Highway Motor Vehicle License, DNA Identification, Local Public Safety, Auto Finger Print, Emergency Medical Services, Automated County Warrant, Domestic Violence, Criminal Justice Facility, Records Fee, and Micrographic.

Non-major Governmental Funds such as A-C Farm, Health-Local Option, Health-State L.U.S.T. Program, Solid Waste, Property Tax Administration, Sheriff Training, Sheriff Cal ID, Sheriff Inmate Welfare, Rental Book, Library Book, and Alcohol Abuse Education transferred \$3,741 to the General Fund as a subsidy of the operation. Also, \$4,437 went from Non-major Governmental Funds to Airports for Capital Projects.

The Alcoholism Program, Alcohol Abuse Education/Prevention, and Drug Program transferred \$190 to the Mental Health Fund to fund its operations of the programs funded by the special purpose funds, County Children's Trust transferred \$115 to Human Services, ACO-Structural Fire and Local Public Safety transferred \$6,152 to Structural Fire.

The Kern Asset Leasing refunded \$6,909 of debt service payment in prior year for COP paid off during the year to ACO-General, and transferred \$13 to the Certificate of Participation Capital Projects to complete the communication projects. The Local Forfeiture Trust transferred \$166 to District Attorney's Office for current year's asset qualifying for forfeiture.

In the fund financial statements, total transfers in of \$161,205 are more than the total transfers out of \$161,174 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 Internal Service Funds. No amounts were recorded in the governmental funds as the amounts did not involve the transfer of financial resources. However, the Internal Service Fund reported the transfers.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

VII. CAPITAL ASSETS

A. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2006 is as follows:

	Beginning Balance Restated*	Additions	Deletions	Ending Balance
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land & Easement	\$ 20,368	\$ 2,707	\$ 2	\$ 23,073
Construction In Progress	46,897	7,867	18,012	36,752
Total Capital Assets, Not being depreciated	67,265	10,574	18,014	59,825
<i>Capital Assets, being depreciated:</i>				
Infrastructure*	306,326	33,102	261	339,167
Structures & Improvements	307,633	18,012		325,645
Equipment	129,613	15,251	10,461	134,403
Total Capital Assets, being depreciated	743,572	66,365	10,722	799,215
Less Accum. Depreciation for:				
Infrastructure*	173,831	3,786		177,617
Structures & Improvements*	123,550	5,626		129,176
Equipment*	68,755	11,246	7,357	72,644
Total Accum. Depreciation and Amortization	366,136	20,658	7,357	379,437
Total Capital Assets, being Depreciated, net	377,436	45,707	3,365	419,778
Net, Capital Assets	\$ 444,701	\$ 56,281	\$ 21,379	\$ 479,603

*As restated see note II.A.

At June 30, 2006 the infrastructure beginning balance was restated by a \$237,938 prior period adjustment. Also, the accumulated depreciation beginning balances for infrastructure, structures and improvements and equipment were restated by prior period adjustments of \$166,877, \$(952) and \$2,031, respectively. Capital assets were restated to comply with retroactive infrastructure reporting.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

VII. CAPITAL ASSETS (continued)

A. CAPITAL ASSETS (continued)

	Beginning Balance Restated*	Additions	Deletions	Ending Balance
Business-type Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 22,448	\$ 421	\$	\$ 22,869
Land Acquisition in Progress	457	26	420	63
Construction In Progress*	23,585	31,080	2,713	51,952
Total Capital Assets, Not being depreciated	46,490	31,527	3,133	74,884
<i>Capital Assets, being depreciated:</i>				
Infrastructure	6,723	919		7,642
Equipment & Intangibles	48,349	5,657	1,057	52,949
Structure & Improvements*	145,827	2,377		148,204
Total Capital Assets, being depreciated	200,899	8,953	1,057	208,795
Less Accum. Depreciation for:				
Infrastructure	4,293	121		4,414
Equipment & Intangibles	35,857	4,525	890	39,492
Structures & Improvements	63,864	5,823		69,687
Total Accum. Depreciation and Amortization	104,014	10,469	890	113,593
Total Capital Assets, being Depreciated, net	96,885	(1,516)	167	95,202
Net, Capital Assets	\$ 143,375	\$ 30,011	\$ 3,300	\$ 170,086

*As restated see note II.A.

Business-type activities capitalized \$1,774 in interest for projects related to Airports and Kern Medical Center during fiscal year 2005 - 2006. Airports construction in progress and structures and improvements were restated by \$705 and \$547 respectively, for a prior period adjustment.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

VII. CAPITAL ASSETS (continued)

A. CAPITAL ASSETS (continued)

Component Unit Activities:	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital Assets, being depreciated:</i>				
Equipment	\$ 22	\$	\$	\$ 22
<i>Less Accum. Depreciation for:</i>				
Equipment	6	4		10
Net, Capital Assets	\$ 16	\$ 4	\$	\$ 12

B. DEPRECIATION

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

General	\$ 5,016
Public Protection	8,482
Public Ways and Facilities	4,012
Health and Sanitation	313
Public Assistance	689
Education	543
Recreation and Culture	980
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	623
Total Depreciation Expense – Governmental Functions	\$ 20,658

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

Airports	\$ 2,230
Kern Medical Center	5,196
Waste Management	1,761
County Sanitation Districts	374
Golf Course	148
Public Transportation	760
Total Depreciation Expense – Business-type Activities	\$ 10,469

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

VII. CAPITAL ASSETS (continued)

C. CONSTRUCTION IN PROGRESS

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

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, 2006 amounted to \$11,996. The following is a schedule of future minimum long-term operating lease payments for the Governmental Funds:

<u>Year</u>	<u>Amount</u>
2006-07	\$ 12,216
2007-08	10,480
2008-09	7,280
2009-10	6,161
2010-11	5,134
2011-2023	<u>34,972</u>
Total Minimum Lease Payments	<u>\$ 76,243</u>

B. CAPITAL LEASES

The County has entered into several long-term lease purchase agreements for certain major pieces of equipment during fiscal year ended June 30, 2006. At the end of the lease, when all terms have been met, the related equipment will become property of the County. The acquired equipment did not meet the capitalization threshold.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

VII. LEASES (continued)

B. CAPITAL LEASES (continued)

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

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2006-07	\$ 3,428	\$ 3
2007-08	1,935	
2008-09	1,717	
2009-10	487	
2010-2011	62	
Net Minimum Lease Payments	7,629	3
Less: Amount Representing Interest	(526)	
Present Value of Net Minimum Lease Payments	\$ 7,103	\$ 3

Interest expense for the capital leases for the current fiscal year was \$321. 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 \$692,420. These amounts do not appear in the accompanying General Purpose Financial Statements.

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IX. LONG-TERM DEBT

A. LONG-TERM LIABILITIES (continued)

Governmental Activities:	<u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2006</u>	<u>Due within one year</u>
Compensated Absences	\$ 46,305	\$ 29,964	\$ 29,243	\$ 47,026	\$ 28,215
Lease Purchase Agreements	5,364	5,683	3,944	7,103	3,143
Certificates of Participation	30,320		13,755	16,565	2,470
Tobacco – Asset Backed Bonds	103,065		650	102,415	280
Facility Lease	355		355		
Loans Payable – HUD Loan	5,755		1,015	4,740	1,080
Loans Payable – Election/Voting	1,171		221	950	227
Loans Payable – Sheriff/Retrofitting	3,026		36	2,690	348
Bonds Payable	225			225	130
Pension Obligation Bonds (1995)	175,810		5,138	170,672	6,477
Pension Obligation Bonds (2003)	<u>288,177</u>			<u>288,177</u>	<u>640</u>
Total Governmental Activities	\$ <u>659,573</u>	\$ <u>35,647</u>	\$ <u>54,657</u>	\$ <u>640,563</u>	\$ <u>43,010</u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IX. LONG-TERM DEBT (continued)

A. LONG-TERM LIABILITIES (continued)

Business-type Activities:	<u>July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2006</u>	<u>Due within one year</u>
Compensated Absences	\$ 10,539	\$ 7,210	\$ 5,585	\$ 12,164	\$ 7,227
Lease Purchase Agreements	3	14	14	3	3
Certificates of Participation	54,530		3,951	50,579	4,115
Pension Obligation Bonds (1995)	31,992		935	31,057	1,178
Landfill Closure Cost	29,403	1,210	644	29,969	4,022
Post-closure Cost	28,934	5,921	583	34,272	93
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Business-Type Activities	\$ <u>155,401</u>	\$ <u>14,355</u>	\$ <u>11,712</u>	\$ <u>158,044</u>	\$ <u>16,638</u>
Total Government-Wide Long Term Liabilities	\$ <u>814,974</u>	\$ <u>50,002</u>	\$ <u>66,369</u>	\$ <u>798,607</u>	\$ <u>62,677</u>

B. CERTIFICATES OF PARTICIPATION

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

The County has outstanding Certificates of Participation totaling \$67,145 at fixed interest rates. The proceeds of these Certificates are being used for the acquisition of equipment and acquisition, construction and renovation of certain public facilities within the County. All of the certificates have been delivered to the trustees (U.S. Bank and Wells Fargo Bank) for investment and disbursement subject to the terms and conditions of the trust agreements. Of this debt, \$16,565 is included in the governmental activities, \$12,725 is included as current and long-term debt of the Airports Fund, \$14,300 is included as current and long-term debt of the Kern Medical Center Fund, \$20,345 is included as current and long-term debt of the Waste Management Fund and \$3,210 is included as current and long-term debt of the Golf Course-Non-major Business-type Fund. The 1999 Capital Improvement Project COP balance of \$18,390 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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (CONTINUED)

from the Waste Management Fund. The Kern Medical Center Emergency Facility Certificates of Participation is currently being paid from the Kern Medical Center Fund. The 1999 Capital Improvement Project Certificates of Participation are paid from the Kern Medical Center Fund and the Kern Asset Leasing Corporation. The Airport 2003 Certificates of Participation are paid from the Airport Fund. The Golf Course Capital Improvement Certificate of Participation is currently being paid from the Golf Course Non-major Enterprise Fund. The County of Kern Asset Leasing Corporation is making payments of principal and interest with respect to the remaining issues.

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

1986 COP (Public Facilities Project):

The 1986 COP has been paid off. The original issue amount was \$122,000, the maturity dates were from August 1, 1986 - 2006, and the interest rate ranged from 1.90% to 2.57% during the fiscal year ended June 30, 2006. 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.

Beale Library:

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

	Principal		Interest		Total
2006-07	\$ 1,615	\$	122	\$	1,737
2007-08	1,695		41		1,736
TOTAL	\$ 3,310	\$	163	\$	3,473

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

Rosamond Library:

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

	Principal		Interest		Total
2006-07	\$ 100	\$	74	\$	174
2007-08	110		68		178
2008-09	115		62		177
2009-10	120		54		174
2010-11	130		48		178
2011-15	600		101		701
TOTAL	\$ 1,175	\$	407	\$	1,582

1999 Capital Improvement Project – Communications Project:

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

	Principal		Interest		Total
2006-07	\$ 275	\$	271	\$	546
2007-08	290		258		548
2008-09	300		245		545
2009-10	315		230		545
2010-11	335		214		549
2011-16	1,920		796		2,716
2016-20	1,945		222		2,167
TOTAL	\$ 5,380	\$	2,236	\$	7,616

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

1997 COP (Fire Department):

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

1997 COP (Fire Department) (continued):

	Principal		Interest		Total
2006-07	\$ 470		\$ 346		\$ 816
2007-08	490		323		813
2008-09	515		299		814
2009-10	545		274		819
2010-11	570		246		816
2011-16	3,335		747		4,082
2016-17	775		40		815
TOTAL	\$ 6,700		\$ 2,275		\$ 8,975

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

Kern Medical Center – Emergency Facility:

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

	Principal		Interest		Total
2006-07	\$ 1,289		\$ 42		\$ 1,331
TOTAL	\$ 1,289		\$ 42		\$ 1,331

1999 Capital Improvement Project – KMC Portion:

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

	Principal		Interest		Total
2006-07	\$ 670		\$ 654		\$ 1,324
2007-08	700		624		1,324
2008-09	735		591		1,326
2009-10	765		556		1,321
2010-11	800		519		1,319
2011-16	4,650		1,922		6,572
2016-20	4,690		532		5,222
TOTAL	\$ 13,010		\$ 5,398		\$ 18,408

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

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:

Solid Waste System Improvements (1994):

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

	Principal		Interest		Total
2006-07	\$ 1,420		\$ 313		\$ 1,733
2007-08	1,500		230		1,730
2008-09	1,585		142		1,727
2009-10	1,675		48		1,723
TOTAL	\$ <u>6,180</u>		\$ <u>733</u>		\$ <u>6,913</u>

Solid Waste System Improvements (2002):

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

	Principal		Interest		Total
2006-07	\$		\$ 614		\$ 614
2007-08			614		614
2008-09			614		614
2009-10	1,610		582		2,192
2010-11	1,570		518		2,088
2011-16	8,940		1,515		10,455
2016-17	2,045		48		2,093
TOTAL	\$ <u>14,165</u>		\$ <u>4,505</u>		\$ <u>18,670</u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

Solid Waste System Improvements (2002) (Continued):

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

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

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

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

Schedule of Debt Service Coverage

	2006	2005	2004	2003	2002
Operating Revenues					
Land Use Fee	\$ 15,603	\$ 15,178	\$ 14,876	\$ 12,251	\$ 12,178
Gate Fee	12,059	10,916	9,869	10,995	9,915
Bin Fee *	4,234	4,614	3,694		
Other(Including Interest Income)	3,983	2,856	2,455	2,374	3,068
Total Operating Revenue	35,879	33,564	30,894	25,620	25,161
Operating Expenses					
Salaries	8,929	7,819	6,692	5,915	5,294
Services and Supplies	15,498	15,658	15,584	13,706	14,224
Transfer to Closure	715	5	800	1,134	2,737
Other (Excluding depreciation)	117	304	338	363	310
Total Operating Expense	25,259	23,786	23,414	21,118	22,565
Net Operating Revenue	\$ 10,620	\$ 9,778	\$ 7,480	\$ 4,502	\$ 2,596
1994 Debt Service	\$ 1,672	\$ 1,712	\$ 1,694	\$ 1,577	\$ 1,627
2002 Debt Service	535	604	556	612	
Total Debt Service	\$ 2,207	\$ 2,316	\$ 2,250	\$ 2,189	\$ 1,627
Debt Service Coverage Ratio 1	4.81	4.22	3.32	2.06	1.60
Net Operating Revenue After Debt Service	\$ 8,413	\$ 7,462	\$ 5,230	\$ 2,313	\$ 969
Non-Operating Revenue (Expense)					
Closure Project Expense	(20)	(166)	(365)	(2,435)	(1,700)
Pay-as-you-go Capital Projects					
Draw from Closure Reserve		941			
Non-Closure Capital Projects	(13,541)	(2,398)	(2,232)	(4,270)	(2,396)
Capital Equipment	(210)	(199)	(322)	(217)	(409)
Other non-operating revenue					
Net Non-Operating Revenue (Expense)	(13,771)	(1,822)	(2,919)	(6,922)	(4,505)
Total Income (Loss)	\$ (5,358)	\$ 5,640	\$ 2,311	\$ (4,609)	\$ (3,536)
Available Funds (Beginning Balance)					
Beginning Balance	\$ 7,274	\$ 8,056	\$ 4,947	\$ 16,734	\$ 21,501
Total Income (Loss)	(5,358)	5,640	2,311	(4,609)	(3,536)
Other Adjustments	2,046	(6,422)	798	(7,178)	(1,231)
Available Funds (Ending Balance)	\$ 3,962	\$ 7,274	\$ 8,056	\$ 4,947	\$ 16,734
Debt Service Coverage Ratio 2	8.11	7.70	5.52	9.70	14.81

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

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

1996 COP (Golf Course – Capital Improvement):

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

	Principal		Interest		Total
2006-07	\$ 225		\$ 169		\$ 394
2007-08	235		157		392
2008-09	245		145		390
2009-10	260		131		391
2010-11	270		117		387
2011-16	1,600		339		1,939
2016-17	375		11		386
TOTAL	\$ <u>3,210</u>		\$ <u>1,069</u>		\$ <u>4,279</u>

2003 COP (Airports – Capital Improvement):

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

	Principal		Interest		Total
2006-07	\$ 510		\$ 514		\$ 1,024
2007-08	520		503		1,023
2008-09	535		489		1,024
2009-10	550		472		1,022
2010-11	570		454		1,024
2011-16	3,205		1,915		5,120
2016-21	3,970		1,155		5,125
2021-24	2,865		210		3,075
TOTAL	\$ <u>12,725</u>		\$ <u>5,712</u>		\$ <u>18,437</u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IX. LONG-TERM DEBT (continued)

C. FACILITY LEASE

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

D. LOANS PAYABLE

Public Health Facility – HUD Loan

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

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:

	Principal		Interest		Total
2006-07	\$ 1,080	\$	302	\$	1,382
2007-08	1,145		223		1,368
2008-09	1,220		137		1,357
2009-10	1,295		47		1,342
TOTAL	\$ 4,740	\$	709	\$	5,449

Election/Voting

In order to facilitate the acquisition of a new touch screen voting and tabulation system, the County obtained a loan for \$1,595,000 in fiscal year 2002-2003. The loan has a fixed interest rate of 2.99%, and the expected maturity dates are from September 1, 2003 to March 1, 2010. The Election/Voting debt schedule of the outstanding balance is as follows:

	Principal		Interest		Total
2006-07	\$ 227	\$	27	\$	254
2007-08	234		20		254
2008-09	241		13		254
2009-10	248		6		254
TOTAL	\$ 950	\$	66	\$	1,016

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IX. LONG-TERM DEBT (continued)

D. LOANS PAYABLE (continued)

Sheriff/Retrofitting

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

	Principal		Interest		Total
2006-07	\$ 348	\$	84	\$	432
2007-08	360		73		433
2008-09	371		61		432
2009-10	383		49		432
2010-11	396		36		432
2011-13	832		34		866
TOTAL	\$ 2,690	\$	337	\$	3,027

E. BONDS PAYABLE

Tobacco Settlement Asset-Backed Bonds:

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

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

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IX. LONG-TERM DEBT (continued)

E. BONDS PAYABLE (continued)

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

	Principal		Interest		Total
2006-07	\$ 280	\$	6,411	\$	6,691
2007-08	660		6,392		7,052
2008-09	630		6,347		6,977
2009-10	595		6,303		6,898
2010-11	560		6,263		6,823
2011-16	4,865		30,458		35,323
2016-21	7,030		28,755		35,785
2021-26	11,145		26,144		37,289
2026-31	14,490		22,421		36,911
2031-36	21,020		17,174		38,194
2036-41	28,175		9,850		38,025
2041-43	12,965		1,345		14,310
TOTAL	\$ 102,415	\$	167,863	\$	270,278

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

	Principal		Interest		Total
2006-07	\$ 130	\$	9	\$	139
2007-08	30		6		36
2008-09	30		4		34
2009-10	35		1		36
TOTAL	\$ 225	\$	20		245

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 to cover the County of Kern's unfunded actuarial liability of not less than \$224,437. K.C.E.R.A. received the bond proceeds and recorded \$224,437 of contribution income for the fiscal year ended June 30, 1996.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IX. LONG-TERM DEBT (continued)

F. PENSION OBLIGATION BOND (CONTINUED)

At June 30, 2006, the amount of certificates included as a component of the County's pension liability was \$201,729. Of this amount, \$170,672 has been recorded in the governmental activities, and \$31,057 has been recorded in the proprietary fund types. Debt service for the amount recorded in the governmental activities is reflected in the debt service fund entitled Pension Obligation Bond Trustee Non-major Governmental Fund.

The bonds have various maturity dates between 2001 and 2015 for Current Interest bonds and between 2016 and 2022 for Capital Appreciation bonds. The interest ranges from 6.160% to 7.260% for the Current Interest bonds and 7.560% to 7.610% for the Capital Appreciation bonds. For the year ended June 30, 2006 interest payments related to the certificates were \$11,165. Of this amount, \$9,446 was paid out of governmental funds and \$1,719 was paid out of business-type funds.

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

	Principal		Interest		Total
2006-07	\$ 7,655		\$ 10,705		\$ 18,360
2007-08	9,425		10,126		19,551
2008-09	11,403		9,413		20,816
2009-10	13,622		8,545		22,167
2010-11	16,091		7,505		23,596
2011-16	103,089		37,890		140,979
2016-21	36,446		163,138		199,584
2021-22	3,998		23,289		27,287
TOTAL	\$ <u>201,729</u>		\$ <u>270,611</u>		\$ <u>472,340</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. The Series 2003A Bonds were issued as Current Interest Bonds and Capital Appreciation Bonds; the Series 2003B Bonds were issued as Auction Rate Bonds. The bonds have various maturity dates ranging from 2006 to 2023 for Current Interest Bonds and from 2023 to 2028 for Capital Appreciation bonds. Series 2003A has fixed interest rates that range from 2.33% to 4.88% for the Current Interest Bonds and 5.50% to 5.57% for the Capital Appreciation Bonds. Auction Rate Bonds have variable rates that reset every 28 days via auction. The Auction Rate Bonds follow LIBOR plus about 25 basis points. The rate, for the period of June 8, 2006 to July 5, 2006, was 5.08%.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

IX. LONG-TERM DEBT (continued)

F. PENSION OBLIGATION BOND (continued)

2003 Pension Obligation Bond (continued)

At June 30, 2006, the amount of bonds included as a component of the County's pension liability was \$288,177. This amount has been recorded in the Government-Wide Statement of Net Assets as a liability along with a negative net pension obligation for the same amount. The net pension obligation was reduced using the amortization methodology used in determining the annual required contribution for the year. The pension obligation at June 30, 2006 is \$260,327. The amount liquidated is reported in the statement of activities as direct expense in each function. The following is a summary of the total funding requirements of the bonds:

	<u>Principal</u>		<u>Interest</u>		<u>Total</u>
2006-07	\$ 640		\$ 10,213		\$ 10,853
2007-08	1,510		10,185		11,695
2008-09	2,445		10,126		12,571
2009-10	3,450		10,030		13,480
2010-11	4,535		9,889		14,424
2011-16	42,445		45,278		87,723
2016-21	86,835		30,978		117,813
2021-26	89,828		63,434		153,262
2026-28	56,489		17,663		74,152
TOTAL	\$ <u>288,177</u>		\$ <u>207,796</u>		\$ <u>495,973</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, 2006.

	<u>Beginning Balance</u>		<u>04-05 Additions</u>		<u>04-05 Deletions</u>		<u>Ending Balance</u>
Tax and Revenue Anticipation Notes	\$ -		\$ 125,000		\$ 125,000		\$ -

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XI. NET ASSETS/FUND BALANCES

A. RESERVED FUND BALANCE

The reserved fund balance for the Governmental Activities for the fiscal year end June 30, 2006 is as follows:

	General	Kern Co. Dept of Child Support	Human Services	Mental Health	Road	Structural Fire	Tobacco Securitization Proceeds	Other Govern- mental Funds
Imprest Cash	\$ 1,129	\$ 97	\$ 101	\$ 3	\$	\$ 2	\$	\$ 2
Deposits with Others	205							
Inventory	71				1,577	727		
Infrastructure Replacement								
Encumbrances	17,040		3	13	1,311	4,357	11	71
Fiscal Stability	19,520							
General								5311
Tax Litigation	3,162					1,003		
Tax Loss	4,282							
Debt Service								30,712
TOTAL	\$ 45,409	\$ 97	\$ 104	\$ 16	\$ 2,888	\$ 6,089	\$ 11	\$ 36,096

B. DESIGNATED FUND BALANCE

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

C. RESTRICTED NET ASSETS

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION

A. RISK MANAGEMENT

The County is generally self-insured for general liability, unemployment insurance, workers' compensation, professional liability, retiree "under age 65" medical claims and employee medical and dental claims. Excess liability insurance is maintained for claims over \$2,000 and up to \$27,000 for Automobile and General Liability. Excess liability insurance is maintained for Medical Malpractice claims over \$5,000 as of June 30, 2006.

The Automobile and General Liability policy protects the County and its employees against most legal liabilities arising from automobile liability, products damage, contractual liability, and public officials' errors and omissions. Workers' compensation claims are self-insured up to \$1,500 per occurrence. Excess coverage is maintained for workers' compensation claims up to statutory limits. The County does not self-insure against liability at its seven airports. Airports Liability insurance is maintained. The amount of settlements in each of the past three years has not exceeded the amount of insurance coverage. The liabilities for self-insurance included in the General Liability and Workers' Compensation Internal Service Funds are based upon the results of actuarial studies and include amounts for claims incurred but not reported. The liability for self-insurance included in the Group Health Internal Service Fund is based upon historical trend analysis and includes amounts for claims incurred but not reported. The liability for self-insurance included in the Unemployment Compensation Internal Service Fund represents unpaid claims incurred as of June 30, 2006.

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

Except for medical malpractice, financial activity of the self-insurance programs is accounted for in separate internal service funds. Internal service funds are maintained for General Liability, Group Health, Retiree Group Health, Unemployment Compensation and Workers' Compensation. Retiree claims are paid from the Group Health Internal Service Fund. Total estimated claims liability at June 30, 2006 was \$86,295.

Fiscal Year 2005 - 2006:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
General Liability	\$ 6,897	\$ 5,196	\$ (947)	\$ 11,146
Workers' Compensation	68,847	14,362	(13,789)	69,420
Group Health	5,988	82,264	(83,552)	4,700
Unemployment Compensation	1,103	2,471	(2,544)	1,030
TOTAL	\$ 82,835	\$ 104,293	\$ (100,832)	\$ 86,296

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

A. RISK MANAGEMENT (continued)

Fiscal Year 2004 - 2005:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
General Liability	\$ 8,112	\$ 312	\$ (1,527)	\$ 6,897
Workers' Compensation	46,583	36,225	(13,961)	68,847
Group Health	8,401	73,601	(76,014)	5,988
Unemployment Compensation	1,050	2,506	(2,453)	1,103
TOTAL	\$ 64,146	\$ 112,644	\$ (93,955)	\$ 82,835

Kern Medical Center maintains a liability in its Enterprise Fund based on actuarial estimates for the self-insured portion of its professional liability risks. The liability for losses and related expenses is estimated using expected loss-reporting patterns and was discounted to its present value using a rate of 9%. Adjustments to the liability are included in results of operations. Kern Medical Center has accrued, in accordance with generally accepted accounting principles, an estimated liability for incurred but not reported losses of \$5,956 at June 30, 2006. KMC had a \$5,000 self-insured retention per occurrence for medical malpractice as of fiscal year 2006. The primary policy included a \$10,000 per occurrence and in aggregate. Excess insurance is also maintained for \$10,000 per occurrence and in aggregate. A reconciliation for claims (including IBNR claims) for the current fiscal year and the past two fiscal years is as follows:

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30,
2004	8,513	3,917	(3,430)	9,000
2005	9,000	1,478	(262)	10,216
2006	10,216	(3,313)	(947)	5,956

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

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

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

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

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

Condensed Statement of Net Assets

		Golf Course
	\$	<u> </u>
Assets:		
Current & Other Assets		2,147
Capital Assets		4,807
Total Assets		<u>6,954</u>
Liabilities:		
Current Liabilities		470
Long-term Liabilities Outstanding		2,985
Total Liabilities		<u>3,455</u>
Net assets:		
Invested in Capital Assets, Net of Related Debt		1,597
Restricted		715
Unrestricted		<u>1,187</u>
Total Net Assets	\$	<u><u>3,499</u></u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)

Condensed Statement of Revenues, Expenses, and Changes in Net Assets

	Golf Course
Operating Revenues	
Charges for Current Services	\$ 4,937
Total Operating Revenues	<u>4,937</u>
Operating Expenses	
Services and Supplies	4,400
Depreciation	148
Total Operating Expenses	<u>4,548</u>
Operating Income (Loss)	<u>389</u>
Non-Operating Revenues (Expenses)	
Interest on Bank Deposits & Investments	36
Interest Expense	(177)
Total Non-Operating Revenues (Expenses)	<u>(141)</u>
Net Income (Loss)	248
Transfers In (Out)	
Changes in Net Assets	<u>248</u>
Net Assets, Beginning of Year	3,251
Net Assets, End of Year	\$ <u><u>3,499</u></u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)

Condensed Statement of Cash Flows

	Golf Course
Net Cash Provided by Operating Activities	\$ 607
Net Cash Provided by Non-Capital Financing Activities	
Net Cash Used by Capital and Related Financing Activities	(390)
Net Cash Provided by Investing Activities	29
Net Increase in Cash & Cash Equivalents	246
Cash & Cash Equivalents at July 1, 2005	1,888
Cash & Cash Equivalents at June 30, 2006	\$ 2,134

C. POST RETIREMENT HEALTH CARE BENEFITS

In addition to the pension benefits described in Note XII. G, the County provides post retirement health care benefits in accordance with union contracts and Board of Supervisors' 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, 2006, there were approximately 866 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 \$1,496 in fiscal year 2005 - 2006 and employee contributions of .71% of base pay.

The Retiree Health Stipend is available to employees who choose continuous County health coverage upon retirement. At June 30, 2006, there were approximately 2,669 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 \$151 per active employee per year, which totaled \$1,194 for the year ended June 30, 2006.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

D. CONTINGENT LIABILITIES

Federal and State Grant Programs

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

Mental Health Department Medicare and Medi-Cal Revenues

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

Contingent Property Tax Liability

At June 30, 2006, assessment appeals are pending before the County Assessment Appeals Board (AAB) in the amount of \$7,639 plus interest of \$251.

The following is a summary of the estimated contingent tax liability as of June 30, 2006:

	Principal	Interest	Total Estimated Principal and Interest
Contingent Tax Liability:			
Total Pending AAB Matters	\$ 7,639	\$ 252	\$ 7,891

The County's share of the contingent tax liability is \$2,157. The County and other agencies accumulated and maintained very large tax impound reserves for disputes property taxes over the past four years. There was an increase in the number and magnitude of property tax equalization appeals, filed for 2005 - 2006 assessment year. The result is a positive net contingent tax liability of \$1,277. The County's share of this positive net contingent tax liability is negative \$2,008. The disputed assessments involved numerous individual cases. If all cases were settled at one point in time against the County, the County would fund the \$2,157 liability through a combination of future reverses and the implementation of cost reduction measures.

Other Litigation

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

E. OUTSTANDING ENCUMBRANCES

The County required outstanding encumbrances for contracts to lapse at June 30, 2006. Outstanding encumbrances related to purchase orders were allowed to carryover. The amount of contract encumbrances re-appropriated as part of the subsequent year's budget was \$1,320.

F. DEFERRED COMPENSATION PLAN

The County has made available to its eligible employees a deferred compensation plan under the terms of Section 457 of the Internal Revenue Code. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Amounts accumulated under the plan have been invested in several investment options at the direction of the employee.

The Small Business Job Protection Act of 1996 changed the Internal Revenue Code Section 457 to protect participant assets from the creditors of a bankrupt or financially troubled public jurisdiction. The County has complied with the provisions of this act. As of June 30, 2006 there was \$255,169 in the Deferred Compensation plan, which is not included as part of the County's financial statements.

G. PENSION PLAN

Plan Description

The County's Board of Supervisors established the Kern County Employees' Retirement Association (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 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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

G. PENSION PLAN (CONTINUED)

Plan Description (continued)

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, 2006, employee membership data related to the pension plan was as follows:

	<u>General</u>	<u>Safety</u>	<u>Total</u>
Active Employees	6,628	1,646	8,274
Terminated Employees – Vested	844	110	954
Retirees and beneficiaries currently receiving benefits	3,992	1,280	5,272
	<u>11,464</u>	<u>3,036</u>	<u>14,500</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.

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

G. PENSION PLAN (continued)

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 KCERA's investment policy limits exposure to any single manager or product. The maximum allocation to a single active manager is up to 30% of the aggregate market value of the Fund. The maximum allocation to a single active management product is 15%. This limitation applies to any non-index investment vehicle. With the exception of U.S. Government bonds, portfolios may not invest more than 5% per investment grade issuer. The K.C.E.R.A.'s investment portfolio contained no investments in any one single issuer greater than 5% of plan net assets as of June 30, 2006 (other than U.S. Government securities).

Funding Policy

The County, Special Districts, and certain covered employees make contributions to the plan at rates calculated by an actuary to cover both normal cost and the prior service costs such that any unfunded liability will be funded over an initial 30-year period. In accordance with the County Employees' Retirement Law of 1937, covered employees are required to pay a percentage of their salaries, depending upon their age at date of entry into the system. The County must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes. For fiscal year 2006, the employer contribution rates were actuarially determined by using the Entry Age Funding method.

The employer contribution rates are made up of two parts:

- The Normal Cost, or the cost of the portion of the benefit that is allocated to the current year.
- The payment to amortize the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is the excess of the Plan's accrued liability over its assets. Most of the UAAL currently is being amortized over 30 years, except for the additional liabilities due to granting Golden Handshake benefits, which are amortized over three years from the year in which they were granted.

The Memorandum of Understanding (MOU) adopted August, 2004 between the County of Kern and its general employees states that all general members hired prior to the first day of payroll period 04-16 shall pay 100% of the employees' normal contribution until they have

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

G. PENSION PLAN (continued)

Funding Policy (continued)

attained five years of service. Those employees shall no longer be required to make their normal contribution to retirement and the County shall pay 100% of those employees' normal contributions. All general members hired on or after the first day of payroll period 04-16 shall pay 100% of the new employees' normal contribution to retirement. The MOU adopted May, 2004 between the County of Kern and its safety employees states that all safety members with five or more years of service shall not be required to pay any contributions to retirement and the county shall pay 100% of those employees' normal contribution. Ten out of the twelve Special Districts adopted the provisions in the County of Kern MOU.

For the year ended June 30, 2006, the County's total payroll for all employees amounted to \$440,084. The County's total covered payroll for the same period amounted to \$394,312. 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, 2006 were determined in accordance with an actuarial valuation performed December 31, 2004. An annual 2% cost-of-living adjustment (COLA) for all retirees and continuance beneficiaries was adopted as of April 1, 1973. The liability for this annual retirement benefit increase was funded entirely from the unreserved fund balance until February 5, 1983. After this date (as recommended by the Plan's Independent Actuary, adopted by K.C.E.R.A. Board of Retirement, and approved by the County of Kern Board of Supervisors) and prior to fiscal year 2003, funding the 2% COLA was included in the employers' contribution. Cost-of-living adjustment for all retirees and continuance beneficiaries was increased to 2.5% effective April 1, 2002. In fiscal year 2006, the plan had no excess earnings and the current funding for the cost-of-living reserve is included in the employers' contributions. Contributions to K.C.E.R.A. at June 30, 2006 were \$112,509 of which \$100,734 were employer contributions, and \$11,775 were regular employee contributions (26% and 3% of covered payroll, respectively). The total contribution consisted of \$93,382 normal cost (24% of covered payroll) plus \$19,127 amortization of the under-funded actuarial accrued liability (5% of covered payroll).

The County Administrative Office had successfully negotiated an agreement to the Memorandum of Understanding (MOU) with the Central California Association of Public Employees (CAPE) adopting Government Code Section 31676.17 which provides enhanced retirement benefits, commonly known as 3% at 60, for General members.

The County's contribution represented 94% of total contributions required of all participating employers. Employer contribution rates are applied to total member compensation defined for retirement purposes. There have been no differences between the contributions required and the contributions actually made. Pension expenditures were calculated to include contributions made based on the annual required contribution plus payments for debt service on the pension obligation bonds described below. Payments for the pension obligation bonds are not included as part of the annual required contribution nor the net pension obligation.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

G. PENSION PLAN (continued)

Funding Policy (continued)

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, 2006:

	Special Districts (MOU)	Special Districts (non-MOU)	General Members	Safety Members
Normal Cost	22.31%	22.31%	22.31%	28.73%
Amortization of UAAL*	12.07%	12.07%	9.71%	10.79%
TOTAL	34.38%	34.38%	32.02%	39.52%

FISCAL YEAR ENDING JUNE 30, 2005:

	Special Districts (MOU)	Special Districts (non-MOU)	General Members	Safety Members
Normal Cost	20.96%	20.96%	20.96%	31.39%
Amortization of UAAL*	7.30%	7.30%	4.24%	6.29%
TOTAL	28.26%	28.26%	25.20%	37.68%

*Unfunded Actuarial Accrued Liability

Annual Pension Cost

Fiscal Year Ending	Annual Pension Percentage of APC		Net Pension Obligation
	Annual Required Contribution	Percentage Contributed	
2004	\$48,759,946	100%	-
2005	\$60,268,141	100%	-
2006	\$100,734,230	100%	-

H. LANDFILLS

Prior to fiscal year 1988 - 1989, Kern County Waste Management was funded entirely by the County General Fund. In fiscal year 1988 - 1989 the Board approved a solid waste management program land use fee on all parcels of real property, but land use fee revenue continued to be supplemented by a contribution from the General Fund. In fiscal year 1992 - 1993 the County General Fund contribution to the Waste Management Enterprise Fund was eliminated and the Department became entirely fee supported. The Board of Supervisors

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

H. LANDFILLS (continued)

eliminated the land use fee for non-residential property and approved a tipping fee for non-residential waste beginning in fiscal year 1993 – 1994. All revenues are placed in the 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 post-closure maintenance of landfills. In response, Kern County established a designated reserve account to fund closure maintenance. As of June 30, 2006, the Waste Management Enterprise Fund had a designated cash reserve of \$30,612. 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 California Integrated Waste Management Board. The pledge of future revenue for post-closure maintenance costs is also based on the most recent plans submitted to the California Integrated Waste Management Board. For post-closure maintenance, the engineer's cost estimate included monitoring and erosion control. If, at some future date, these closure plans and cost estimates are adjusted (due to changes in inflation, deflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure and in the pledge of future revenue.

The County currently operate seven Class III landfills, three large volume transfer stations, and six 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.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

G. LANDFILLS (continued)

Estimated closure and postclosure costs as of June 30, 2006 are \$74,027 and \$34,272 respectively. The County's landfills are listed below, along with their estimated remaining useful lives, total capacity and percentage of capacity used:

Facility Name	Remaining Useful Lives	Capacity in Cubic Yards	Percent Incurred
Arvin ¹	0	11,464,719	100%
Bena I	0	7,299,653	97%
Bena II A	26	45,700,347	0%
Boron	33	1,002,819	79%
Buttonwillow ¹	0	358,273	100%
China Grade ¹	0	N/A	100%
Glennville ²	0	N/A	100%
Kern Valley ²	0	N/A	100%
Lebec ²	0	N/A	100%
Lost Hills ¹	28	1,478,905	25%
McFarland/Delano ²	0	N/A	100%
Mojave/Rosamond	8	2,262,243	68%
Ridgecrest	10	5,992,700	83%
Shafter/Wasco	18	11,636,500	42%
Taft	63	8,787,547	27%
Tehachapi	8	2,593,900	88%
TOTAL		98,577,606	

¹ Site is inactive.

² Site is closed.

Under Title 27 of the California Code of Regulations, landfill owners/operators are required to obtain and maintain assurances of financial responsibility to initiate and complete corrective action for all known and reasonably foreseeable releases (RFRs). These requirements first came into effect when Article 5 (Title 23, Chapter 15) was revised in 1991. The Waste Management Department has established a groundwater corrective action designated reserve to fund capital costs for each landfill where it is appropriate. In addition, the Waste Management Department has established a pledge of revenue to cover on-going maintenance and operation of any capital improvements that are constructed. 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 post-closure costs are recognized as an expense and liability based on the capacity used to date. As of June 30, 2006, the landfill closure liability has been recorded at \$29,969 and is included in the liabilities of the Waste Management Enterprise Fund. This represents the cumulative liability to date. The remaining \$44,058 anticipated closure costs will be recognized in future years. The \$34,272 post-closure cost will be updated annually.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

I. JOINT VENTURES

In accordance with the Joint Exercise of Powers agreement between the Ford City – Taft Heights Sanitation District and the City of Taft dated May 29, 1950, and amended March 7, 1966, April 24, 1972 and August 20, 1991, the City of Taft acts on its own behalf and on behalf of the District to operate and maintain a Wastewater Treatment Plant. Costs to operate and maintain the facility are apportioned 52% to the City and 48% to the District.

The 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.

At June 30, 2006, the Wastewater Treatment Plant has a capital reserve of \$2,247 (unaudited). This reserve is estimated to provide adequate maintenance and capital acquisition for the facility.

J. SECURITIZATION OF TOBACCO SETTLEMENT REVENUES

In November 1998, the Attorney General of 46 states and the four largest U.S. tobacco manufacturers (the "OPMs") entered into a Master Settlement Agreement (the "MSAs") in resolution of cigarette smoking-related litigation between settling states and the OPMs. On August 5, 1998, the counsel representing the state, various cities and counties in California and certain other parties entered into a Memorandum of Understanding (the "MOU") pursuant to which each participant jurisdiction is entitled to receive a portion of the payments to be made to the State of California pursuant to the MSA. The members are allowed to sell or otherwise exchange their rights to receive payments under the MSA and the MOU for a cash payment, thereby self-insuring, hedging against or otherwise managing the risk associated with the receipt of such revenue, and assuring the availability of monies to fund the social needs of its population.

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

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

XII. OTHER INFORMATION (continued)

J. SECURITIZATION OF TOBACCO SETTLEMENT REVENUES (CONTINUED)

Revenue Financial Corporation" (the NPC) and sold to the NPC pursuant to the terms of an Installment Sale, Self-Insurance and Risk Transfer Agreement between the County and the NPC all right title and interest of the County and to the Tobacco Revenue. The NPC has been included as a blended component unit of the County.

The bonds are limited obligations of the Agency payable solely from payments made by the Corporation, from tobacco settlement payments purchased from the County, between the Corporation and the Agency. For the year ended June 30, 2006, \$6,564 of tobacco settlement payments was recorded as aid from other governments in the Kern County Tobacco Corporation Non-major debt service fund. The bonds do not constitute a charge against the general credit of the Agency or the County and neither will the Agency (except from loan payments by the Corporation) or the County be obligated to pay the interest on or principal of these bonds. These bonds do not constitute a legal debt, liability or obligation of the County.

XIII. SUBSEQUENT EVENTS

A. TAX AND REVENUE ANTICIPATION NOTES

On July 3, 2006, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$160,000 due on June 29, 2007. 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, 2007. A pledge of property taxes, income, revenue and other monies of the County allocable solely to fiscal year 2006-07 and legally available secure the TRANS.





**REQUIRED
SUPPLEMENTARY
INFORMATION**

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
General Government:				
Administrative Office				
Aid from Other Governmental Agencies	\$ 43	\$ 43	\$ 22	\$ (21)
Charges for Current Services	562	562	625	63
Other Revenues	3	3		(3)
	<u>608</u>	<u>608</u>	<u>647</u>	<u>39</u>
Clerk of the Board				
Aid from Other Governmental Agencies			117	117
Charges for Current Services	27	22	24	2
Other Revenues		5	7	2
	<u>27</u>	<u>27</u>	<u>148</u>	<u>121</u>
Auditor-Controller				
Licenses, Permits and Franchises	220	220	223	3
Aid from Other Governmental Agencies	170	170	32	(138)
Charges for Current Services	1,067	1,067	1,261	194
Other Revenues			9	9
	<u>1,457</u>	<u>1,457</u>	<u>1,525</u>	<u>68</u>
Discretionary Revenue				
Taxes	189,374	189,374	225,815	36,441
Licenses, Permits and Franchises	5,835	5,835	6,096	261
Fines, Forfeitures and Penalties	8,960	8,960	7,750	(1,210)
Revenues from Use of Money and Property	6,923	6,923	9,492	2,569
Aid from Other Governmental Agencies	11,921	11,921	7,734	(4,187)
Charges for Current Services	4,666	4,711	4,748	37
Other Revenues	307	262	2,936	2,674
	<u>227,986</u>	<u>227,986</u>	<u>264,571</u>	<u>36,585</u>
Travel Agent Expense				
Charges for Current Services	2,340	2,340	1,935	(405)
	<u>2,340</u>	<u>2,340</u>	<u>1,935</u>	<u>(405)</u>
Treasurer-Tax Collector				
Fines, Forfeitures and Penalties	120	120	179	59
Aid from Other Governmental Agencies			2	2
Charges for Current Services	3,488	3,488	3,306	(182)
Other Revenues	160	160	256	96
	<u>3,768</u>	<u>3,768</u>	<u>3,743</u>	<u>(25)</u>
Assessor				
Charges for Current Services	1,373	1,373	1,574	201
	<u>1,373</u>	<u>1,373</u>	<u>1,574</u>	<u>201</u>
Assessor- Property Tax Administration				
Aid from Other Governmental Agencies	999	999	24	(975)
	<u>999</u>	<u>999</u>	<u>24</u>	<u>(975)</u>
Information Technology Services				
Charges for Current Services	4,885	4,885	4,795	(90)
	<u>4,885</u>	<u>4,885</u>	<u>4,795</u>	<u>(90)</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
General Government (Continued):				
County Counsel				
Charges for Current Services	\$ 4,586	\$ 4,586	\$ 4,504	\$ (82)
Other Revenues	6	6	4	(2)
	<u>4,592</u>	<u>4,592</u>	<u>4,508</u>	<u>(84)</u>
Personnel				
Charges for Current Services	140	140	133	(7)
Other Revenues	1	1	1	(7)
	<u>141</u>	<u>141</u>	<u>134</u>	<u>(7)</u>
Elections				
Aid from Other Governmental Agencies	25	25	214	189
Charges for Current Services	209	209	251	42
Other Revenues	49	49	12	(37)
	<u>283</u>	<u>283</u>	<u>477</u>	<u>194</u>
Communications				
Charges for Current Services	824	824	880	56
Other Revenues	1	1	3	2
	<u>825</u>	<u>825</u>	<u>883</u>	<u>58</u>
General Services				
Fines, Forfeitures and Penalties	129	129	99	(30)
Charges for Current Services	2,130	2,130	1,801	(329)
Other Revenues	5	5	9	4
	<u>2,264</u>	<u>2,264</u>	<u>1,909</u>	<u>(355)</u>
Utility Payments				
Charges for Current Services	1,064	1,064	1,211	147
	<u>1,064</u>	<u>1,064</u>	<u>1,211</u>	<u>147</u>
Construction Services - General Services				
Aid from Other Governmental Agencies			4	4
Charges for Current Services	961	961	672	(289)
Other Revenues	100	100	2	(98)
	<u>1,061</u>	<u>1,061</u>	<u>678</u>	<u>(383)</u>
General Services - Major Maintenance				
Aid from Other Governmental Agencies				(196)
Charges for Current Services	196	196		(511)
Other Revenues	1,040	1,040	529	(707)
	<u>1,236</u>	<u>1,236</u>	<u>529</u>	<u>(707)</u>
Board of Trade				
Other Revenues	10	10	15	5
	<u>10</u>	<u>10</u>	<u>15</u>	<u>5</u>
Engineering and Survey Services				
Charges for Current Services	3,155	3,155	3,318	163
Other Revenues	4	4	2	(2)
	<u>3,159</u>	<u>3,159</u>	<u>3,320</u>	<u>161</u>
Risk Management				
Charges for Current Services	3,749	3,749	3,269	(480)
Other Revenues	43	43	17	(26)
	<u>3,792</u>	<u>3,792</u>	<u>3,286</u>	<u>(506)</u>
Capital Projects				
Aid from Other Governmental Agencies	16,441	18,263	1,224	(17,039)
Charges for Current Services	2,548	726	6	(720)
Other Revenues	1,000	1,000	420	(580)
	<u>19,989</u>	<u>19,989</u>	<u>1,650</u>	<u>(18,339)</u>
Total General Government	<u>281,859</u>	<u>281,859</u>	<u>297,562</u>	<u>15,703</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Public Protection:				
Contribution -Trial Court Funding				
Fines, Forfeitures and Penalties	\$ 4,510	\$ 4,510	\$ 4,330	\$ (180)
Charges for Current Services	4,700	4,700	4,207	(493)
Other Revenues	75	75		(75)
	<u>9,285</u>	<u>9,285</u>	<u>8,537</u>	<u>(748)</u>
Indigent Defense Services				
Aid from Other Governmental Agencies	1,116	1,116	1,511	395
Charges for Current Services	72	72	69	(3)
	<u>1,188</u>	<u>1,188</u>	<u>1,580</u>	<u>392</u>
District Attorney				
Fines, Forfeitures and Penalties	1,106	1,106	462	(644)
Aid from Other Governmental Agencies	3,263	3,263	2,994	(269)
Charges for Current Services	3,429	3,429	3,108	(321)
Other Revenues	376	376	515	139
	<u>8,174</u>	<u>8,174</u>	<u>7,079</u>	<u>(1,095)</u>
Public Defender				
Aid from Other Governmental Agencies	701	701	668	(33)
Charges for Current Services	582	582	460	(122)
	<u>1,283</u>	<u>1,283</u>	<u>1,128</u>	<u>(155)</u>
Forensic Sciences-Division of District Attorney				
Aid from Other Governmental Agencies	265	265	269	4
Charges for Current Services	961	961	878	(83)
Other Revenues	404	404	224	(180)
	<u>1,630</u>	<u>1,630</u>	<u>1,371</u>	<u>(259)</u>
Sheriff				
Licenses, Permits and Franchises	217	217	253	36
Fines, Forfeitures and Penalties	20	20	16	(4)
Aid from Other Governmental Agencies	3,248	3,248	2,674	(574)
Charges for Current Services	25,037	25,037	19,718	(5,319)
Other Revenues	11,552	11,552	932	(10,620)
	<u>40,074</u>	<u>40,074</u>	<u>23,593</u>	<u>(16,481)</u>
Probation				
Fines, Forfeitures and Penalties	17	17	19	2
Revenues from Use of Money and Property	9	9	9	
Aid from Other Governmental Agencies	19,231	19,231	22,063	2,832
Charges for Current Services	2,816	2,816	2,514	(302)
Other Revenues	63	63	71	8
	<u>22,136</u>	<u>22,136</u>	<u>24,676</u>	<u>2,540</u>
Agricultural Commissioner				
Licenses, Permits and Franchises	18	18	18	
Fines, Forfeitures and Penalties	63	63	29	(34)
Aid from Other Governmental Agencies	2,328	2,328	2,249	(79)
Charges for Current Services	1,265	1,265	1,374	109
	<u>3,674</u>	<u>3,674</u>	<u>3,670</u>	<u>(4)</u>
Code Compliance				
Fines, Forfeitures and Penalties	10	10	13	3
Charges for Current Services	614	614	457	(157)
Other Revenues			22	22
	<u>624</u>	<u>624</u>	<u>492</u>	<u>(132)</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Public Protection (Continued):				
Special Services				
Fines, Forfeitures and Penalties	\$	\$	\$ 24	\$ 24
Aid from Other Governmental Agencies	125	125		(125)
Charges for Current Services	19	19	2	(17)
Other Revenues			7	7
	<u>144</u>	<u>144</u>	<u>33</u>	<u>(111)</u>
Recorder				
Licenses, Permits and Franchises	4	4	4	
Charges for Current Services	3,760	3,760	4,099	339
Other Revenues	56	56	3	(53)
	<u>3,820</u>	<u>3,820</u>	<u>4,106</u>	<u>286</u>
Resource Management Agency				
Charges for Current Services	655	655	616	(39)
Other Revenues			2	2
	<u>655</u>	<u>655</u>	<u>618</u>	<u>(37)</u>
Planning				
Fines, Forfeitures and Penalties			7	7
Licenses, Permits and Franchises	486	486	388	(98)
Aid from Other Governmental Agencies	125	125		(125)
Charges for Current Services	1,998	1,998	1,127	(871)
Other Revenues	26	26	34	8
	<u>2,635</u>	<u>2,635</u>	<u>1,556</u>	<u>(1,079)</u>
Animal Control				
Licenses, Permits and Franchises	397	397	366	(31)
Fines, Forfeitures and Penalties	5	5	2	(3)
Aid from Other Governmental Agencies	1,141	1,141	1,273	132
Charges for Current Services	512	512	505	(7)
Other Revenues	1	1	4	3
	<u>2,056</u>	<u>2,056</u>	<u>2,150</u>	<u>94</u>
Superior Court				
Fines, Forfeitures and Penalties	1,324	1,324	574	(750)
Charges for Current Services	776	776	495	(281)
Other Revenues			10	10
	<u>2,100</u>	<u>2,100</u>	<u>1,079</u>	<u>(1,021)</u>
East Kern Municipal Court				
Fines, Forfeitures and Penalties	505	505	348	(157)
Charges for Current Services	231	231	286	55
	<u>736</u>	<u>736</u>	<u>634</u>	<u>(102)</u>
North Kern Municipal Court				
Fines, Forfeitures and Penalties	483	483	285	(198)
Charges for Current Services	120	120	198	78
	<u>603</u>	<u>603</u>	<u>483</u>	<u>(120)</u>
South Kern Municipal Court				
Fines, Forfeitures and Penalties	772	772	619	(153)
Charges for Current Services	200	200	247	47
	<u>972</u>	<u>972</u>	<u>866</u>	<u>(106)</u>
Total Public Protection	<u>101,789</u>	<u>101,789</u>	<u>83,651</u>	<u>(18,138)</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Health and Sanitation:				
Department of Public Health				
Aid from Other Governmental Agencies	20,849	20,849	18,852	(1,997)
Charges for Current Services	2,911	2,911	3,047	136
Other Revenues	102	102	102	
	<u>23,862</u>	<u>23,862</u>	<u>22,001</u>	<u>(1,861)</u>
Environmental Health				
Licenses, Permits and Franchises	\$ 1,808	\$ 1,808	\$ 1,754	\$ (54)
Fines, Forfeitures and Penalties	154	154	156	2
Aid from Other Governmental Agencies	325	325	347	22
Charges for Current Services	2,369	2,369	2,108	(261)
Other Revenues	1	1	1	
	<u>4,657</u>	<u>4,657</u>	<u>4,366</u>	<u>(291)</u>
Emergency Medical Services				
Licenses, Permits and Franchises	212	212	162	(50)
Aid from Other Governmental Agencies	1,959	1,959	469	(1,490)
Charges for Current Services	162	162	167	5
Other Revenues	13	13	(56)	(69)
	<u>2,346</u>	<u>2,346</u>	<u>742</u>	<u>(1,604)</u>
KMC Enterprise Fund - County Contribution				
Aid from Other Governmental Agencies	20,800	20,800	22,294	1,494
Charges for Current Services	700	700	458	(242)
	<u>21,500</u>	<u>21,500</u>	<u>22,752</u>	<u>1,252</u>
California Children Services				
Aid from Other Governmental Agencies	6,992	7,096	5,100	(1,996)
Charges for Current Services	118	14	16	2
Other Revenues			1	1
	<u>7,110</u>	<u>7,110</u>	<u>5,117</u>	<u>(1,993)</u>
Total Health and Sanitation	<u>59,475</u>	<u>59,475</u>	<u>54,978</u>	<u>(4,497)</u>
Public Assistance:				
Veterans Service				
Aid from Other Governmental Agencies	111	111	112	1
	<u>111</u>	<u>111</u>	<u>112</u>	<u>1</u>
IHSS County Contribution				
Aid from Other Governmental Agencies	2,642	2,642	2,411	(231)
	<u>2,642</u>	<u>2,642</u>	<u>2,411</u>	<u>(231)</u>
Employers' Training Resource				
Aid from Other Governmental Agencies	13,096	13,096	11,853	(1,243)
	<u>13,096</u>	<u>13,096</u>	<u>11,853</u>	<u>(1,243)</u>
Community Development Program Agency				
Aid from Other Governmental Agencies	2,146	2,146	1,997	(149)
	<u>2,146</u>	<u>2,146</u>	<u>1,997</u>	<u>(149)</u>
Total Public Assistance	<u>17,995</u>	<u>17,995</u>	<u>16,373</u>	<u>(1,622)</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Education:				
Kern County Library				
Revenues from Use of Money and Property	\$ 142	\$ 142	\$ 128	\$ (14)
Aid from Other Governmental Agencies	318	318	302	(16)
Charges for Current Services	382	382	349	(33)
Other Revenues	310	310	229	(81)
	<u>1,152</u>	<u>1,152</u>	<u>1,008</u>	<u>(144)</u>
Farm and Home Advisor				
Charges for Current Services	50	50	2	(48)
Other Revenues	5	5	1	(4)
	<u>55</u>	<u>55</u>	<u>3</u>	<u>(52)</u>
Total Education	1,207	1,207	1,011	(196)
Recreation and Culture:				
Parks and Recreation				
Fines, Forfeitures and Penalties	21	21	8	(13)
Revenues from Use of Money and Property	367	2,047	2,157	110
Aid from Other Governmental Agencies	70	70	24	(46)
Charges for Current Services	2,297	2,297	2,063	(234)
Other Revenues	14	14	13	(1)
	<u>2,769</u>	<u>4,449</u>	<u>4,265</u>	<u>(184)</u>
Total Recreation and Culture	2,769	4,449	4,265	(184)
Debt Service:				
Revenues from Use of Money and Property	1,680			
Aid from Other Governmental Agencies	500	500	1,185	685
Charges for Current Services	31	31	31	
	<u>2,211</u>	<u>531</u>	<u>1,216</u>	<u>685</u>
Total Debt Service	2,211	531	1,216	685
Total Revenue	467,305	467,305	459,056	(8,249)
EXPENDITURES:				
General Government:				
Board of Supervisors				
Salaries & Benefits	2,040	2,043	1,902	141
Services & Supplies	146	154	137	17
Other Charges	1	1	1	
Other Financing Uses	103	92		92
	<u>2,290</u>	<u>2,290</u>	<u>2,040</u>	<u>250</u>
Administrative Office				
Salaries & Benefits	2,328	2,328	2,322	6
Services & Supplies	212	222	201	21
Other Charges	19	19	18	1
Transfers & Reimbursements	(59)	(59)	(56)	(3)
Other Financing Uses	246	246		246
	<u>2,746</u>	<u>2,756</u>	<u>2,485</u>	<u>271</u>
Clerk of the Board				
Salaries & Benefits	452	483	481	2
Services & Supplies	145	166	158	8
Transfers & Reimbursements	(42)	(42)	(45)	3
Capital Assets		75	74	1
Other Financing Uses	373	246		246
	<u>928</u>	<u>928</u>	<u>668</u>	<u>260</u>
Special Services				
Salaries & Benefits	281	281	268	13
Services & Supplies	5,192	5,049	3,497	1,552
Other Charges	1,354	1,354	1,275	79
	<u>6,827</u>	<u>6,684</u>	<u>5,040</u>	<u>1,644</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
General Government (Continued):				
Auditor-Controller				
Salaries & Benefits	\$ 3,221	\$ 3,221	\$ 2,965	\$ 256
Services & Supplies	483	483	466	17
Transfers & Reimbursements	(130)	(130)	(121)	(9)
Other Financing Uses	594	594		594
	<u>4,168</u>	<u>4,168</u>	<u>3,310</u>	<u>858</u>
Travel Agent Expense				
Services & Supplies	4,500	4,500	4,086	414
Transfers & Reimbursements	(2,160)	(2,160)	(2,151)	(9)
	<u>2,340</u>	<u>2,340</u>	<u>1,935</u>	<u>405</u>
Treasurer - Tax Collector				
Salaries & Benefits	1,436	2,249	2,244	5
Services & Supplies	1,786	1,757	1,622	135
Capital Assets	1,280	1,196	852	344
Other Financing Uses	1,244	544		544
	<u>5,746</u>	<u>5,746</u>	<u>4,718</u>	<u>1,028</u>
Assessor				
Salaries & Benefits	6,898	7,598	6,939	659
Services & Supplies	344	344	298	46
Transfers & Reimbursements	(133)	(133)	(134)	1
Other Financing Uses	226			
	<u>7,335</u>	<u>7,809</u>	<u>7,103</u>	<u>706</u>
Assessor - Property Tax Administration				
Salaries & Benefits	671	633	543	90
Services & Supplies	327	350	268	82
Capital Assets		16	16	
	<u>998</u>	<u>999</u>	<u>827</u>	<u>172</u>
Information Technology Service				
Salaries & Benefits	5,843	5,843	5,830	13
Services & Supplies	5,179	5,167	4,827	340
Other Charges	45	77	61	16
Capital Assets	7	7	7	
Transfers & Reimbursements	(2,285)	(2,285)	(1,992)	(293)
Other Financing Uses	790	790		790
	<u>9,579</u>	<u>9,599</u>	<u>8,733</u>	<u>866</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
General Government (Continued):				
County Counsel				
Salaries & Benefits	\$ 5,773	\$ 5,845	\$ 5,786	\$ 59
Services & Supplies	436	457	451	6
Other Charges	25			
Transfers & Reimbursements	(580)	(648)	(753)	105
Other Financing Uses	181	171		171
	<u>5,835</u>	<u>5,825</u>	<u>5,484</u>	<u>341</u>
Personnel				
Salaries & Benefits	1,958	1,958	1,899	59
Services & Supplies	213	229	194	35
Other Financing Uses	43	28		28
Transfers & Reimbursements	(35)	(35)	(27)	(8)
	<u>2,179</u>	<u>2,180</u>	<u>2,066</u>	<u>114</u>
Elections				
Salaries & Benefits	892	892	739	153
Services & Supplies	2,519	2,519	2,486	33
Other Charges	254	254	254	
	<u>3,665</u>	<u>3,665</u>	<u>3,479</u>	<u>186</u>
Communications				
Salaries & Benefits	1,495	1,495	1,380	115
Services & Supplies	674	674	658	16
Transfers & Reimbursements	(265)	(265)	(237)	(28)
	<u>1,904</u>	<u>1,904</u>	<u>1,801</u>	<u>103</u>
General Services				
Salaries & Benefits	7,898	7,898	7,572	326
Services & Supplies	3,371	3,344	3,130	214
Capital Assets		16	16	
Transfers & Reimbursements	(1,965)	(1,965)	(1,582)	(383)
Other Charges		11	11	
	<u>9,304</u>	<u>9,304</u>	<u>9,147</u>	<u>157</u>
Utility Payments				
Services & Supplies	6,537	6,862	6,837	25
Transfers & Reimbursements	(320)	(320)	(298)	(22)
Other Charges	197	197	197	
	<u>6,414</u>	<u>6,739</u>	<u>6,736</u>	<u>3</u>
Construction Services-Division General Service				
Salaries & Benefits	1,753	1,753	1,332	421
Services & Supplies	372	372	187	185
Transfers & Reimbursements	(988)	(988)	(689)	(299)
	<u>1,137</u>	<u>1,137</u>	<u>830</u>	<u>307</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
General Government (Continued):				
General Service-Major Maintenance-General				
Services & Supplies	\$ 4,869	\$ 5,699	\$ 2,832	\$ 2,867
Transfers & Reimbursements			(110)	110
	<u>4,869</u>	<u>5,699</u>	<u>2,722</u>	<u>2,977</u>
Board of Trade				
Salaries & Benefits	438	422	401	21
Services & Supplies	103	120	120	
Capital Assets		6	6	
Other Charges	9	9	9	
Other Financing Uses	61	61		61
	<u>611</u>	<u>618</u>	<u>536</u>	<u>82</u>
Engineering & Survey Services				
Salaries & Benefits	3,759	3,509	3,429	80
Services & Supplies	668	937	714	223
Capital Assets	37	55	54	1
Transfers & Reimbursements	(72)	(109)	(112)	3
Other Charges	47	47	39	8
Other Financing Uses	283	283		283
	<u>4,722</u>	<u>4,722</u>	<u>4,124</u>	<u>598</u>
Risk Management				
Salaries & Benefits	1,968	1,968	1,888	80
Services & Supplies	1,916	1,815	1,781	34
Other Charges	792	888	887	1
Capital Assets		14	14	
Transfers & Reimbursements	(260)	(269)	(411)	142
	<u>4,416</u>	<u>4,416</u>	<u>4,159</u>	<u>257</u>
Capital Projects				
Other Charges				
Capital Assets	14,992	21,848	14,517	7,331
Transfers & Reimbursements	(659)	(659)		(659)
	<u>14,333</u>	<u>21,189</u>	<u>14,517</u>	<u>6,672</u>
Total General Government	<u>102,346</u>	<u>110,717</u>	<u>92,460</u>	<u>18,257</u>
Public Protection:				
Contribution - Trial Court Funding				
Services & Supplies	17,250	16,547	15,258	1,289
	<u>17,250</u>	<u>16,547</u>	<u>15,258</u>	<u>1,289</u>
Grand Jury				
Salaries & Benefits	60	63	63	
Services & Supplies	181	177	173	4
Other Financing Uses	30	30		30
	<u>271</u>	<u>270</u>	<u>236</u>	<u>34</u>
Indigent Defense Services				
Services & Supplies	3,963	4,513	4,507	6
	<u>3,963</u>	<u>4,513</u>	<u>4,507</u>	<u>6</u>
District Attorney				
Salaries & Benefits	18,350	18,430	18,170	260
Services & Supplies	1,712	2,078	2,057	21
Other Charges	208	208	208	
Other Financing Uses	32			
Capital Assets		18	15	3
Transfers & Reimbursements	(85)	(85)	(63)	(22)
	<u>20,217</u>	<u>20,649</u>	<u>20,387</u>	<u>262</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Public Protection (Continued):				
Public Defender				
Salaries & Benefits	\$ 9,072	\$ 9,143	\$ 9,103	\$ 40
Services & Supplies	724	724	651	73
Other Financing Uses	353	353		353
Capital Assets	16	16	12	4
	<u>10,165</u>	<u>10,236</u>	<u>9,766</u>	<u>470</u>
Forensic Sciences-Division of District Attorney				
Salaries & Benefits	3,000	3,000	2,666	334
Services & Supplies	1,644	1,841	1,737	104
Other Charges	419	227	226	1
Capital Assets	213	279	274	5
Transfers & Reimbursements	(70)	(70)	(113)	43
	<u>5,206</u>	<u>5,277</u>	<u>4,790</u>	<u>487</u>
Sheriff				
Salaries & Benefits	112,342	113,764	112,500	1,264
Services & Supplies	22,977	24,802	21,733	3,069
Other Charges	4,635	4,530	3,551	979
Other Financing Uses	1,284	1,284		1,284
Capital Assets	2,995	5,311	2,354	2,957
Transfers & Reimbursements	(70)	(70)	(47)	(23)
	<u>144,163</u>	<u>149,621</u>	<u>140,091</u>	<u>9,530</u>
Probation				
Salaries & Benefits	40,905	40,405	40,195	210
Services & Supplies	4,062	5,766	5,749	17
Other Charges	413	258	248	10
Other Financing Uses	2,336	1,502		1,502
Capital Assets	310	810	789	21
Transfers & Reimbursements	(5)	(362)	(363)	1
	<u>48,021</u>	<u>48,379</u>	<u>46,618</u>	<u>1,761</u>
Agricultural Commissioner				
Salaries & Benefits	4,279	4,404	4,390	14
Services & Supplies	801	876	822	54
Other Charges	27	27	27	
Other Financing Uses	680	480		480
	<u>5,787</u>	<u>5,787</u>	<u>5,239</u>	<u>548</u>
Code Compliance				
Salaries & Benefits	990	990	834	156
Services & Supplies	753	753	492	261
Capital Assets	24	24	14	10
	<u>1,767</u>	<u>1,767</u>	<u>1,340</u>	<u>427</u>
Recorder				
Salaries & Benefits	1,548	1,548	1,526	22
Services & Supplies	1,233	1,388	1,054	334
Capital Assets	77	82	81	1
Other Financing Uses	723	249		249
	<u>3,581</u>	<u>3,267</u>	<u>2,661</u>	<u>606</u>
Resource Management Agency				
Salaries & Benefits	1,121	1,236	1,176	60
Services & Supplies	52	51	35	16
Capital Assets	8	8	7	1
Other Charges	4	6	5	1
Other Financing Uses	3	3		3
Transfers & Reimbursements	(240)	(240)	(201)	(39)
	<u>948</u>	<u>1,064</u>	<u>1,022</u>	<u>42</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Public Protection (Continued):				
Planning				
Salaries & Benefits	\$ 2,856	\$ 2,856	\$ 2,730	\$ 126
Services & Supplies	2,081	2,101	539	1,562
Other Financing Uses	267	260		260
Capital Assets		7	7	
Transfers & Reimbursements	(6)	(6)	(4)	(2)
	<u>5,198</u>	<u>5,218</u>	<u>3,272</u>	<u>1,946</u>
Animal Control				
Salaries & Benefits	1,745	1,992	1,987	5
Services & Supplies	867	876	799	77
Other Financing Uses	514	205		205
Capital Assets		283	283	
	<u>3,126</u>	<u>3,356</u>	<u>3,069</u>	<u>287</u>
Total Public Protection	<u>269,663</u>	<u>275,951</u>	<u>258,256</u>	<u>17,695</u>
Health and Sanitation:				
Department of Public Health				
Salaries & Benefits	19,320	20,832	19,477	1,355
Services & Supplies	4,504	4,544	4,157	387
Other Charges	81	94	92	2
Capital Assets	43	36	36	
Transfers & Reimbursements	(484)	(484)	(590)	106
	<u>23,464</u>	<u>25,022</u>	<u>23,172</u>	<u>1,850</u>
Environmental Health				
Salaries & Benefits	4,096	4,096	3,810	286
Services & Supplies	441	831	759	72
Other Financing Uses	495	231		231
Transfers & Reimbursements	(5)	(5)	(3)	(2)
	<u>5,027</u>	<u>5,153</u>	<u>4,566</u>	<u>587</u>
Emergency Medical Services				
Salaries & Benefits	835	835	680	155
Services & Supplies	1,216	2,381	150	2,231
Other Financing Uses	338	338		338
Capital Assets		96	93	3
	<u>2,389</u>	<u>3,650</u>	<u>923</u>	<u>2,727</u>
KMC Enterprise Fund - County Contribution				
Services & Supplies			62	(62)
Other Charges			602	(602)
			<u>664</u>	<u>(664)</u>
California Children Services				
Salaries & Benefits	5,299	5,451	3,752	1,699
Services & Supplies	1,941	1,941	1,603	338
Other Charges	4	4	1	3
	<u>7,244</u>	<u>7,396</u>	<u>5,356</u>	<u>2,040</u>
Total Health and Sanitation	<u>38,124</u>	<u>41,221</u>	<u>34,681</u>	<u>6,540</u>
Public Assistance:				
Veterans Service				
Salaries & Benefits	506	506	455	51
Services & Supplies	50	60	53	7
Other Financing Uses	47	47		47
	<u>603</u>	<u>613</u>	<u>508</u>	<u>105</u>
Employers Training Resource				
Salaries & Benefits	9,721	9,053	8,309	744
Services & Supplies	3,296	3,796	3,542	254
Other Charges	78	78	77	1
Capital Assets		169	164	5
	<u>13,095</u>	<u>13,096</u>	<u>12,092</u>	<u>1,004</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Public Assistance (Continued):				
Community Development Program Agency				
Salaries & Benefits	\$ 1,731	\$ 1,767	\$ 1,747	\$ 20
Services & Supplies	457	421	332	89
	<u>2,188</u>	<u>2,188</u>	<u>2,079</u>	<u>109</u>
Total Public Assistance	15,886	15,897	14,679	1,218
Education:				
Kern County Library				
Salaries & Benefits	6,331	6,350	6,350	
Services & Supplies	1,838	1,828	1,810	18
Capital Assets	12	21	18	3
Other Financing Uses	320	302		302
	<u>8,501</u>	<u>8,501</u>	<u>8,178</u>	<u>323</u>
Farm & Home Advisor				
Salaries & Benefits	342	342	325	17
Services & Supplies	109	109	107	2
Capital Assets	50	50		50
Other Financing Uses	195	195		195
	<u>696</u>	<u>696</u>	<u>432</u>	<u>264</u>
Total Education	9,197	9,197	8,610	587
Recreation and Culture:				
Parks and Recreation				
Salaries & Benefits	8,438	8,530	8,042	488
Services & Supplies	3,586	3,607	3,365	242
Other Charges	221	195	169	26
Capital Assets	600	659	591	68
Other Financing Uses	198	384		384
	<u>13,043</u>	<u>13,375</u>	<u>12,167</u>	<u>1,208</u>
Total Recreation and Culture	13,043	13,375	12,167	1,208
Debt Service - General Fund:				
Services & Supplies	336	336	336	
Debt Service - Principal	18	18	18	
Debt Service - Interest	4,939	4,939	4,939	
	<u>5,293</u>	<u>5,293</u>	<u>5,293</u>	
Total Debt Service - General Fund	5,293	5,293	5,293	
Contingencies and Reserves:				
Appropriations for Contingencies	6,278	6,834		6,834
	<u>6,278</u>	<u>6,834</u>		<u>6,834</u>
Total Expenditures	459,830	478,485	426,146	52,339
Excess (Deficiency) of Revenues Over Expenditures	7,475	(11,180)	32,910	44,090
OTHER FINANCING SOURCES (USES):				
Transfers In	50,974	50,974	56,676	5,702
Transfers Out	(80,334)	(80,334)	(83,516)	(3,182)
	<u>(29,360)</u>	<u>(29,360)</u>	<u>(26,840)</u>	<u>2,520</u>
Total Other Financing Sources (Uses)	(29,360)	(29,360)	(26,840)	2,520
Net Changes in Fund Balances (Deficits)	\$ (21,885)	\$ (40,540)	6,070	\$ 46,611
Fund Balances, July 1, 2005 (Modified Accrual Basis of Accounting, p. 28)			104,409	
Fund Balances, June 30, 2006			<u>\$ 110,479</u>	

Note: The Fund Balance at July 1, 2005 for Budgetary Basis is recorded on the modified accrual basis of accounting, excluding prior year encumbrances.

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2006 (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>459,056</u>
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Expenditures

Actual amount budgetary basis from the budgetary comparison schedule	\$ 426,146
Differences - Budget to GAAP	
Encumbrances for supplies and services ordered but not received within the recognition period	(15,916)
Capital outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources	<u>6,110</u>
Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ <u>416,340</u>

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 KERN COUNTY DEPARTMENT OF CHILD SUPPORT
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Revenues from Use of Money and Property	\$ 80	\$ 80	\$ 103	\$ 23
Aid from Other Governmental Agencies	23,835	23,835	23,898	63
Other Revenues	11	11	97	86
Total Revenues	<u>23,926</u>	<u>23,926</u>	<u>24,098</u>	<u>172</u>
EXPENDITURES:				
Current:				
Public Protection				
Salaries & Benefits	17,418	16,318	15,903	415
Services & Supplies	5,294	6,239	6,111	128
Other Charges	594	614	607	7
Capital Assets		135	120	15
Total Expenditures	<u>23,306</u>	<u>23,306</u>	<u>22,741</u>	<u>565</u>
Net Changes in Fund Balances	620	620	1,357	737
Fund Deficits, July 1, 2005	<u>(217)</u>	<u>(217)</u>	<u>(217)</u>	
Fund Balances, June 30, 2006	<u>\$ 403</u>	<u>\$ 403</u>	<u>\$ 1,140</u>	<u>\$ 737</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 \$ 24,098

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 22,741

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 EMPLOYERS' TRAINING RESOURCE
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Revenues from Use of Money and Property	\$	\$	\$ 17	\$ 17
Aid from Other Governmental Agencies	22,226	22,226	19,792	(2,434)
Other Revenues			4	4
Total Revenues	<u>22,226</u>	<u>22,226</u>	<u>19,813</u>	<u>(2,413)</u>
EXPENDITURES:				
Current:				
Public Assistance				
Salaries & Employee Benefits	9,721			
Services & Supplies	17,434	14,138	12,613	1,525
Other Charges	21,352	8,518	7,669	849
Total Expenditures	<u>48,507</u>	<u>22,656</u>	<u>20,282</u>	<u>2,374</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>(26,281)</u>	 <u>(430)</u>	 <u>(469)</u>	 <u>(39)</u>
 Net Changes in Fund Balances	 (26,281)	 (430)	 (469)	 (39)
Fund Balances, July 1, 2005	<u>1,205</u>	<u>1,205</u>	<u>1,205</u>	
Fund Balances (Deficits), June 30, 2006	<u>\$ (25,076)</u>	<u>\$ 775</u>	<u>\$ 736</u>	<u>\$ (39)</u>

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

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 19,813

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 20,282

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Revenues from Use of Money and Property	\$ 82	\$ 82	\$	\$ (82)
Aid from Other Governmental Agencies	320,757	320,757	298,541	(22,216)
Charges for Current Services	260	260	217	(43)
Other Revenues	<u>2,894</u>	<u>2,894</u>	<u>2,756</u>	<u>(138)</u>
Total Revenues	<u>323,993</u>	<u>323,993</u>	<u>301,514</u>	<u>(22,479)</u>
EXPENDITURES:				
Current:				
Public Assistance				
Salaries & Benefits	90,732	90,784	90,637	147
Services & Supplies	43,279	48,653	45,990	2,663
Other Charges	188,280	188,648	177,604	11,044
Capital Assets	<u>297</u>	<u>323</u>	<u>259</u>	<u>64</u>
Total Expenditures	<u>322,588</u>	<u>328,408</u>	<u>314,490</u>	<u>13,918</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,405</u>	<u>(4,415)</u>	<u>(12,976)</u>	<u>(8,561)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>15,931</u>	<u>15,931</u>	<u>16,045</u>	<u>114</u>
Total Other Financing Sources	<u>15,931</u>	<u>15,931</u>	<u>16,045</u>	<u>114</u>
Net Changes in Fund Balances (Deficits)	17,336	11,516	3,069	(8,447)
Fund Deficits, July 1, 2005	<u>(12,725)</u>	<u>(12,725)</u>	<u>(12,725)</u>	
Fund Balances (Deficits), June 30, 2006	<u>\$ 4,611</u>	<u>\$ (1,209)</u>	<u>\$ (9,656)</u>	<u>\$ (8,447)</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 \$ 301,514

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 314,490

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
MENTAL HEALTH
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Revenues from Use of Money and Property	\$ 100	\$ 100	\$ 100	\$
Aid from Other Governmental Agencies	64,626	64,626	58,618	(6,008)
Charges for Current Services	32,710	32,710	37,623	4,913
Other Revenues	170	170	44	(126)
Total Revenues	<u>97,606</u>	<u>97,606</u>	<u>96,385</u>	<u>(1,221)</u>
EXPENDITURES:				
Current:				
Health and Sanitation				
Salaries & Benefits	39,136	40,996	38,894	2,102
Services & Supplies	54,707	57,149	45,558	11,591
Other Charges	4,818	5,442	5,088	354
Capital Assets	512	1,685	526	1,159
Total Expenditures	<u>99,173</u>	<u>105,272</u>	<u>90,066</u>	<u>15,206</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,567)</u>	<u>(7,666)</u>	<u>6,319</u>	<u>13,985</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	882	882	1,073	191
Transfers Out			(5)	(5)
Total Other Financing Sources	<u>882</u>	<u>882</u>	<u>1,068</u>	<u>186</u>
Net Changes in Fund Balances (Deficits)	(685)	(6,784)	7,387	14,171
Fund Balances, July 1, 2005	16,712	16,712	16,712	
Prior Period Adjustments	<u>(7,645)</u>	<u>(7,645)</u>	<u>(7,645)</u>	
Fund Balances, June 30, 2006	<u>\$ 8,382</u>	<u>\$ 2,283</u>	<u>\$ 16,454</u>	<u>\$ 14,171</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 \$ 96,385

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 90,066

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (13)

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 90,053

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
ROADS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Taxes	\$ 1,435	\$ 1,435	\$ 3,087	\$ 1,652
Licenses, Permits and Franchises				
Fines, Forfeitures and Penalties				
Revenues from Use of Money and Property	150	150	604	454
Aid from Other Governmental Agencies	26,791	26,791	23,307	(3,484)
Charges for Current Services	2,181	2,181	6,663	4,482
Other Revenues	2,986	2,986	923	(2,063)
Total Revenues	<u>33,543</u>	<u>33,543</u>	<u>34,584</u>	<u>1,041</u>
EXPENDITURES:				
Current:				
Public Ways and Facilities				
Salaries & Benefits	13,773	13,773	12,525	1,248
Services & Supplies	41,173	41,070	28,507	12,563
Other Charges	265	265	260	5
Capital Assets	1,445	1,899	1,816	83
Total Expenditures	<u>56,656</u>	<u>57,007</u>	<u>43,108</u>	<u>13,899</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(23,113)</u>	<u>(23,464)</u>	<u>(8,524)</u>	<u>14,940</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	5,500	5,500	5,500	
Transfers Out			<u>(3,000)</u>	<u>(3,000)</u>
Total Other Financing Sources (Uses)	<u>5,500</u>	<u>5,500</u>	<u>2,500</u>	<u>(3,000)</u>
Net Changes in Fund Balances (Deficits)	<u>(17,613)</u>	<u>(17,964)</u>	<u>(6,024)</u>	<u>11,940</u>
Fund Balances, July 1, 2005	<u>25,574</u>	<u>25,574</u>	<u>25,574</u>	
Fund Balances, June 30, 2006	<u>\$ 7,961</u>	<u>\$ 7,610</u>	<u>\$ 19,550</u>	<u>\$ 11,940</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 \$ 34,584

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 43,108

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (454)

Capital Outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources (857)

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 41,797

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
STRUCTURAL FIRE
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Taxes	\$ 50,465	\$ 50,465	\$ 51,322	\$ 857
Licenses, Permits and Franchises	150	150	32	(118)
Fines, Forfeitures and Penalties	33	33	36	3
Revenues from Use of Money and Property	113	113	76	(37)
Aid from Other Governmental Agencies	5,397	5,397	3,409	(1,988)
Charges for Current Services	19,085	19,085	18,814	(271)
Other Revenues	1,043	1,043	669	(374)
Total Revenues	<u>76,286</u>	<u>76,286</u>	<u>74,358</u>	<u>(1,928)</u>
EXPENDITURES:				
Current:				
Public Protection				
Salaries & Benefits	73,736	77,186	76,829	357
Services & Supplies	10,724	12,700	10,444	2,256
Other Charges	4,313	4,763	4,719	44
Capital Assets	5,726	6,349	6,828	(479)
Total Expenditures	<u>94,499</u>	<u>100,998</u>	<u>98,820</u>	<u>2,178</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(18,213)</u>	<u>(24,712)</u>	<u>(24,462)</u>	<u>250</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	16,235	16,235	22,388	6,153
Transfers Out			(706)	(706)
Total Other Financing Sources	<u>16,235</u>	<u>16,235</u>	<u>21,682</u>	<u>5,447</u>
Net Changes in Fund Balances (Deficits)	<u>(1,978)</u>	<u>(8,477)</u>	<u>(2,780)</u>	<u>5,697</u>
Fund Balances, July 1, 2005	<u>8,232</u>	<u>8,232</u>	<u>8,232</u>	
Fund Balances (Deficits), June 30, 2006	<u>\$ 6,254</u>	<u>\$ (245)</u>	<u>\$ 5,452</u>	<u>\$ 5,697</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 \$ 74,358

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 98,820

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (1,344)

Capital Outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources (3,014)

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 94,462

COUNTY OF KERN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2006

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 Non-major Governmental Fund, the District Attorney Equipment Automation Non-major Governmental Fund, the District Attorney Local Forfeitures Non-major Governmental Fund, the Property Tax Administration Non-major Governmental Fund, the Sheriff Inmate Welfare Non-major Governmental Fund, the Sheriff Fingerprint Identification Non-major Governmental Fund and certain other non-major governmental funds. Annual budgets are not adopted for the Accumulative Capital Outlay-Road Non-major Governmental Fund, and the County of Kern Asset Leasing Non-major Governmental Fund, Public Health Facility Loan Trustee Non-major Governmental Fund, and Pension Obligation Trustee Non-major Governmental Fund. 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 prepares annual budgets for its Enterprise and Internal Service Fund activities; however, such budgets are not presented since such comparison would make evaluation of the accrual basis of accounting funds unduly complex. All budgetary transactions must be approved by a four-fifths (4/5) vote from the Board of Supervisors.

The County budgets by fund and by object within all budgeted funds except for the General Fund. Budgetary control in the General Fund is exercised at the department level by object. The legal level of control is at the major object level, salaries and employee benefits, services and supplies, other charges, 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.

COUNTY OF KERN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2006

I. BUDGETARY BASIS OF ACCOUNTING (continued)

A. BUDGETARY INFORMATION (continued)

There were no material excess expenditures over the related appropriations in any object level within any other fund. Final budget amounts, as reported, represent adjusted figures at year-end. The Board must approve transfers of appropriations between departments. The Board must also approve supplemental appropriations necessary and normally financed by unanticipated revenue during the year. Unanticipated revenues of \$13,778,316 were added to appropriations in the General Fund during the fiscal year.

Depending upon the amount transferred, the Board or the County Administrative Office must approve transfers of appropriations between objects of expenditures within the same budget unit. Final budget amounts reported in the accompanying financial statements are as amended. Any excess of budgetary expenditures and other financing uses over revenues and other financing sources is financed by beginning available fund balances as provided for in the County Budget Act.

A comparison of the budgeted and actual revenues and expenditures is presented on a budgetary basis in the financial section. The County also prepares a separate Final Budget document at the object level, which is made available to the public by the Auditor-Controller-County Clerk's office.

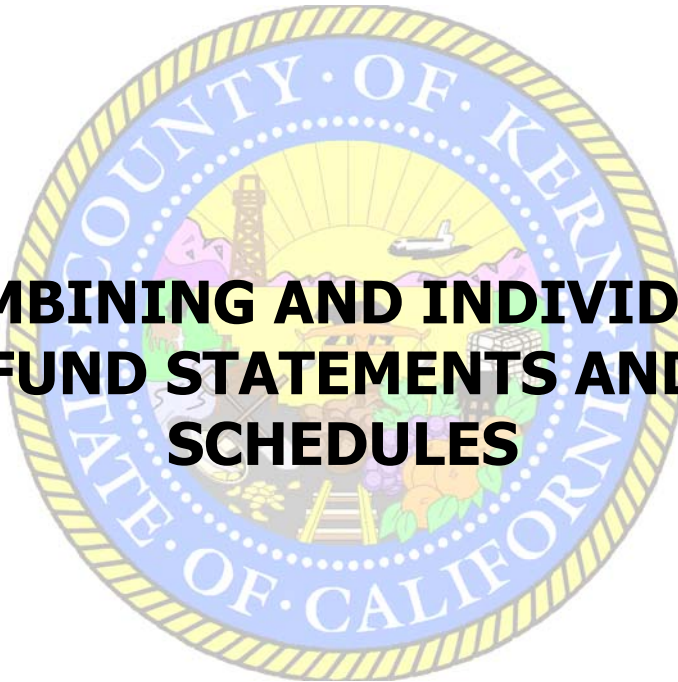
Encumbrances, which are commitments related to executory purchases for goods or services, are recorded for budgetary control purposes in the budgeted funds. Encumbrance accounting is utilized to assure effective budgetary control and accountability. Encumbrances outstanding at year-end represent the estimated amount of expenditures ultimately to result if the purchases in process at year-end are completed. Outstanding encumbrances for contracts were required to lapse at June 30, 2006. Outstanding encumbrances related to purchase orders were allowed to carryover and are reported as reservations of fund balance for subsequent year expenditures. Unused or unencumbered appropriations at year-end close to fund balance.

B. RECONCILIATION OF BUDGETARY BASIS TO GAAP

The annual County budget is prepared, approved and adopted in accordance with provisions of the County Budget Act. In preparing the budget, the County utilizes a basis of accounting, which is different from the basis prescribed by generally accepted accounting principles (GAAP).



**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES**





**NON-MAJOR
GOVERNMENTAL FUNDS**

**COUNTY OF KERN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2006 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS				
Assets:				
Pooled Cash and Investments	\$ 42,392	\$ 3,000	\$ 10,130	\$ 55,522
Revolving Fund Cash	2			2
Cash and Investments Deposited with Trustee			15,215	15,215
Interest Receivable	384	1	115	500
Taxes Receivable	675			675
Accrued Revenue	10,343			10,343
Due from Other Funds	595			595
Advances to Other Funds			3,111	3,111
Total Assets	<u>\$ 54,391</u>	<u>\$ 3,001</u>	<u>\$ 28,571</u>	<u>\$ 85,963</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 653	\$	\$	653
Salaries and Employee Benefits Payable	503			503
Advances from Other Funds	631	157		788
Due to Other Funds	5,239	15		5,254
Due to Other Agencies	60			60
Loans Payable	83			83
Deferred Revenue	651			651
Total Liabilities	<u>7,820</u>	<u>172</u>	<u></u>	<u>7,992</u>
Fund Balances:				
Reserved	7,525		28,571	36,096
Unreserved, reported in:				
Special Revenue Funds	39,046			39,046
Capital Projects Funds		2,829		2,829
Total Fund Balances	<u>46,571</u>	<u>2,829</u>	<u>28,571</u>	<u>77,971</u>
Total Liabilities and Fund Balances	<u>\$ 54,391</u>	<u>\$ 3,001</u>	<u>\$ 28,571</u>	<u>\$ 85,963</u>

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 2,370	\$	\$	\$ 2,370
Licenses, Permits and Franchises	5,490			5,490
Fines, Forfeitures and Penalties	7,100			7,100
Revenues from Use of Money and Property	478	1	1,601	2,080
Aid from Other Governmental Agencies	71,267	254	6,564	78,085
Charges for Current Services	4,963			4,963
Other Revenues	5,037		25,955	30,992
Total Revenues	96,705	255	34,120	131,080
EXPENDITURES:				
Current:				
General Government	86		1,246	1,332
Public Protection	6,476			6,476
Health and Sanitation	2,346			2,346
Public Assistance	32,086			32,086
Public Ways and Facilities	1,622			1,622
Capital Outlay		13		13
Debt Service:				
Principal			20,545	20,545
Interest			28,707	28,707
Total Expenditures	42,616	13	50,498	93,127
Excess (Deficiency) of Revenues over (under) Expenditures	54,089	242	(16,378)	37,953
OTHER FINANCING SOURCES (USES):				
Transfers In	9,497	3,013	10,336	22,846
Transfers Out	(59,856)		(8,904)	(68,760)
Total Other Financing Sources (Uses)	(50,359)	3,013	1,432	(45,914)
Net Changes in Fund Balances (Deficits)	3,730	3,255	(14,946)	(7,961)
Fund Balances (Deficits), July 1, 2005 (as previously reported)	42,841	(426)	43,517	85,932
Fund Balances, June 30, 2006	\$ 46,571	\$ 2,829	\$ 28,571	\$ 77,971

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND DESCRIPTIONS

Special revenue funds are revenues derived from specific taxes or other designated revenue sources. Primary revenue sources include taxes; fines, forfeitures and penalties; use of money and property; aid from other governmental agencies; charges for current services; and other revenues. Expenditures are for specific activities that are legally authorized to be financed from the individual funds. These special revenue funds are described below:

Aging and Adult Services – This fund accounts for the development and maintenance of Countywide programs to provide social, nutritional and protective services to seniors and other adults.

Building Inspection – This fund provides for enforcement of State and local regulations governing construction through the issuance of building permits and inspection of new construction in the unincorporated areas of the County.

Community Development – This fund accounts for Federal Community Development Block Grants that are used to develop viable urban communities through the provision of decent housing, a suitable living environment, and economic opportunities for low and moderate-income individuals.

County Service Areas – This fund accounts for a broad range of services to remote geographical areas as well as rapidly growing communities. These funds are financed principally from property taxes.

District Attorney Equipment Automation – This fund accounts for special grants for the acquisition of equipment for automation of the District Attorney, and specialized equipment for the Crime Laboratory.

District Attorney Local Forfeitures – This fund was established to account for the County's allocation of civil judgements and asset forfeitures.

Emergency Medical Services – This fund provides for the coordination of all participants in the emergency medical services system in the County, as authorized under the Health and Safety Code.

Local Public Safety – This fund is used to separately account for proceeds from a half-cent sales tax enacted through the passage of Proposition 172 in November 1993. Proceeds are allocated from this fund to the District Attorney, Public Defender, Sheriff, Probation and Fire.

Planned Local Drainage – This fund accounts for Planned Drainage Areas established in 1976 to finance the construction of storm drain facilities.

Property Tax Administration – This fund accounts for monies received from the State to enhance the property tax administration system.

Public Improvement Districts – These funds account for monies derived from assessment districts for the construction of public improvements.

Sheriff Inmate Welfare – This fund accounts for monies derived from the commissary sales and telephone charges at the County Jail. Funds are used for the welfare and benefit of inmates housed in the County Jail.

Sheriff Fingerprint Identification – This fund accounts for monies collected through a \$1 fee added to all vehicle registrations to the County with the cost of purchase and replacement of automated fingerprint equipment.

Tobacco Litigation Settlement – This fund accounts for monies derived from the tobacco litigation settlement with four major domestic tobacco companies.

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS DESCRIPTION (Continued)

Other Special Revenue Funds – These funds account for revenues received for various activities and programs including: Automated County Warrant System, Criminal Justice Facility, Sheriff Training, Automated Fingerprint, Probation Training, Domestic Violence, Family Court Service, Records Fee, Micro graphics, Range Improvement, Wildlife Resources, Off-Highway Motor Vehicle License, Alcohol Program, Alcohol Abuse, Drug Program, Litter Cleanup, Experimental Farm, Probation Clearing, Parking Ticket Clearing, Agricultural Commissioner Farm Advisory Agricultural Research, Animal Care, Animal Control Feline Carcasses, Beale Library, Library Rental Book, Kern Film Festival, Kern Products Dinner, Board of Trade Advertising, District Attorney - Non-Drug Related Forfeiture, District Attorney - H & S Code 11489, Health-Local Option, Health – State L.U.S.T. Program, Public Health Miscellaneous, Public Health – Fax Death Certificates, Kern Critical Incident Response Team, Foster Home Maintenance, Asset Forfeiture, Park-Derby Acres, Purchasing Agent Special Depository, Hazardous Waste Settlements, Sheriff - Rural Crime, Sheriff - Civil Subpoena, Sheriff – Drug Abuse Gang Diversion, Sheriff – Work Release, Sheriff – State Asset Forfeiture, Sheriff - Civil Automation, Sheriff – Sidearm Conversion, Sheriff – Judgment Debtors Fee, Sheriff – Drug Awareness Program, Sheriff – Controlled Substance, Retrieval/Archive Photos, Planning Commission, District Attorney – Federal Forfeiture Trust, Emergency Medical Services Week Donations, Disaster Mitigation Response & Recovery, Juvenile Inmate Welfare, Kern County Children, Kern County Library Book, Solid Waste Enforcement, Spay/Neuter, Strong Motion Instrumentation, Tobacco Education Control Program, Vital & Health Statistics, Vital & Health Statistics – Recorder, Veterinarian, and Eminent Domain Proceedings, Domestic Preparedness, Health Bio Terrorism Grant, Library Grant IHSS Public Authority, Planning CEQA Revolving, Planning Admin. Surcharge, DHS Wraparound Savings, Assessor Cash Overage, Animal Cash Overage, DA Court Ordered Penalties, CAO Superior Court Project, Roads Caltrans Advance, DA/Sheriff/Probation/ DNA Fund.



**COUNTY OF KERN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
JUNE 30, 2006 (IN THOUSANDS)**

Page 1 of 4

	<u>TOTAL</u>	<u>AGING AND ADULT SERVICES</u>	<u>BUILDING INSPECTION</u>	<u>COMMUNITY DEVELOPMENT PROGRAM</u>
ASSETS				
Pooled Cash and Investments	\$ 42,392	\$ 118	\$ 9,313	\$ 523
Revolving Fund Cash	2	2		
Interest Receivable	384	17	105	8
Taxes Receivable	675			
Accrued Revenue	10,343	1,246		103
Due from Other Funds	595			
Total Assets	<u>\$ 54,391</u>	<u>\$ 1,383</u>	<u>\$ 9,418</u>	<u>\$ 634</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts Payable	\$ 653	\$ 385	\$ 23	\$ 13
Salaries and Employee Benefits Payable	503	326	177	
Advances from Other Funds	631	143		
Due to Other Funds	5,239	1		92
Due to Other Agencies	60	60		
Loans Payable	83			
Deferred Revenue	651			
Total Liabilities	<u>7,820</u>	<u>915</u>	<u>200</u>	<u>105</u>
Fund Balances (Deficits):				
Reserved	7,525	28	3,102	26
Unreserved:				
Designated	12,781		5,548	
Undesignated	26,265	440	568	503
Total Fund Balances (Deficits)	<u>46,571</u>	<u>468</u>	<u>9,218</u>	<u>529</u>
Total Liabilities and Fund Balances	<u>\$ 54,391</u>	<u>\$ 1,383</u>	<u>\$ 9,418</u>	<u>\$ 634</u>

<u>COUNTY SERVICE AREAS</u>	<u>DISTRICT ATTORNEY EQUIPMENT AUTOMATION</u>	<u>DISTRICT ATTORNEY LOCAL FORFEITURES</u>	<u>EMERGENCY MEDICAL SERVICES</u>	
\$ 6,081	\$ 529	\$ 608	\$ 490	<u>ASSETS</u>
67	6	9	4	Pooled Cash and Investments
675				Revolving Fund Cash
				Interest Receivable
				Taxes Receivable
				Accrued Revenue
			160	Due from Other Funds
<u>\$ 6,823</u>	<u>\$ 535</u>	<u>\$ 617</u>	<u>\$ 654</u>	Total Assets
				<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>
\$	\$	\$	\$	Liabilities:
				Accounts Payable
				Salaries and Employee Benefits Payable
				Advances from Other Funds
				Due to Other Funds
				Due to Other Agencies
83				Loans Payable
651				Deferred Revenue
<u>734</u>				Total Liabilities
				Fund Balances (Deficits):
4,215				Reserved
				Unreserved:
205				Designated
1,669	535	617	654	Undesignated
<u>6,089</u>	<u>535</u>	<u>617</u>	<u>654</u>	Total Fund Balances (Deficits)
<u>\$ 6,823</u>	<u>\$ 535</u>	<u>\$ 617</u>	<u>\$ 654</u>	Total Liabilities and Fund Balances

**COUNTY OF KERN
 COMBINING BALANCE SHEET (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 JUNE 30, 2006 (IN THOUSANDS)**

Page 2 of 4

	<u>LOCAL PUBLIC SAFETY</u>	<u>PLANNED LOCAL DRAINAGE</u>	<u>PROPERTY TAX ADMINISTRATION</u>	<u>PUBLIC IMPROVEMENT DISTRICTS</u>
<u>ASSETS</u>				
Pooled Cash and Investments	\$	\$	800	\$ 220 \$ 6
Revolving Fund Cash				
Interest Receivable		9	5	
Taxes Receivable			64	
Accrued Revenue	8,207			
Due from Other Funds				
Total Assets	<u>\$ 8,207</u>	<u>\$ 809</u>	<u>\$ 289</u>	<u>\$ 6</u>
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>				
Liabilities:				
Accounts Payable	\$	\$	\$	\$
Salaries and Employee Benefits Payable				
Advances from Other Funds				15
Due to Other Funds	5,146			
Due to Other Agencies				
Loans Payable				
Deferred Revenue				
Total Liabilities	<u>5,146</u>			<u>15</u>
Fund Balances (Deficits):				
Reserved		154		
Unreserved:				
Designated		595		
Undesignated	3,061	60	289	(9)
Total Fund Balances (Deficits)	<u>3,061</u>	<u>809</u>	<u>289</u>	<u>(9)</u>
Total Liabilities and Fund Balances	<u>\$ 8,207</u>	<u>\$ 809</u>	<u>\$ 289</u>	<u>\$ 6</u>

<u>SHERIFF INMATE WELFARE</u>	<u>SHERIFF FINGERPRINT IDENTIFICATION</u>	<u>AUTOMATED WARRANT SYSTEM</u>	<u>CRIMAL JUSTICE FACILITY</u>	
\$ 5,264	\$ 1,442	\$ 19	\$	<u>ASSETS</u>
45	33			Pooled Cash and Investments
		<u>8</u>	<u>308</u>	Revolving Fund Cash
				Interest Receivable
				Taxes Receivable
				Accrued Revenue
				Due from Other Funds
<u>\$ 5,309</u>	<u>\$ 1,475</u>	<u>\$ 27</u>	<u>\$ 308</u>	Total Assets
				<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>
\$	\$	\$	\$	Liabilities:
				Accounts Payable
				Salaries and Employee Benefits Payable
				Advances from Other Funds
				Due to Other Funds
				Due to Other Agencies
				Loans Payable
				Deferred Revenue
				Total Liabilities
				Fund Balances (Deficits):
				Reserved
				Unreserved:
		13		Designated
<u>5,309</u>	<u>1,475</u>	<u>14</u>	<u>308</u>	Undesignated
<u>5,309</u>	<u>1,475</u>	<u>27</u>	<u>308</u>	Total Fund Balances (Deficits)
<u>\$ 5,309</u>	<u>\$ 1,475</u>	<u>\$ 27</u>	<u>\$ 308</u>	Total Liabilities and Fund Balances

**COUNTY OF KERN
 COMBINING BALANCE SHEET (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 JUNE 30, 2006 (IN THOUSANDS)**

Page 3 of 4

	<u>JUVENILE JUSTICE FACILITY</u>	<u>COURT CONSTRUCTION</u>	<u>AUTOMATED FINGERPRINT</u>	<u>DOMESTIC VIOLENCE</u>
<u>ASSETS</u>				
Pooled Cash and Investments	\$ 3	\$ 124	\$ 991	\$ 108
Revolving Fund Cash				
Accrued Revenue				
Due from Other Funds		<u>1</u>	<u>31</u>	<u>7</u>
Total Assets	<u>\$ 3</u>	<u>\$ 125</u>	<u>\$ 1,022</u>	<u>\$ 115</u>
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>				
Liabilities:				
Accounts Payable	\$	\$	\$	\$
Salaries and Employee Benefits Payable				
Advances from Other Funds				
Due to Other Funds				
Due to Other Agencies				
Loans Payable				
Deferred Revenue				
Total Liabilities				
Fund Balances (Deficits):				
Reserved				
Unreserved:				
Designated	2	111	984	71
Undesignated	<u>1</u>	<u>14</u>	<u>38</u>	<u>44</u>
Total Fund Balances (Deficits)	<u>3</u>	<u>125</u>	<u>1,022</u>	<u>115</u>
Total Liabilities and Fund Balances	<u>\$ 3</u>	<u>\$ 125</u>	<u>\$ 1,022</u>	<u>\$ 115</u>

<u>RECORDERS FEE</u>	<u>MICRO GRAPHICS</u>	<u>RANGE IMPROVEMENTS</u>	<u>WILDLIFE RESOURCES</u>	
\$ 3,692	\$ 1,068	\$ 73	\$ 55	
		1		
			1	
<u>\$ 3,692</u>	<u>\$ 1,068</u>	<u>\$ 74</u>	<u>\$ 56</u>	
				<u>ASSETS</u>
				Pooled Cash and Investments
				Revolving Fund Cash
				Interest Receivable
				Taxes Receivable
				Accrued Revenue
				Due from Other Funds
				Total Assets
				<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>
\$	\$	\$	\$ 5	Liabilities:
				Accounts Payable
				Salaries and Employee Benefits Payable
				Advances from Other Funds
				Due to Other Funds
				Due to Other Agencies
				Loans Payable
				Deferred Revenue
			5	Total Liabilities
				Fund Balances (Deficits):
				Reserved
				Unreserved:
				Designated
				Undesignated
3,605	1,049	11	41	
87	19	63	10	
<u style="text-align: right;">3,692</u>	<u style="text-align: right;">1,068</u>	<u style="text-align: right;">74</u>	<u style="text-align: right;">51</u>	Total Fund Balances (Deficits)
<u>\$ 3,692</u>	<u>\$ 1,068</u>	<u>\$ 74</u>	<u>\$ 56</u>	Total Liabilities and Fund Balances

**COUNTY OF KERN
 COMBINING BALANCE SHEET (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 JUNE 30, 2006 (IN THOUSANDS)**

Page 4 of 4

	ALCOHOL PROGRAM	ALCOHOL ABUSE	DRUG PROGRAM	LITTER CLEANUP	OTHER SPECIAL REVENUE
ASSETS					
Pooled Cash and Investments	\$ 280	\$	\$ 192	\$	\$ 10,393
Revolving Fund Cash					
Interest Receivable	3	1	2		69
Taxes Receivable					
Accrued Revenue					723
Due from Other Funds	13	11	1		54
Total Assets	<u>\$ 296</u>	<u>\$ 12</u>	<u>\$ 195</u>	<u>\$</u>	<u>\$ 11,239</u>
LIABILITIES AND FUND BALANCES (DEFICITS)					
Liabilities:					
Accounts Payable	\$	\$	\$	\$	227
Salaries and Employee Benefits Payable					
Advances from Other Funds					473
Due to Other Funds					
Due to Other Agencies					
Loans Payable					
Deferred Revenue					
Total Liabilities					<u>700</u>
Fund Balances (Deficits):					
Reserved					
Unreserved:					
Designated	295	61	156		34
Undesignated	1	(49)	39		10,505
Total Fund Balances (Deficits)	<u>296</u>	<u>12</u>	<u>195</u>		<u>10,539</u>
Total Liabilities and Fund Balances	<u>\$ 296</u>	<u>\$ 12</u>	<u>\$ 195</u>	<u>\$</u>	<u>\$ 11,239</u>



COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)

Page 1 of 4

	<u>TOTAL</u>	<u>AGING AND ADULT SERVICES</u>	<u>BUILDING INSPECTION</u>	<u>COMMUNITY DEVELOPMENT PROGRAM</u>
REVENUES:				
Taxes	\$ 2,370	\$	\$	\$
Licenses, Permits and Franchises	5,490		5,327	
Fines, Forfeitures and Penalties	7,100			
Revenues from Use of Money and Property	478	38	148	
Aid from Other Governmental Agencies	71,267	8,733		9,450
Charges for Current Services	4,963	844	27	
Other Revenues	5,037	160	30	958
Total Revenues	<u>96,705</u>	<u>9,775</u>	<u>5,532</u>	<u>10,408</u>
EXPENDITURES:				
General Government	86			
Public Protection	6,476		5,045	
Health and Sanitation	2,346			
Public Assistance	32,086	10,581		10,614
Public Ways and Facilities	1,622			
Total Expenditures	<u>42,616</u>	<u>10,581</u>	<u>5,045</u>	<u>10,614</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>54,089</u>	<u>(806)</u>	<u>487</u>	<u>(206)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	9,497	950		
Transfers Out	(59,856)			
Total Other Financing Sources (Uses)	<u>(50,359)</u>	<u>950</u>		
Net Changes in Fund Balances (Deficits)	<u>3,730</u>	<u>144</u>	<u>487</u>	<u>(206)</u>
Fund Balances (Deficits), July 1, 2005	<u>42,841</u>	<u>324</u>	<u>8,731</u>	<u>735</u>
Fund Balances (Deficits), June 30, 2006	<u>\$ 46,571</u>	<u>\$ 468</u>	<u>\$ 9,218</u>	<u>\$ 529</u>

COUNTY SERVICE AREAS	DISTRICT ATTORNEY EQUIPMENT AUTOMATION	DISTRICT ATTORNEY LOCAL FORFEITURES	EMERGENCY MEDICAL SERVICES	
\$ 2,353	\$	\$	\$	REVENUES:
36		81	1,757	Taxes
87	8	27	8	Licenses, Permits and Franchises
2			546	Fines, Forfeitures and Penalties
42			2	Revenues from Use of Money and Property
<u>2,520</u>	<u>8</u>	<u>108</u>	<u>2,313</u>	Aid from Other Governmental Agencies
				Charges for Current Services
				Other Revenues
				Total Revenues
26				EXPENDITURES:
577			1,715	General Government
<u>1,612</u>				Public Protection
<u>2,215</u>			<u>1,715</u>	Health and Sanitation
				Public Assistance
				Public Ways and Facilities
				Total Expenditures
<u>305</u>	<u>8</u>	<u>108</u>	<u>598</u>	Excess (Deficiency) of Revenues Over Expenditures
		166		OTHER FINANCING SOURCES (USES):
			<u>(562)</u>	Transfers In
				Transfers Out
		166	<u>(562)</u>	Total Other Financing Sources (Uses)
305	8	274	36	Net Changes in Fund Balances (Deficits)
<u>5,784</u>	<u>527</u>	<u>343</u>	<u>618</u>	Fund Balances (Deficits), July 1, 2005
<u>\$ 6,089</u>	<u>\$ 535</u>	<u>\$ 617</u>	<u>\$ 654</u>	Fund Balances (Deficits), June 30, 2006

**COUNTY OF KERN
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) (CONTINUED)
 NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

Page 2 of 4

	LOCAL PUBLIC SAFETY	PLANNED LOCAL DRAINAGE	PROPERTY TAX ADMINISTRATION	PUBLIC IMPROVEMENT DISTRICTS
REVENUES:				
Taxes	\$	\$	\$	\$ 17
Licenses, Permits and Franchises		60		
Fines, Forfeitures and Penalties				
Revenues from Use of Money and Property		11	36	
Aid from Other Governmental Agencies	49,532			
Charges for Current Services				
Other Revenues				
Total Revenues	<u>49,532</u>	<u>71</u>	<u>36</u>	<u>17</u>
EXPENDITURES:				
General Government				
Public Protection				
Health and Sanitation				
Public Assistance				
Public Ways and Facilities				10
Total Expenditures				<u>10</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>49,532</u>	<u>71</u>	<u>36</u>	<u>7</u>
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out	<u>(49,586)</u>		<u>(836)</u>	
Total Other Financing Sources (Uses)	<u>(49,586)</u>		<u>(836)</u>	
Net Changes in Fund Balances (Deficits)	(54)	71	(800)	7
Fund Balances (Deficits), July 1, 2005	<u>3,115</u>	<u>738</u>	<u>1,089</u>	<u>(16)</u>
Fund Balances (Deficits), June 30, 2006	<u>\$ 3,061</u>	<u>\$ 809</u>	<u>\$ 289</u>	<u>\$ (9)</u>

SHERIFF INMATE WELFARE	SHERIFF FINGERPRINT IDENTIFICATION	AUTOMATED WARRANT SYSTEM	CRIMAL JUSTICE FACILITY	
\$	\$	\$	\$	REVENUES:
			90	Taxes
11	73		3,309	Licenses, Permits and Franchises
				Fines, Forfeitures and Penalties
2,134	639			Revenues from Use of Money and Property
				Aid from Other Governmental Agencies
2,145	712	90	3,309	Charges for Current Services
				Other Revenues
				Total Revenues
				EXPENDITURES:
			1	General Government
				Public Protection
				Health and Sanitation
				Public Assistance
				Public Ways and Facilities
			1	Total Expenditures
2,145	712	89	3,309	Excess (Deficiency) of Revenues Over Expenditures
				OTHER FINANCING SOURCES (USES):
(936)	(1,784)	(73)	(3,277)	Transfers In
				Transfers Out
(936)	(1,784)	(73)	(3,277)	Total Other Financing Sources (Uses)
1,209	(1,072)	16	32	Net Changes in Fund Balances (Deficits)
4,100	2,547	11	276	Fund Balances (Deficits), July 1, 2005
\$ 5,309	\$ 1,475	\$ 27	\$ 308	Fund Balances (Deficits), June 30, 2006

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS) (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

Page 3 of 4

	JUVENILE JUSTICE FACILITY	COURT CONSTRUCTION	AUTOMATED FINGERPRINT	DOMESTIC VOILENCE
REVENUES:				
Taxes	\$	\$	\$	\$
Licenses, Permits and Franchises				103
Fines, Forfeitures and Penalties	1	63	321	65
Revenues from Use of Money and Property				
Aid from Other Governmental Agencies				
Charges for Current Services				
Other Revenues				
Total Revenues	<u>1</u>	<u>63</u>	<u>321</u>	<u>168</u>
EXPENDITURES:				
General Government				
Public Protection		4	24	3
Health and Sanitation				
Public Assistance				
Public Ways and Facilities				
Total Expenditures		<u>4</u>	<u>24</u>	<u>3</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1</u>	<u>59</u>	<u>297</u>	<u>165</u>
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out			(138)	(120)
Total Other Financing Sources (Uses)			<u>(138)</u>	<u>(120)</u>
Net Changes in Fund Balances (Deficits)	1	59	159	45
Fund Balances (Deficits), July 1, 2005	<u>2</u>	<u>66</u>	<u>863</u>	<u>70</u>
Fund Balances (Deficits), June 30, 2006	<u>\$ 3</u>	<u>\$ 125</u>	<u>\$ 1,022</u>	<u>\$ 115</u>

<u>RECORDERS FEE</u>	<u>MICRO GRAPHICS</u>	<u>RANGE IMPROVEMENTS</u>	<u>WILDLIFE RESOURCES</u>	
\$	\$	\$	\$	REVENUES:
				Taxes
				Licenses, Permits and Franchises
				Fines, Forfeitures and Penalties
				Revenues from Use of Money and Property
				Aid from Other Governmental Agencies
				Charges for Current Services
				Other Revenues
1,966	390	1	20	
		11		
<u>1,966</u>	<u>390</u>	<u>12</u>	<u>20</u>	Total Revenues
90	25	16	21	EXPENDITURES:
				General Government
				Public Protection
				Health and Sanitation
				Public Assistance
				Public Ways and Facilities
<u>90</u>	<u>25</u>	<u>16</u>	<u>21</u>	Total Expenditures
<u>1,876</u>	<u>365</u>	<u>(4)</u>	<u>(1)</u>	Excess (Deficiency) of Revenues Over Expenditures
<u>(1,161)</u>	<u>(241)</u>			OTHER FINANCING SOURCES (USES):
				Transfers In
				Transfers Out
<u>(1,161)</u>	<u>(241)</u>			Total Other Financing Sources (Uses)
715	124	(4)	(1)	Net Changes in Fund Balances (Deficits)
<u>2,977</u>	<u>944</u>	<u>78</u>	<u>52</u>	Fund Balances (Deficits), July 1, 2005
<u>\$ 3,692</u>	<u>\$ 1,068</u>	<u>\$ 74</u>	<u>\$ 51</u>	Fund Balances (Deficits), June 30, 2006

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) (CONTINUED)
NON-MAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

Page 4 of 4

	<u>ALCOHOL PROGRAM</u>	<u>ALCOHOL ABUSE</u>	<u>DRUG PROGRAM</u>	<u>LITTER CLEANUP</u>	<u>OTHER SPECIAL REVENUE</u>
REVENUES:					
Taxes	\$	\$	\$	\$	\$
Licenses, Permits and Franchises					
Fines, Forfeitures and Penalties	122	114	46	4	1,071
Revenues from Use of Money and Property	3	2	2		23
Aid from Other Governmental Agencies					2,995
Charges for Current Services					1,734
Other Revenues					1,072
Total Revenues	<u>125</u>	<u>116</u>	<u>48</u>	<u>4</u>	<u>6,895</u>
EXPENDITURES:					
General Government					86
Public Protection					1,221
Health and Sanitation					54
Public Assistance					10,891
Public Ways and Facilities					
Total Expenditures					<u>12,252</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>125</u>	<u>116</u>	<u>48</u>	<u>4</u>	<u>(5,357)</u>
OTHER FINANCING SOURCES (USES):					
Transfers In					8,381
Transfers Out	<u>(90)</u>	<u>(143)</u>	<u>(22)</u>	<u>(4)</u>	<u>(883)</u>
Total Other Financing Sources (Uses)	<u>(90)</u>	<u>(143)</u>	<u>(22)</u>	<u>(4)</u>	<u>7,498</u>
Net Changes in Fund Balances (Deficits)	35	(27)	26		2,141
Fund Balances (Deficits), July 1, 2005	<u>261</u>	<u>39</u>	<u>169</u>		<u>8,398</u>
Fund Balances (Deficits), June 30, 2006	<u>\$ 296</u>	<u>\$ 12</u>	<u>\$ 195</u>	<u>\$</u>	<u>\$ 10,539</u>

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

AGING AND ADULT SERVICES

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Revenues from Use of Money and Property	\$ 10	\$ 10	\$ 38	\$ 28
Aid from Other Governmental Agencies	9,240	9,240	8,733	(507)
Charges for Current Services	784	784	844	60
Other Revenues	<u>149</u>	<u>149</u>	<u>160</u>	<u>11</u>
Total Revenues	<u>10,183</u>	<u>10,183</u>	<u>9,775</u>	<u>(408)</u>
EXPENDITURES:				
Current:				
Public Assistance				
Salaries & Benefits	6,815	6,872	6,344	528
Services & Supplies	3,895	4,033	3,886	147
Other Charges	348	352	351	1
Capital Assets	<u>65</u>	<u>65</u>	<u>26</u>	<u>39</u>
Total Expenditures	<u>11,123</u>	<u>11,322</u>	<u>10,607</u>	<u>715</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(940)</u>	<u>(1,139)</u>	<u>(832)</u>	<u>307</u>
OTHER FINANCING SOURCES:				
Transfers In	<u>950</u>	<u>950</u>	<u>950</u>	
Total Other Financing Sources	<u>950</u>	<u>950</u>	<u>950</u>	
Net Changes in Fund Balances (Deficits)	10	(189)	118	307
Fund Balances, July 1, 2005	<u>324</u>	<u>324</u>	<u>324</u>	
Fund Balances, June 30, 2006	<u>\$ 334</u>	<u>\$ 135</u>	<u>\$ 442</u>	<u>\$ 307</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 \$ 9,775

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 10,607
 Differences - Budget to GAAP
 Capital Outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources (26)
 Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 10,581

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	BUILDING INSPECTION			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Licenses, Permits and Franchises	\$ 5,480	\$ 5,480	\$ 5,327	\$ (153)
Revenues from Use of Money and Property	139	139	148	9
Charges for Current Services	37	37	27	(10)
Other Revenues	44	44	30	(14)
Total Revenues	<u>5,700</u>	<u>5,700</u>	<u>5,532</u>	<u>(168)</u>
EXPENDITURES:				
Current:				
Public Protection				
Salaries & Benefits	4,080	4,030	3,257	773
Services & Supplies	1,226	1,492	1,489	3
Other Charges	37	37	37	
Capital Assets	274	341	282	59
Total Expenditures	<u>5,617</u>	<u>5,900</u>	<u>5,065</u>	<u>835</u>
Excess (Deficiency) of Revenues over Expenditures	83	(200)	467	667
Net Changes in Fund Balances (Deficits)	83	(200)	467	667
Fund Balances, July 1, 2005	<u>8,731</u>	<u>8,731</u>	<u>8,731</u>	
Fund Balances, June 30, 2006	<u>\$ 8,814</u>	<u>\$ 8,531</u>	<u>\$ 9,198</u>	<u>\$ 667</u>

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

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 5,532

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 5,065

Differences - Budget to GAAP

Encumbrances for supplies and services ordered but not received within the recognition period (20)

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 5,045

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	COMMUNITY DEVELOPMENT			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Aid from Other Governmental Agencies	\$ 25,130	\$ 25,130	\$ 9,450	\$ (15,680)
Charges for Current Services	3	2		(2)
Other Revenues	821	821	958	137
Total Revenues	<u>25,954</u>	<u>25,953</u>	<u>10,408</u>	<u>(15,545)</u>
EXPENDITURES:				
Current:				
Public Assistance				
Services & Supplies	24,876	23,546	10,640	12,906
Appropriation for Contingencies	4,131	3,007		3,007
Total Expenditures	<u>29,007</u>	<u>26,553</u>	<u>10,640</u>	<u>15,913</u>
Deficiency of Revenues over Expenditures	(3,053)	(600)	(232)	(368)
Net Changes in Fund Balances (Deficits)	(3,053)	(600)	(232)	368
Fund Balances, July 1, 2005	735	735	735	
Fund Balances (Deficits), June 30, 2006	<u>\$ (2,318)</u>	<u>\$ 135</u>	<u>\$ 503</u>	<u>\$ 368</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>10,408</u>
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Expenditures

Actual amount budgetary basis from the budgetary comparison schedule	\$ 10,640
Differences - Budget to GAAP	
Encumbrances for supplies and services ordered but not received within the recognition period	<u>(26)</u>
Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ <u>10,614</u>

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	COUNTY SERVICE AREAS			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Taxes	\$ 2,063	\$ 2,063	\$ 2,353	\$ 290
Fines, Forfeitures and Penalties			36	36
Revenues from Use of Money and Property	150	150	87	(63)
Charges for Current Services			2	2
Other Revenues	143	143	42	(101)
Total Revenues	<u>2,356</u>	<u>2,356</u>	<u>2,520</u>	<u>164</u>
EXPENDITURES:				
Current:				
Public Protection				
Services & Supplies	53	25	25	
Other Charges	1	1	1	
Appropriation for Contingencies	10	10		10
Total Public Protection	<u>64</u>	<u>36</u>	<u>26</u>	<u>10</u>
Health and Sanitation				
Services & Supplies	929	571	571	
Other Charges	8	6	6	
Capital Assets	50			
Appropriation for Contingencies	53	53		53
Total Health and Sanitation	<u>1,040</u>	<u>630</u>	<u>577</u>	<u>53</u>
Public Ways and Facilities				
Services & Supplies	2,497	1,587	1,586	1
Other Charges	34	26	26	
Appropriation for Contingencies	244	244		244
Total Public Ways and Facilities	<u>2,775</u>	<u>1,857</u>	<u>1,612</u>	<u>245</u>
Total Expenditures	<u>3,879</u>	<u>2,523</u>	<u>2,215</u>	<u>308</u>
Excess (Deficiency) of Revenues over Expenditures	(1,523)	(167)	305	472
Net Changes in Fund Balances (Deficits)	(1,523)	(167)	305	472
Fund Balances, July 1, 2005	5,784	5,784	5,784	
Fund Balances (Deficits), June 30, 2006	<u>\$ 4,261</u>	<u>\$ 5,617</u>	<u>\$ 6,089</u>	<u>\$ 472</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 \$ 2,520

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 2,215

Differences - Budget to GAAP

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

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 2,215

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

EMERGENCY MEDICAL SERVICES				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Fines, Forfeitures and Penalties	\$ 1,795	\$ 1,795	\$ 1,757	\$ (38)
Revenues from Use of Money and Property	4	4	8	4
Aid from Other Governmental Agencies	353	353	546	193
Other Revenues			<u>2</u>	<u>2</u>
Total Revenues	<u>2,152</u>	<u>2,152</u>	<u>2,313</u>	<u>161</u>
EXPENDITURES:				
Current:				
Health and Sanitation Services & Supplies	<u>1,671</u>	<u>2,217</u>	<u>1,715</u>	<u>502</u>
Total Expenditures	<u>1,671</u>	<u>2,217</u>	<u>1,715</u>	<u>502</u>
Excess (Deficiency) of Revenues over Expenditures	<u>481</u>	<u>(65)</u>	<u>598</u>	<u>663</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(561)</u>	<u>(561)</u>	<u>(562)</u>	<u>(1)</u>
Total Other Financing Uses	<u>(561)</u>	<u>(561)</u>	<u>(562)</u>	<u>(1)</u>
Net Changes in Fund Balances (Deficits)	(80)	(626)	36	662
Fund Balances, July 1, 2005	<u>618</u>	<u>618</u>	<u>618</u>	
Fund Balances (Deficits), June 30, 2006	<u>\$ 538</u>	<u>\$ (8)</u>	<u>\$ 654</u>	<u>\$ 662</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 \$ 2,313

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 1,715

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	LOCAL PUBLIC SAFETY			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Aid from Other Governmental Agencies	\$ 46,471	\$ 46,471	\$ 49,532	\$ 3,061
Total Revenues	<u>46,471</u>	<u>46,471</u>	<u>49,532</u>	<u>3,061</u>
Excess of Revenues over Expenditures	<u>46,471</u>	<u>46,471</u>	<u>49,532</u>	<u>3,061</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(49,586)</u>	<u>(49,586)</u>	<u>(49,586)</u>	
Total Other Financing Uses	<u>(49,586)</u>	<u>(49,586)</u>	<u>(49,586)</u>	
Net Changes in Fund Balances (Deficits)	(3,115)	(3,115)	(54)	3,061
Fund Balances, July 1, 2005	<u>3,115</u>	<u>3,115</u>	<u>3,115</u>	
Fund Balances, June 30, 2006	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 3,061</u>	<u>\$ 3,061</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 \$ 49,532

Expenditures

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

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	PLANNED LOCAL DRAINAGE			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Licenses, Permits and Franchises	\$	\$	\$ 60	\$ 60
Revenues from Use of Money and Property			11	11
Total Revenues			<u>71</u>	<u>71</u>
Excess of Revenues over Expenditures			<u>71</u>	<u>71</u>
Net Changes in Fund Balances			71	71
Fund Balances, July 1, 2005	<u>738</u>	<u>738</u>	<u>738</u>	
Fund Balances, June 30, 2006	<u>\$ 738</u>	<u>\$ 738</u>	<u>\$ 809</u>	<u>\$ 71</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 \$ 71

Expenditures

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

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

AUTOMATED COUNTY WARRANT SYSTEM

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Fines, Forfeitures and Penalties	\$ 76	\$ 76	\$ 90	\$ 14
Total Revenues	<u>76</u>	<u>76</u>	<u>90</u>	<u>14</u>
EXPENDITURES:				
Current:				
Public Protection			1	(1)
Total Expenditures			<u>1</u>	<u>(1)</u>
Excess of Revenues over Expenditures	<u>76</u>	<u>76</u>	<u>89</u>	<u>13</u>
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out	<u>(73)</u>	<u>(73)</u>	<u>(73)</u>	
Total Other Financing Uses	<u>(73)</u>	<u>(73)</u>	<u>(73)</u>	
Net Changes in Fund Balances	3	3	16	13
Fund Balances, July 1, 2005	<u>11</u>	<u>11</u>	<u>11</u>	
Fund Balances, June 30, 2006	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 27</u>	<u>\$ 13</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 \$ 90

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 1

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	CRIMINAL JUSTICE FACILITY			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Fines, Forfeitures and Penalties	\$ 3,039	\$ 3,039	\$ 3,309	\$ 270
Total Revenues	<u>3,039</u>	<u>3,039</u>	<u>3,309</u>	<u>270</u>
Excess of Revenues over Expenditures	<u>3,039</u>	<u>3,039</u>	<u>3,309</u>	<u>270</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(3,315)</u>	<u>(3,315)</u>	<u>(3,277)</u>	<u>38</u>
Total Other Financing Sources (Uses)	<u>(3,315)</u>	<u>(3,315)</u>	<u>(3,277)</u>	<u>38</u>
Net Changes in Fund Balances (Deficits)	(276)	(276)	32	308
Fund Balances, July 1, 2005	<u>276</u>	<u>276</u>	<u>276</u>	
Fund Balances, June 30, 2006	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 308</u>	<u>\$ 308</u>

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

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 3,309

Expenditures

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

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

JUVENILE JUSTICE FACILITY

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Fines, Forfeitures and Penalties	\$ _____	\$ _____	\$ _____ 1	\$ _____ 1
Total Revenues	_____	_____	_____ 1	_____ 1
Excess of Revenues over Expenditures	_____	_____	_____ 1	_____ 1
Net Changes in Fund Balances (Deficits)			1	1
Fund Balances, July 1, 2005	_____ 2	_____ 2	_____ 2	_____
Fund Balances, June 30, 2006	\$ _____ 2	\$ _____ 2	\$ _____ 3	\$ _____ 1

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

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ _____ 1

Expenditures

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

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	COURT TEMPORARY CONSTRUCTION			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Fines, Forfeitures and Penalties	\$ 44	\$ 44	\$ 63	\$ 19
Total Revenues	<u>44</u>	<u>44</u>	<u>63</u>	<u>19</u>
EXPENDITURES:				
Current:				
Public Protection			4	(4)
Total Expenditures			<u>4</u>	<u>(4)</u>
Excess of Revenues over Expenditures	<u>44</u>	<u>44</u>	<u>59</u>	<u>15</u>
Net Changes in Fund Balances	44	44	59	15
Fund Balances, July 1, 2005	<u>66</u>	<u>66</u>	<u>66</u>	
Fund Balances, June 30, 2006	<u>\$ 110</u>	<u>\$ 110</u>	<u>\$ 125</u>	<u>\$ 15</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 \$ 63

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 4

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	AUTOMATED FINGERPRINT			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Fines, Forfeitures and Penalties	\$ 307	\$ 307	\$ 321	\$ 14
Total Revenues	<u>307</u>	<u>307</u>	<u>321</u>	<u>14</u>
EXPENDITURES:				
Current:				
Public Protection			24	(24)
Other Charges				
Total Expenditures			<u>24</u>	<u>(24)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>307</u>	<u>307</u>	<u>297</u>	<u>(10)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out	(200)	(200)	(138)	62
Total Other Financing Sources (Uses)	<u>(200)</u>	<u>(200)</u>	<u>(138)</u>	<u>62</u>
Net Changes in Fund Balances	107	107	159	52
Fund Balances, July 1, 2005	<u>863</u>	<u>863</u>	<u>863</u>	
Fund Balances, June 30, 2006	<u>\$ 970</u>	<u>\$ 970</u>	<u>\$ 1,022</u>	<u>\$ 52</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 \$ 321

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 24

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	DOMESTIC VIOLENCE			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Licenses, Permits and Franchises	\$ 120	\$ 120	\$ 103	\$ (17)
Fines, Forfeitures and Penalties			65	65
Total Revenues	<u>120</u>	<u>120</u>	<u>168</u>	<u>48</u>
EXPENDITURES:				
Current:				
Public Protection				
Other Charges			3	(3)
Total Expenditures			<u>3</u>	<u>(3)</u>
Excess of Revenues over Expenditures	<u>120</u>	<u>120</u>	<u>165</u>	<u>45</u>
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out	<u>(120)</u>	<u>(120)</u>	<u>(120)</u>	
Total Other Financing Uses	<u>(120)</u>	<u>(120)</u>	<u>(120)</u>	
Net Changes in Fund Balances			45	45
Fund Balances, July 1, 2005	<u>70</u>	<u>70</u>	<u>70</u>	
Fund Balances, June 30, 2006	<u>\$ 70</u>	<u>\$ 70</u>	<u>\$ 115</u>	<u>\$ 45</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 \$ 168

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 3

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

RECORDERS FEE

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Charges for Current Services	\$ 1,680	\$ 1,680	\$ 1,966	\$ 286
Total Revenues	<u>1,680</u>	<u>1,680</u>	<u>1,966</u>	<u>286</u>
EXPENDITURES:				
Current:				
Public Protection			90	(90)
Other Charges				
Total Expenditures			<u>90</u>	<u>(90)</u>
Excess of Revenues over Expenditures	<u>1,680</u>	<u>1,680</u>	<u>1,876</u>	<u>196</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(1,263)</u>	<u>(1,263)</u>	<u>(1,161)</u>	<u>102</u>
Total Other Financing Sources (Uses)	<u>(1,263)</u>	<u>(1,263)</u>	<u>(1,161)</u>	<u>102</u>
Net Changes in Fund Balances	417	417	715	298
Fund Balances, July 1, 2005	<u>2,977</u>	<u>2,977</u>	<u>2,977</u>	
Fund Balances, June 30, 2006	<u>\$ 3,394</u>	<u>\$ 3,394</u>	<u>\$ 3,692</u>	<u>\$ 298</u>

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

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 1,966

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 90

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

MICRO GRAPHICS

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Charges for Current Services	\$ 330	\$ 330	\$ 390	\$ 60
Total Revenues	<u>330</u>	<u>330</u>	<u>390</u>	<u>60</u>
EXPENDITURES:				
Current:				
Public Protection			25	(25)
Other Charges				
Total Expenditures			<u>25</u>	<u>(25)</u>
Excess of Revenues over Expenditures	<u>330</u>	<u>330</u>	<u>365</u>	<u>35</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(241)</u>	<u>(241)</u>	<u>(241)</u>	
Total Other Financing Uses	<u>(241)</u>	<u>(241)</u>	<u>(241)</u>	
Net Changes in Fund Balances	89	89	124	35
Fund Balances, July 1, 2005	<u>944</u>	<u>944</u>	<u>944</u>	
Fund Balances, June 30, 2006	<u>\$ 1,033</u>	<u>\$ 1,033</u>	<u>\$ 1,068</u>	<u>\$ 35</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 \$ 390

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 25

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	RANGE IMPROVEMENT			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Revenues from Use of Money and Property	\$ 1	\$ 1	\$ 1	\$
Aid from Other Governmental Agencies	<u>10</u>	<u>10</u>	<u>11</u>	<u>1</u>
Total Revenues	<u>11</u>	<u>11</u>	<u>12</u>	<u>1</u>
EXPENDITURES:				
Current:				
Public Protection				
Services & Supplies	<u>79</u>	<u>79</u>	<u>16</u>	<u>63</u>
Total Expenditures	<u>79</u>	<u>79</u>	<u>16</u>	<u>63</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(68)</u>	<u>(68)</u>	<u>(4)</u>	<u>64</u>
Net Changes in Fund Balances (Deficits)	(68)	(68)	(4)	64
Fund Balances, July 1, 2005	<u>78</u>	<u>78</u>	<u>78</u>	
Fund Balances, June 30, 2006	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 74</u>	<u>\$ 64</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 \$ 12

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 16

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

WILDLIFE RESOURCES				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Fines, Forfeitures and Penalties	\$ 17	\$ 17	\$ 20	\$ 3
Total Revenues	<u>17</u>	<u>17</u>	<u>20</u>	<u>3</u>
EXPENDITURES:				
Current:				
Public Protection				
Services & Supplies	6	6	1	5
Other Charges	19	19	20	(1)
Total Expenditures	<u>25</u>	<u>25</u>	<u>21</u>	<u>4</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(8)</u>	<u>(8)</u>	<u>(1)</u>	<u>7</u>
Net Changes in Fund Balances (Deficits)	(8)	(8)	(1)	7
Fund Balances, July 1, 2005	<u>52</u>	<u>52</u>	<u>52</u>	
Fund Balances, June 30, 2006	<u>\$ 44</u>	<u>\$ 44</u>	<u>\$ 51</u>	<u>\$ 7</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 \$ 20

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 21

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

ALCOHOL PROGRAM

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Fines, Forfeitures and Penalties	\$ 121	\$ 121	\$ 122	\$ 1
Revenues from Use of Money and Property			3	3
Total Revenues	<u>121</u>	<u>121</u>	<u>125</u>	<u>4</u>
Excess of Revenues over Expenditures	<u>121</u>	<u>121</u>	<u>125</u>	<u>4</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(90)</u>	<u>(90)</u>	<u>(90)</u>	
Total Other Financing Uses	<u>(90)</u>	<u>(90)</u>	<u>(90)</u>	
Net Changes in Fund Balances	31	31	35	4
Fund Balances, July 1, 2005	<u>261</u>	<u>261</u>	<u>261</u>	
Fund Balances, June 30, 2006	<u>\$ 292</u>	<u>\$ 292</u>	<u>\$ 296</u>	<u>\$ 4</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 \$ 125

Expenditures

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

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

ALCOHOL ABUSE

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Fines, Forfeitures and Penalties	\$ 101	\$ 101	\$ 114	\$ 13
Revenues from Use of Money and Property			2	2
Total Revenues	<u>101</u>	<u>101</u>	<u>116</u>	<u>15</u>
Excess of Revenues over Expenditures	<u>101</u>	<u>101</u>	<u>116</u>	<u>15</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(78)</u>	<u>(78)</u>	<u>(143)</u>	<u>(65)</u>
Total Other Financing Uses	<u>(78)</u>	<u>(78)</u>	<u>(143)</u>	<u>(65)</u>
Net Changes in Fund Balances (Deficits)	23	23	(27)	(50)
Fund Balances, July 1, 2005	<u>39</u>	<u>39</u>	<u>39</u>	
Fund Balances (Deficits), June 30, 2006	<u>\$ 62</u>	<u>\$ 62</u>	<u>\$ 12</u>	<u>\$ (50)</u>

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

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 116

Expenditures

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

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

DRUG PROGRAM

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Fines, Forfeitures and Penalties	\$ 7	\$ 7	\$ 46	\$ 39
Revenues from Use of Money and Property			2	2
Total Revenues	<u>7</u>	<u>7</u>	<u>48</u>	<u>41</u>
Excess of Revenues over Expenditures	<u>7</u>	<u>7</u>	<u>48</u>	<u>41</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(22)</u>	<u>(22)</u>	<u>(22)</u>	
Total Other Financing Uses	<u>(22)</u>	<u>(22)</u>	<u>(22)</u>	
Net Changes in Fund Balances (Deficits)	(15)	(15)	26	41
Fund Balances, July 1, 2005	<u>169</u>	<u>169</u>	<u>169</u>	
Fund Balances, June 30, 2006	<u>\$ 154</u>	<u>\$ 154</u>	<u>\$ 195</u>	<u>\$ 41</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 \$ 48

Expenditures

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

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

LITTER CLEANUP

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Fines, Forfeitures and Penalties	\$ 4	\$ 4	\$ 4	\$
Total Revenues	<u>4</u>	<u>4</u>	<u>4</u>	
Excess of Revenues over Expenditures	<u>4</u>	<u>4</u>	<u>4</u>	
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>	
Total Other Financing Uses	<u>(4)</u>	<u>(4)</u>	<u>(4)</u>	
Net Changes in Fund Balances				
Fund Balances, July 1, 2005	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances, June 30, 2006	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>	<u>\$ </u>

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

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 4

Expenditures

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



NON-MAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS DESCRIPTIONS

The capital projects funds serve as depositories for revenues received from the sale of real property and such other revenue as designated by the Board of Supervisors. The Board of Supervisors generally appropriates these funds for capital outlay.

Master Lease - This fund accounts for proceeds from the Master Lease financing for the acquisition and installation of the emergency computer aided dispatch (CAD) system for the Sheriff and Fire departments, and the Sheriff's Lerdo Facility retrofitting and the election voting system for the Elections Department.

Accumulated Capital Outlay - Road - This fund accounts for proceeds from the sale of real property, which are used for capital outlay purposes.

Separation of Grade – This fund accounts for the proceeds from various participating entities such as the State of California, City of Bakersfield, and Union Pacific Railroad for the Oak Creek and Calloway Road Separation of Grade construction projects.

**COUNTY OF KERN
COMBINING BALANCE SHEET
NON-MAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2006 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>MASTER LEASE</u>	<u>CERTIFICATES OF PARTICIPATION</u>	<u>SEPARATION OF GRADE</u>
<u>ASSETS</u>				
Pooled Cash and Investments	\$ 3,000	\$	\$	\$ 3,000
Interest Receivable	<u>1</u>	<u></u>	<u></u>	<u>1</u>
Total Assets	<u>\$ 3,001</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,001</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to Other Funds	\$ 15	\$	\$ 15	\$
Advances from Other Funds	<u>157</u>	<u>157</u>	<u></u>	<u></u>
Total Liabilities	<u>172</u>	<u>157</u>	<u>15</u>	<u></u>
Fund Balances (Deficits):				
Unreserved:				
Undesignated	<u>2,829</u>	<u>(157)</u>	<u>(15)</u>	<u>3,001</u>
Total Fund Balances (Deficits)	<u>2,829</u>	<u>(157)</u>	<u>(15)</u>	<u>3,001</u>

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (DEFICITS)
NON-MAJOR CAPITAL PROJECT FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>MASTER LEASE</u>	<u>CERTIFICATES OF PARTICIPATION</u>	<u>SEPARATION OF GRADE</u>
REVENUES:				
Revenues From Use of Money	\$ 1	\$	\$	\$ 1
Other Revenues	<u>254</u>	<u>254</u>		
Total Revenues	<u>255</u>	<u>254</u>		<u>1</u>
EXPENDITURES:				
Capital Outlay	<u>13</u>		<u>13</u>	
Total Expenditures	<u>13</u>		<u>13</u>	
Excess (Deficiency) of Revenues over Expenditures	<u>242</u>	<u>254</u>	<u>(13)</u>	<u>1</u>
OTHER FINANCING:				
Transfers In	<u>3,013</u>		<u>13</u>	<u>3,000</u>
Total Other Financing Sources	<u>3,013</u>		<u>13</u>	<u>3,000</u>
Net Changes In Fund Balances	3,255	254		3,001
Fund Deficits, July 1, 2005	<u>(426)</u>	<u>(411)</u>	<u>(15)</u>	
Fund Balances (Deficits), June 30, 2006	<u><u>2,829</u></u>	<u><u>(157)</u></u>	<u><u>(15)</u></u>	<u><u>3,001</u></u>
	\$	\$	\$	\$

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 TOBACCO SECURITIZATION PROCEEDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Revenues from Use of Money and Property	\$ _____	\$ _____	\$ 636	\$ 636
Total Revenues	_____	_____	636	636
EXPENDITURES:				
Current:				
General Government				
Capital Outlay	_____	32,867	3,767	29,100
Total Expenditures	_____	32,867	3,767	29,100
Excess (Deficiency) of Revenues over Expenditures	_____	(32,867)	(3,131)	29,736
OTHER FINANCING SOURCES (USES):				
Transfers Out	_____	_____	(5,187)	(5,187)
Total Other Financing Uses	_____	_____	(5,187)	(5,187)
Net Changes in Fund Balances (Deficits)	_____	(32,867)	(8,318)	24,549
Fund Balances, July 1, 2005	_____	62,557	62,557	_____
Fund Balances, June 30, 2006	\$ <u>_____</u>	\$ <u>29,690</u>	\$ <u>54,239</u>	\$ <u>24,549</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>636</u>
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Expenditures

Actual amount budgetary basis from the budgetary comparison schedule	\$ 3,767
Differences - Budget to GAAP	
Capital Outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources	(11)
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>3,756</u>

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR CAPITAL PROJECT FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	MASTER LEASE			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Other Revenues	\$ 254	\$ 254	\$ 254	\$
Total Revenues	<u>254</u>	<u>254</u>	<u>254</u>	<u></u>
EXPENDITURES:				
General Government				
Capital Outlay	<u>8,669</u>	<u>8,669</u>	<u></u>	<u>8,669</u>
Total Expenditures	<u>8,669</u>	<u>8,669</u>	<u></u>	<u>8,669</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(8,415)</u>	<u>(8,415)</u>	<u>254</u>	<u>(8,669)</u>
Net Changes in Fund Balances (Deficits)	(8,415)	(8,415)	254	(8,669)
Fund Deficits, July 1, 2005	<u>(411)</u>	<u>(411)</u>	<u>(411)</u>	<u></u>
Fund Deficits, June 30, 2006	<u>\$ (8,826)</u>	<u>\$ (8,826)</u>	<u>\$ (157)</u>	<u>\$ (8,669)</u>



NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS DESCRIPTIONS

Debt service funds account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

Accumulated Capital Outlay - General and Accumulated Capital Outlay - Fire - These funds provide the funding of lease payments, consisting of both interest and principal, on the Certificates of Participation issued by the County to finance the construction of various County facilities.

County of Kern Tobacco Funding Corporation - This is a nonprofit public benefit corporation established to insure and otherwise protect against the risk of a substantial decline in tobacco revenues and to assure a source of funding for County programs.

County of Kern Asset Leasing - This is a nonprofit public benefit corporation established to assist the County of Kern by acquiring equipment and facilities financed from the proceeds of borrowings and leasing such equipment and facilities to the County.

Pension Obligation Bond Trustee – This fund administers the debt service payments related to the County’s Pension Obligation Bond.

Public Health Facility Loan Trustee – This fund administers the debt service payments related to the public health facility loan.

**COUNTY OF KERN
 COMBINING BALANCE SHEET
 NON-MAJOR DEBT SERVICE FUNDS
 JUNE 30, 2006 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>ACCUMULATIVE CAPITAL OUTLAY GENERAL</u>	<u>ACCUMULATIVE CAPITAL OUTLAY FIRE</u>	<u>KERN COUNTY TOBACCO FUNDING CORP.</u>
ASSETS				
Pooled Cash and Investments	\$ 10,130	\$ 9,908	\$ 222	
Cash and Investments Deposited with Trustee	15,215			11,059
Interest Receivable	115	112	3	
Advances to Other Funds	3,111	3,111		
Total Assets	<u>\$ 28,571</u>	<u>\$ 13,131</u>	<u>\$ 225</u>	<u>\$ 11,059</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ _____	\$ _____	\$ _____	\$ _____
Total Liabilities	_____	_____	_____	_____
Fund Balances:				
Reserved	28,571	13,131	225	11,059
Total Fund Balances	28,571	13,131	225	11,059
Total Liabilities and Fund Balances	<u>\$ 28,571</u>	<u>\$ 13,131</u>	<u>\$ 225</u>	<u>\$ 11,059</u>

KERN ASSET LEASING	PENSION OBLIGATION BOND TRUSTEE	PUBLIC HEALTH FACILITY LOAN TRUSTEE
\$ 4,090	\$ 66	\$
<u>4,090</u>	<u>66</u>	<u></u>
\$	\$	\$
<u>4,090</u>	<u>66</u>	<u></u>
<u>4,090</u>	<u>66</u>	<u></u>
<u>4,090</u>	<u>66</u>	<u></u>

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities:
Accounts Payable

Total Liabilities

Fund Balances:
Reserved

Total Fund Balances

Total Liabilities and Fund Balances

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
NON-MAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>ACCUMULATIVE CAPITAL OUTLAY GENERAL</u>	<u>ACCUMULATIVE CAPITAL OUTLAY FIRE</u>	<u>KERN COUNTY TOBACCO FUNDING CORP.</u>
REVENUES:				
Revenues from Use of Money and Property	\$ 1,601	\$ 188	\$ 42	\$ 632
Tobacco Settlement	6,564			6,564
Other Revenues	25,955			
Total Revenues	<u>34,120</u>	<u>188</u>	<u>42</u>	<u>7,196</u>
EXPENDITURES:				
General Government	1,246			1,246
Debt Service:				
Principal	20,545			650
Interest	28,707			6,341
Total Expenditures	<u>50,498</u>			<u>8,237</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(16,378)</u>	<u>188</u>	<u>42</u>	<u>(1,041)</u>
OTHER FINANCING SOURCES (USES):				
Transfer In	10,336	6,909		
Transfer Out	<u>(8,904)</u>	<u>(400)</u>	<u>(1,382)</u>	
Total Other Financing Sources (Uses)	<u>1,432</u>	<u>6,509</u>	<u>(1,382)</u>	
Net Changes in Fund Balances	<u>(14,946)</u>	<u>6,697</u>	<u>(1,340)</u>	<u>(1,041)</u>
Fund Balances, July 1, 2005	<u>43,517</u>	<u>6,434</u>	<u>1,565</u>	<u>12,100</u>
Fund Balances, June 30, 2006	<u>\$ 28,571</u>	<u>\$ 13,131</u>	<u>\$ 225</u>	<u>\$ 11,059</u>

KERN ASSET LEASING	PENSION OBLIGATION BOND TRUSTEE	PUBLIC HEALTH FACILITY LOAN TRUSTEE	
\$ 739	\$	\$	REVENUES:
<u>739</u>	<u>25,955</u>	<u>25,955</u>	Revenues from Use of Money and Property
			Tobacco Settlement
			Other Revenues
			Total Revenues
13,755	5,125	1,015	EXPENDITURES:
<u>1,025</u>	<u>20,964</u>	<u>377</u>	General Government
<u>14,780</u>	<u>26,089</u>	<u>1,392</u>	Debt Service:
			Principal
			Interest
(14,041)	(134)	(1,392)	Total Expenditures
			Excess (Deficiency) of Revenues over Expenditures
2,035		1,392	OTHER FINANCING SOURCES (USES):
<u>(6,922)</u>	<u>(200)</u>	<u>1,392</u>	Transfer In
<u>(4,887)</u>	<u>(200)</u>	<u>1,392</u>	Transfer Out
			Total Other Financing Sources (Uses)
(18,928)	(334)		Net Changes in Fund Balances
<u>23,018</u>	<u>400</u>		Fund Balances, July 1, 2005
<u>\$ 4,090</u>	<u>\$ 66</u>	<u>\$</u>	Fund Balances, June 30, 2006

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

ACCUMULATIVE CAPITAL OUTLAY - GENERAL

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Revenues from Use of Money or Property	\$ _____	\$ _____	\$ 188	\$ 188
Total Revenues	<u>_____</u>	<u>_____</u>	<u>188</u>	<u>188</u>
EXPENDITURES:				
General Government				
Services and Supplies	677			
Appropriation for Contingencies	1,500			
Total Expenditures	<u>2,177</u>			
Excess (Deficiency) of Revenues over Expenditures	<u>(2,177)</u>		188	188
OTHER FINANCING SOURCES (USES):				
Transfers In			6,909	6,909
Transfers Out	(9,946)		(400)	(400)
Total Other Financing Sources (Uses)	<u>(9,946)</u>		<u>6,509</u>	<u>6,509</u>
Net Changes in Fund Balances (Deficits)	(12,123)		6,697	6,697
Fund Balances, July 1, 2005	6,434	6,434	6,434	
Fund Balances (Deficits), June 30, 2006	<u>\$ (5,689)</u>	<u>\$ 6,434</u>	<u>\$ 13,131</u>	<u>\$ 6,697</u>

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NON-MAJOR DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	ACCUMULATIVE CAPITAL OUTLAY - FIRE			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Revenues from Use of Money or Property	\$ _____	\$ _____	\$ 41	\$ 41
Total Revenues	_____	_____	41	41
EXPENDITURES:				
Public Protection				
Services and Supplies	111			
Appropriation for Contingencies	200			
Total Expenditures	311			
Excess (Deficiency) of Revenues over Expenditures	(311)		41	41
OTHER FINANCING SOURCES (USES):				
Transfer In				
Transfers Out	(1,624)		(1,382)	(1,382)
Total Other Financing Sources (Uses)	(1,624)		(1,382)	(1,382)
Net Changes in Fund Balances (Deficits)	(1,934)		(1,341)	(1,341)
Fund Balances, July 1, 2005	1,565	1,565	1,565	
Fund Balances (Deficits), June 30, 2006	\$ (369)	\$ 1,565	\$ 225	\$ (1,341)





**NON-MAJOR
ENTERPRISE FUNDS**

NON-MAJOR ENTERPRISE FUNDS

FUNDS DESCRIPTIONS

Enterprise funds are used to account for operations: (a) that are financed and operated in a similar manner to private business (where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges) or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

County Sanitation Districts - These funds consist of two sanitation districts, Kern Sanitation Authority and Ford City-Taft Heights. These funds are administered by the Waste Management Department, which is responsible for the planning, design, construction, operations, and maintenance of the County's sanitation districts.

Golf Course - This fund is used to finance new capital improvements and replace existing capital improvements as necessary. Revenues are generated primarily from a percentage of user fees collected by lessee.

Public Transportation - This fund is administered by the Roads Department and provides for the planning, development and management of public transportation for intercity routes and unincorporated areas of Kern County.

Universal Collection – This fund is administered by the Waste Management Department and segregates the revenues and expenses related to waste pick-up and disposal within the universal collection area that encompasses the more densely populated unincorporated areas of metropolitan Bakersfield, South Taft and Lost Hills.

**COUNTY OF KERN
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
JUNE 30, 2006 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SANITATION DISTRICTS</u>	<u>GOLF COURSE</u>	<u>PUBLIC TRANSPORTATION</u>	<u>UNIVERSAL COLLECTION</u>
ASSETS					
Current Assets:					
Pooled Cash and Investments	\$ 11,513	\$ 6,208	\$ 1,419	\$ 874	\$ 3,012
Interest Receivable	134	70	13	14	37
Accounts Receivable - Net	8	8			
Accrued Revenue	672			672	
Total Current Assets	12,327	6,286	1,432	1,560	3,049
Non-Current Assets:					
Cash and Investments Deposited with Trustee	715		715		
Taxes Receivable - Net	1,756	415			1,341
Investment in Joint Venture	1,584	1,584			
Capital Assets:					
Non-Depreciable:					
Land	668	603	65		
Construction in Progress	21	21			
Depreciable:					
Structures and Improvements	15,088	8,498	6,483	107	
Equipment	7,195	863		6,332	
Intangible Assets	48	48			
Subsurface Lines	7,642	7,642			
Accumulated Depreciation and Amortization	(13,656)	(8,517)	(1,741)	(3,398)	
Total Non-Current Assets	21,061	11,157	5,522	3,041	1,341
Total Assets	33,388	17,443	6,954	4,601	4,390
LIABILITIES					
Current Liabilities:					
Accounts Payable	780	280	202	298	
Salaries and Employee Benefits Payable	64	50		14	
Due to Other Funds	201	7		194	
Current Portion of Long Term Debt	229		225	4	
Interest Payable - Current	45		43	2	
Compensated Absences - Current	5			5	
Deferred Income	841			841	
Total Current Liabilities	2,165	337	470	1,358	
Non-Current Liabilities:					
Advances Payable	2,500				2,500
Compensated Absences Payable	15			15	
Long Term Debt - Certificates of Participation	2,985		2,985		
Long Term Debt - Pension Obligation Bonds	105			105	
Interest Payable - Pension Obligation Bonds	31			31	
Total Non-Current Liabilities	5,636		2,985	151	2,500
Total Liabilities	7,801	337	3,455	1,509	2,500
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	13,796	9,158	1,597	3,041	
Restricted	715		715		
Unrestricted	11,076	7,948	1,187	51	1,890
Total Net Assets	\$ 25,587	\$ 17,106	\$ 3,499	\$ 3,092	\$ 1,890

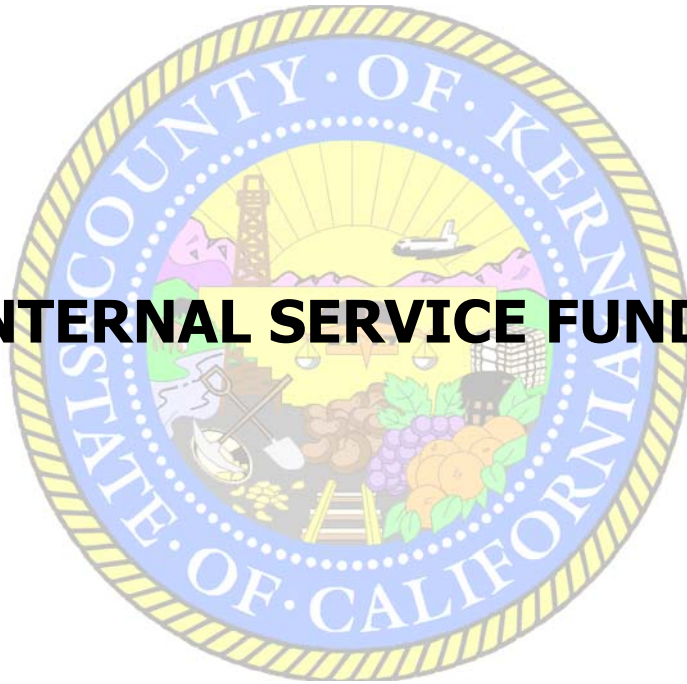
COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)

	<u>TOTAL</u>	<u>COUNTY SANITATION DISTRICTS</u>	<u>GOLF COURSE</u>	<u>PUBLIC TRANSPORTATION</u>	<u>UNIVERSAL COLLECTION</u>
OPERATING REVENUES:					
Charges for Current Services	\$ 6,441	\$ 898	\$ 4,937	\$ 606	
Revenues from Use of Property	133	93		40	
Total Operating Revenues	6,574	991	4,937	646	
OPERATING EXPENSES:					
Salaries and Employee Benefits	1,346	1,081		265	
Services and Supplies	18,776	1,936	4,400	4,599	7,841
Other Charges	26	12		14	
Depreciation	1,282	374	148	760	
Total Operating Expenses	21,430	3,403	4,548	5,638	7,841
Operating Income (Loss)	(14,856)	(2,412)	389	(4,992)	(7,841)
NON-OPERATING REVENUES (EXPENSES):					
Taxes and Assessments	14,690	2,490		3,922	8,278
Fines, Forfeitures and Penalties	181	69			112
Licenses, Permits and Franchises	30	30			
Interest on Bank Deposits and Investments	211	101	36	36	38
Aid from Other Governmental Agencies	353			353	
Interest Expense	(276)		(177)	(10)	(89)
Other Non-Operating Revenues	37	28		9	
Total Non-Operating Revenues (Expenses)	15,226	2,718	(141)	4,310	8,339
Change in Net Assets	370	306	248	(682)	498
Net Assets, July 1, 2005	25,320	16,800	3,251	3,877	1,392
Prior Period Adjustments	(103)			(103)	
Net Assets, June 30, 2006	\$ 25,587	\$ 17,106	\$ 3,499	\$ 3,092	\$ 1,890

**COUNTY OF KERN
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SANITATION DISTRICTS</u>	<u>GOLF COURSE</u>	<u>PUBLIC TRANSPORTATION</u>	<u>UNIVERSAL COLLECTION</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash Received for Current Services	\$ 6,474	\$ 891	\$ 4,937	\$ 646	\$
Cash Received for Use of Property	93	93			
Cash Received for Other Operations	37	28		9	
Cash Received as Fines, Forfeitures, and Penalties	181	69			112
Cash Received as Licenses and Permits	30	30			
Cash Paid for Salaries and Benefits	(1,351)	(1,090)		(261)	
Cash Paid for Services and Supplies	(18,456)	(1,911)	(4,330)	(4,374)	(7,841)
Cash Paid for Interfund Services and Supplies	(216)	(183)		(33)	
Cash Paid for Other Charges	(26)	(12)		(14)	
Net Cash Provided (Used) by Operating Activities	<u>(13,234)</u>	<u>(2,085)</u>	<u>607</u>	<u>(4,027)</u>	<u>(7,729)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:					
Taxes and Special Assessments	14,386	2,443		3,921	8,022
Aid from Other Governmental Agencies	54			54	
Payment of Long Term Debt - Pension Obligation Bond	(3)			(3)	
Interest Paid	(95)			(6)	(89)
Net Cash Provided by Non-Capital Financing Activities	<u>14,342</u>	<u>2,443</u>		<u>3,966</u>	<u>7,933</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition or Construction of Capital Assets	(875)	(875)			
Payment of Long Term Debt - Certificates of Participation	(210)		(210)		
Interest Paid on Long Term Debt	(180)		(180)		
Net Cash Used by Capital and Related Financing Activities	<u>(1,265)</u>	<u>(875)</u>	<u>(390)</u>		
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest on Bank Deposits and Investments	157	77	29	28	23
Net Cash Provided by Investing Activities	<u>157</u>	<u>77</u>	<u>29</u>	<u>28</u>	<u>23</u>
Net Increase (Decrease) in Cash and Cash Equivalents		(440)	246	(33)	227
Cash and Cash Equivalents, July 1, 2005	12,228	6,648	1,888	907	2,785
Cash and Cash Equivalents, June 30, 2006	<u>\$ 12,228</u>	<u>\$ 6,208</u>	<u>\$ 2,134</u>	<u>\$ 874</u>	<u>\$ 3,012</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Income (Loss)	\$ (14,856)	\$ (2,412)	\$ 389	\$ (4,992)	\$ (7,841)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Other Non-Operating Revenues	248	127		9	112
Depreciation	1,282	374	148	760	
Changes in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(8)	(8)			
(Increase) Decrease in Accrued Revenue	4	4			
(Increase) Decrease in Investment in Joint Venture	(54)	(54)			
Increase (Decrease) in Accrued Expenses	(19)	(113)	70	24	
Increase (Decrease) in Due to Others	175	7		168	
Increase (Decrease) in Salaries & Benefits Payable	(8)	(10)		2	
Increase (Decrease) in Compensated Absences Payable	2			2	
Total Adjustments	<u>1,622</u>	<u>327</u>	<u>218</u>	<u>965</u>	<u>112</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (13,234)</u>	<u>\$ (2,085)</u>	<u>\$ 607</u>	<u>\$ (4,027)</u>	<u>\$ (7,729)</u>

INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS DESCRIPTIONS

Internal service funds accounts for services furnished to other County departments and are financed primarily by charges for such services. Because the internal service funds are separated from the regular County operations, they are free to employ commercial accounting techniques and are often used in situations where a more accurate determination of costs is desired.

General Liability - This fund provides for the funding, administration and operation of a self-insured system to meet the county's legal liability for damages to persons and/or property arising out of the County's general and automotive activities.

General Services - Garage - This fund provides funding for purchase and maintenance service for vehicles assigned operationally to County departments, excluding those departments that maintain and operate their own vehicle fleets (Parks, Fire, Roads, Airports, and Sheriffs Lerdo Facility).

Group Health - This fund provides for the funding, administration and operation of the County employees' health and dental insurance plans. This fund is administered by the County Administrative Office and is financed through charges to the operating departments and special districts enrolled in the program.

Retiree Group Health - This fund provides for the County's contributions to the Retired Employees Health Insurance and the Retiree Premium Support Program.

Unemployment Compensation - This fund provides for the funding, administration, and operation of the Unemployment Compensation Program to meet the County's obligation of providing unemployment benefits to former employees eligible under State law.

Workers' Compensation - This fund provides for the funding, administration and operation of the self-insured system to meet the County's statutory obligation to compensate its employees for work related injuries and illnesses.

**COUNTY OF KERN
COMBINING STATEMENT OF NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS
JUNE 30, 2006 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>GENERAL LIABILITY</u>	<u>GENERAL SERVICES- GARAGE</u>	<u>GROUP HEALTH</u>
ASSETS				
Current Assets:				
Pooled Cash and Investments	\$ 30,131	\$ 3,402	\$ 2,722	\$ 192
Due from Other Funds	44		44	
Accounts Receivable	1,524			1,524
Accrued Revenue	93			
Interest Receivable	377	44	28	8
Inventory- Materials and Supplies	58		58	
Total Current Assets	<u>32,227</u>	<u>3,446</u>	<u>2,852</u>	<u>1,724</u>
Non-Current Assets:				
Deposits with Others	135			135
Equipment (Net of Accumulated Depreciation)	3,966		3,966	
Total Non-Current Assets	<u>4,101</u>		<u>3,966</u>	<u>135</u>
Total Assets	<u>36,328</u>	<u>3,446</u>	<u>6,818</u>	<u>1,859</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	6,906		15	6,891
Salaries and Employee Benefits Payable	33		33	
Interest Payable - Current	11		11	
Long Term Debt -Current	17		17	
Due to Other Funds	398			
Compensated Absences - Current	48		48	
Liability for Self-Insurance - Current	20,304	1,238		4,700
Total Current Liabilities	<u>27,717</u>	<u>1,238</u>	<u>124</u>	<u>11,591</u>
Non-Current Liabilities				
Compensated Absences Payable	32		32	
Liability for Self-Insurance - Long Term	65,992	9,908		
Interest Payable - Long-term - Pension Obligation Bonds	157		157	
Long Term Debt - Pension Obligation Bonds	425		425	
Total Non-Current Liabilities	<u>66,606</u>	<u>9,908</u>	<u>614</u>	
Total Liabilities	<u>94,323</u>	<u>11,146</u>	<u>738</u>	<u>11,591</u>
NET ASSETS (DEFICITS)				
Invested in Capital Assets, Net of Related Debt	3,966		3,966	
Restricted	135			135
Unrestricted	(62,096)	(7,700)	2,114	(9,867)
Total Net Assets (Deficits)	<u>\$ (57,995)</u>	<u>\$ (7,700)</u>	<u>\$ 6,080</u>	<u>\$ (9,732)</u>

<u>RETIREE GROUP HEALTH</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>WORKERS' COMPENSATION</u>	<u>ASSETS</u>		
\$ 16,941	\$ 1,797	\$ 5,077	Current Assets:		
			Pooled Cash and Investments		
			Due from Other Funds		
93			Accounts Receivable		
162	22	113	Accrued Revenue		
			Interest Receivable		
			Inventory- Materials and Supplies		
<u>17,196</u>	<u>1,819</u>	<u>5,190</u>	Total Current Assets		
			Non-Current Assets:		
			Deposits with Others		
			Equipment (Net of Accumulated Depreciation)		
			Total Non-Current Assets		
<u>17,196</u>	<u>1,819</u>	<u>5,190</u>	Total Assets		
			<u>LIABILITIES</u>		
			Current Liabilities:		
			Accounts Payable		
			Salaries and Employee Benefits Payable		
			Interest Payable - Current		
		398	Long Term Debt -Current		
			Due to Other Funds		
	1,030	13,336	Compensated Absences - Current		
			Liability for Self-Insurance- Current		
	<u>1,030</u>	<u>13,734</u>	Total Current Liabilities		
			Non-Current Liabilities		
		56,084	Compensated Absences Payable		
			Liability for Self-Insurance- Long Term		
			Interest Payable - Long-term - Pension Obligation Bonds		
			Long Term Debt - Pension Obligation Bonds		
		<u>56,084</u>	Total Non-Current Liabilities		
	<u>1,030</u>	<u>69,818</u>	Total Liabilities		
			<u>NET ASSETS (DEFICITS)</u>		
			Invested in Capital Assets, Net of Related Debt		
			Restricted		
<u>17,196</u>	<u>789</u>	<u>(64,628)</u>	Unrestricted		
<u>\$ 17,196</u>	<u>\$ 789</u>	<u>\$ (64,628)</u>	Total Net Assets (Deficits)		

COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)

	<u>TOTAL</u>	<u>GENERAL LIABILITY</u>	<u>GENERAL SERVICES- GARAGE</u>	<u>GROUP HEALTH</u>
OPERATING REVENUES:				
Charges for Current Services	\$ 113,361	\$ 4,023	\$ 2,104	\$ 85,691
Total Operating Revenues	<u>113,361</u>	<u>4,023</u>	<u>2,104</u>	<u>85,691</u>
OPERATING EXPENSES:				
Salaries and Employee Benefits	4,845		597	
Services and Supplies	17,043	2,108	677	9,369
Claims Incurred	104,211	5,196		82,264
Other Charges	5,822		64	5,072
Depreciation Expense	623		623	
Total Operating Expenses	<u>132,544</u>	<u>7,304</u>	<u>1,961</u>	<u>96,705</u>
Operating Income (Loss)	<u>(19,183)</u>	<u>(3,281)</u>	<u>143</u>	<u>(11,014)</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest on Bank Deposits and Investments	930	43	29	220
Other Revenues	576	8	45	5
Aid from Other Governmental Agencies	69			
Interest Expense	(52)		(52)	
Loss on Sale of Fixed Assets	(15)		(15)	
Total Non-Operating Revenue	<u>1,508</u>	<u>51</u>	<u>7</u>	<u>225</u>
Income (Loss) before Transfers	(17,675)	(3,230)	150	(10,789)
Transfers	<u>31</u>		<u>31</u>	
Change in Net Assets (Deficits)	(17,644)	(3,230)	181	(10,789)
Net Assets (Deficits), July 1, 2005 (as previously reported)	<u>(40,147)</u>	<u>(4,470)</u>	<u>6,103</u>	<u>1,057</u>
Prior Period Adjustments	<u>(204)</u>		<u>(204)</u>	
Net Assets (Deficits), June 30, 2006	<u>\$ (57,995)</u>	<u>\$ (7,700)</u>	<u>\$ 6,080</u>	<u>\$ (9,732)</u>

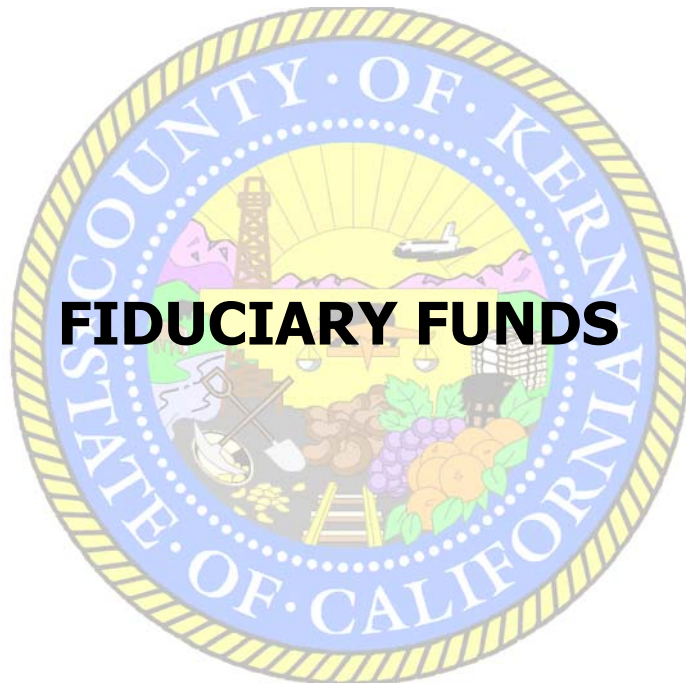
RETIREE GROUP HEALTH	UNEMPLOYMENT COMPENSATION	WORKERS' COMPENSATION	
\$ 4,885	\$ 2,472	\$ 14,186	OPERATING REVENUES:
			Charges for Current Services
<u>4,885</u>	<u>2,472</u>	<u>14,186</u>	Total Operating Revenues
			OPERATING EXPENSES:
4,248			Salaries and Employee Benefits
262	14	4,613	Services and Supplies
	2,389	14,362	Claims Incurred
	107	579	Other Charges
			Depreciation Expense
<u>4,510</u>	<u>2,510</u>	<u>19,554</u>	Total Operating Expenses
<u>375</u>	<u>(38)</u>	<u>(5,368)</u>	Operating Income (Loss)
			NON-OPERATING REVENUES (EXPENSES):
244	63	331	Interest on Bank Deposits and Investments
		518	Other Revenues
		69	Aid from Other Governmental Agencies
			Interest Expense
			Gain (Loss) on Sale of Fixed Assets
<u>244</u>	<u>63</u>	<u>918</u>	Total Non-Operating Revenue
619	25	(4,450)	Income (Loss) before Transfers
			Transfers
619	25	(4,450)	Change in Net Assets (Deficits)
<u>16,577</u>	<u>764</u>	<u>(60,178)</u>	Net Assets (Deficits), July 1, 2005 (as previously reported)
			Prior Period Adjustments
<u>\$ 17,196</u>	<u>\$ 789</u>	<u>\$ (64,628)</u>	Net Assets (Deficits), June 30, 2006

**COUNTY OF KERN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>GENERAL LIABILITY</u>	<u>GENERAL SERVICES- GARAGE</u>	<u>GROUP HEALTH</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received for Current Services	\$ 113,151	\$ 4,024	\$ 2,236	\$ 85,348
Cash Received for Other Operations	576	8	45	5
Cash Paid for Salaries and Benefits	(4,840)		(592)	
Cash Paid for Services and Supplies	(10,766)	(2,108)	(667)	(3,102)
Cash Paid for Reported Claims	(100,771)	(948)		(83,551)
Cash Paid for Other Charges	(5,822)		(64)	(5,072)
Net Cash Provided (Used) by Operating Activities	<u>(8,472)</u>	<u>976</u>	<u>958</u>	<u>(6,372)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Aid from Other Governmental Agencies	69			
Pension Obligation Bond Principal Paid	(13)		(13)	
Pension Obligation Bond Interest Paid	(25)		(25)	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>31</u>		<u>(38)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition or Construction of Capital Assets	(553)		(553)	
Proceeds From Sale of Fixed Assets	82		82	
Net Cash Used by Capital and Related Financing Activities	<u>(471)</u>		<u>(471)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Bank Deposits and Investments	835	21	18	263
Net Increase (Decrease) in Cash and Cash Equivalents	(8,077)	997	467	(6,109)
Cash and Cash Equivalents, July 1, 2005	38,208	2,405	2,255	6,301
Cash and Cash Equivalents, June 30, 2006	<u>\$ 30,131</u>	<u>\$ 3,402</u>	<u>\$ 2,722</u>	<u>\$ 192</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (19,183)	\$ (3,281)	\$ 143	\$ (11,014)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Other Non-Operating Revenues	576	8	45	5
Depreciation	623		623	
Changes in Assets and Liabilities:				
(Increase) Decrease in Inventory	2		2	
(Increase) Decrease in Accounts Receivable	(334)		9	(343)
(Increase) Decrease in Due from Others	123		123	
Increase (Decrease) in Accrued Expenses	6,276		8	6,268
Increase (Decrease) in Due to Others	(20)			
Increase (Decrease) in Salaries & Benefits Payable	5		5	
Increase (Decrease) in Provision for Liability Claims	3,460	4,249		(1,288)
Total Adjustments	<u>10,711</u>	<u>4,257</u>	<u>815</u>	<u>4,642</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (8,472)</u>	<u>\$ 976</u>	<u>\$ 958</u>	<u>\$ (6,372)</u>
NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Net Transfers of Fixed Assets (To) From Other Funds	\$ (31)		\$ (31)	
Total Non-cash Investing, Capital, and Financing Activities	<u>\$ (31)</u>		<u>\$ (31)</u>	

<u>RETIREE GROUP HEALTH</u>	<u>UNEMPLOYMENT COMPENSATION</u>	<u>WORKERS' COMPENSATION</u>	
\$ 4,885	\$ 2,472	\$ 14,186	CASH FLOWS FROM OPERATING ACTIVITIES:
(4,248)		518	Cash Received for Current Services
(262)	(14)	(4,613)	Cash Received for Other Operations
	(2,463)	(13,809)	Cash Paid for Salaries and Benefits
	(107)	(579)	Cash Paid for Services and Supplies
			Cash Paid for Reported Claims
			Cash Paid for Other Charges
<u>375</u>	<u>(112)</u>	<u>(4,297)</u>	Net Cash Provided (Used) by Operating Activities
			CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:
		69	Aid from Other Governmental Agencies
			Pension Obligation Bond Principal Paid
			Pension Obligation Bond Interest Paid
		<u>69</u>	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 Used by Capital and Related Financing Activities
			CASH FLOWS FROM INVESTING ACTIVITIES:
<u>173</u>	<u>56</u>	<u>304</u>	Interest on Bank Deposits and Investments
548	(56)	(3,924)	Net Increase (Decrease) in Cash and Cash Equivalents
<u>16,393</u>	<u>1,853</u>	<u>9,001</u>	Cash and Cash Equivalents, July 1, 2005
<u>\$ 16,941</u>	<u>\$ 1,797</u>	<u>\$ 5,077</u>	Cash and Cash Equivalents, June 30, 2006
			RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:
\$ <u>375</u>	\$ <u>(38)</u>	\$ <u>(5,368)</u>	Operating Income (Loss)
			Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
		518	Other Non-Operating Revenues
			Depreciation
			Changes in Assets and Liabilities:
			(Increase) Decrease in Inventory
			(Increase) Decrease in Accounts Receivable
			(Increase) Decrease in Due from Others
			Increase (Decrease) in Accrued Expenses
		(20)	Increase (Decrease) in Due to Others
			Increase (Decrease) in Salaries & Benefits Payable
	(74)	573	Increase (Decrease) in Provision for Liability Claims
	(74)	1,071	Total Adjustments
<u>\$ 375</u>	<u>\$ (112)</u>	<u>\$ (4,297)</u>	Net Cash Provided (Used) by Operating Activities
			NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:
\$ _____	\$ _____	\$ _____	Net Transfers of Fixed Assets (To) From Other Funds
<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	Total Non-cash Investing, Capital, and Financing Activities





FIDUCIARY FUNDS

FIDUCIARY FUNDS DESCRIPTIONS

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

**COUNTY OF KERN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

Page 1 of 2

	<u>BALANCE JULY 1, 2005</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE JUNE 30, 2006</u>
TOTAL AGENCY FUNDS				
ASSETS				
Pooled Cash and Investments	\$ 129,031	\$ 4,328,639	\$ 4,325,363	\$ 132,307
Accounts Receivable	49	973	958	64
Loans Receivable	113	1	30	84
Taxes Receivable	43,429	858,358	842,166	59,621
Interest Receivable	669	994	667	996
Due from Other Funds	48	51	78	21
Due from Other Agencies	3,791	8,981	8,477	4,295
Total Assets	<u>\$ 177,130</u>	<u>\$ 5,197,997</u>	<u>\$ 5,177,739</u>	<u>\$ 197,388</u>
LIABILITIES				
Warrants Payable	\$ 34,537	\$ 2,115,125	\$ 2,116,910	\$ 32,752
Accounts Payable	10	287	285	12
Interest Payable		8,286	3,278	5,008
Due to Other Governments	142,263	2,259,413	2,242,380	159,296
Unapportioned Installment Redemptions	320			320
Total Liabilities	<u>\$ 177,130</u>	<u>\$ 4,383,111</u>	<u>\$ 4,362,853</u>	<u>\$ 197,388</u>
CLEARING FUNDS				
ASSETS				
Pooled Cash and Investments	\$ 1,657	\$ 909,308	\$ 908,787	\$ 2,178
Accounts Receivable	13	32	30	15
Total Assets	<u>\$ 1,670</u>	<u>\$ 909,340</u>	<u>\$ 908,817</u>	<u>\$ 2,193</u>
LIABILITIES				
Warrant Payable	\$ 523	\$ 102,706	\$ 102,615	\$ 614
Due to Other Governments	1,147	796,303	795,871	1,579
Total Liabilities	<u>\$ 1,670</u>	<u>\$ 899,009</u>	<u>\$ 898,486</u>	<u>\$ 2,193</u>
WARRANT CLEARANCE FUNDS				
ASSETS				
Pooled Cash and Investments	\$ 34,014	\$ 2,012,419	\$ 2,014,295	\$ 32,138
Total Assets	<u>\$ 34,014</u>	<u>\$ 2,012,419</u>	<u>\$ 2,014,295</u>	<u>\$ 32,138</u>
LIABILITIES				
Warrants Payable	\$ 34,014	\$ 2,012,419	\$ 2,014,295	\$ 32,138
Total Liabilities	<u>\$ 34,014</u>	<u>\$ 2,012,419</u>	<u>\$ 2,014,295</u>	<u>\$ 32,138</u>

**COUNTY OF KERN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
AGENCY FUNDS
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

Page 2 of 2

	BALANCE JULY 1, 2005	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2006
STATE FUNDS				
ASSETS				
Pooled Cash and Investments	\$ 5,380	\$ 65,280	\$ 64,350	\$ 6,310
Interest Receivable	3	15	1	17
Total Assets	<u>\$ 5,383</u>	<u>\$ 65,295</u>	<u>\$ 64,351</u>	<u>\$ 6,327</u>
LIABILITIES				
Due to Other Governments	\$ 5,383	\$ 64,124	\$ 63,180	\$ 6,327
Total Liabilities	<u>\$ 5,383</u>	<u>\$ 64,124</u>	<u>\$ 63,180</u>	<u>\$ 6,327</u>
OTHER FUNDS				
ASSETS				
Pooled Cash and Investments	\$ 72,009	\$ 476,560	\$ 472,660	\$ 75,909
Accounts Receivable	36	941	928	49
Loans Receivable	113	1	30	84
Interest Receivable	424	573	424	573
Due from Other Agencies	3,791	8,981	8,477	4,295
Total Assets	<u>\$ 76,373</u>	<u>\$ 487,056</u>	<u>\$ 482,519</u>	<u>\$ 80,910</u>
LIABILITIES				
Accounts Payable	\$ 10	\$ 287	\$ 285	\$ 12
Due to Other Governments	76,363	513,145	508,610	80,898
Total Liabilities	<u>\$ 76,373</u>	<u>\$ 513,432</u>	<u>\$ 508,895</u>	<u>\$ 80,910</u>
UNAPPORTIONED FUNDS				
ASSETS				
Pooled Cash and Investments	\$ 15,971	\$ 865,072	\$ 865,271	\$ 15,772
Taxes Receivable	43,429	858,358	842,166	59,621
Interest Receivable	242	406	242	406
Due From Other Funds	48	51	78	21
Total Assets	<u>\$ 59,690</u>	<u>\$ 1,723,887</u>	<u>\$ 1,707,757</u>	<u>\$ 75,820</u>
LIABILITIES				
Interest Payable	\$	\$ 8,286	\$ 3,278	\$ 5,008
Due to Other Governments	59,370	885,841	874,719	70,492
Unapportioned Installment Redemptions	320			320
Total Liabilities	<u>\$ 59,690</u>	<u>\$ 894,127</u>	<u>\$ 877,997</u>	<u>\$ 75,820</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 words "COUNTY OF KERN" are written in a blue arc at the top, and "STATE OF CALIFORNIA" is written in a blue arc at the bottom. The entire seal is surrounded by 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 OF FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

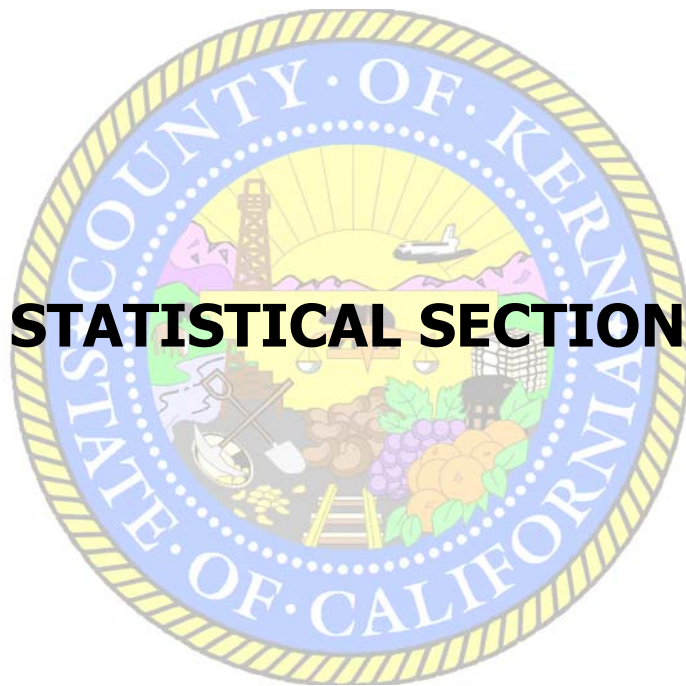
Function & Activity	Department #	Land	Structures & Improvements	Equipment	Construction in Progress	Infrastructure	Total
General Activity							
Board of Supervisors - Dist #1	1011	\$	\$	\$ 70	\$	\$ -	\$ 70
Board of Supervisors - Dist #2	1012			91			91
Board of Supervisors - Dist #5	1015			24			24
County Administrative Office	1020			85			85
Clerk of the Board	1030			31			31
Auditor-Controller	1110			169			169
Treasurer	1120			708			708
Assessor	1130	9	1,072	51			1,132
Assessor - Property Tax	1140			125			125
General Services - Mail Services	1151			58			58
Reprographics	1153			226			226
Information Systems	1160			2,786			2,786
County Counsel	1210		48	43	50		141
Personnel	1310			99			99
Elections - County Clerk	1420			6,128			6,128
Communications	1510		22,798	14,127			36,925
General Services**	1610	2,422	70,712	2,732	1,008		76,874
General Services - Construction	1640			19			19
Board of Trade	1812	0	139	49			188
Engineering & Survey Services	1900		1,028	844	85	13,576	15,532
Risk Management	1910			38			38
Total General Activity		<u>2,431</u>	<u>95,798</u>	<u>28,501</u>	<u>1,143</u>	<u>13,576</u>	<u>141,448</u>
Public Safety							
Superior Court	2115	401	40,986				41,388
District Attorney	2180			1,483			1,483
Children Support Services	2183			1,436			1,436
Public Defender	2190		3,809	305			4,115
DA Forensic	2200		139	2,466			2,605
Sheriff	2210	7,105	56,371	27,852			91,328
Probation	2340	219	20,289	3,752	20,166		44,427
Fire	2415	3,498	25,822	31,134	2,912		63,366
Dept. of Ag & Measure Standard	2610	317	2,563	408	0		3,289
Code Compliance	2620			182			182
Building Inspection	2625			925			925
Recorder	2705			1,098			1,098
Resource Management Agency	2730			116			116
Planning	2750			63			63
Animal Control	2760		556	102			658
LAFCO	2770						
Total Public Safety		<u>11,540</u>	<u>150,535</u>	<u>71,323</u>	<u>23,079</u>		<u>256,478</u>
Public Ways							
Road	3000	3,003	6,624	11,805	16	325,591	347,038
Total Public Ways		<u>3,003</u>	<u>6,624</u>	<u>11,805</u>	<u>16</u>	<u>325,591</u>	<u>347,038</u>
Health							
Public Health	4110	209	2,432	614	11,578		14,833
Environmental Health	4113		1,294	433			1,727
Mental Health	4120		2,481	900	6		3,388
Mental Health - Substance Abuse	4123			25			25
Emergency Medical Services	4200			213			213
California Children's Services	4300			25			25
Total Health		<u>209</u>	<u>6,207</u>	<u>2,212</u>	<u>11,584</u>		<u>20,211</u>
Public Assistance							
Human Services	5120	6	2,201	5,845			8,052
Veterans Services	5510		228				228
Aging & Adult Services	5610		240	165			405
Employers Training Resources	5923			1,270			1,270
Community Development Program Agency	5940			39	7		46
Total Public Assistance		<u>6</u>	<u>2,669</u>	<u>7,318</u>	<u>7</u>		<u>10,000</u>
Education							
Library	6210	2,109	25,362	1,096	25		28,592
Farm & Home Advisor	6310			35	1		36
Experimental Farm	6320		506				506
Total Education		<u>2,109</u>	<u>25,868</u>	<u>1,131</u>	<u>26</u>		<u>29,134</u>
Parks & Recreation							
Parks	7100	3,775	37,944	5,378	899		47,995
Total Parks & Recreation		<u>3,775</u>	<u>37,944</u>	<u>5,378</u>	<u>899</u>		<u>47,995</u>
Total Governmental Funds		<u>\$ 23,072</u>	<u>\$ 325,645</u>	<u>\$ 127,669</u>	<u>\$ 36,753</u>	<u>\$ 339,166</u>	<u>\$ 852,305</u>

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

**COUNTY OF KERN
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2006 (IN THOUSANDS)**

Function & Activity	Department #	Governmental Funds			Governmental Funds
		Capital Assets 6/30/2005 Restated *	Additions	Deductions	Capital Assets 6/30/2006
General Activity					
Board of Supervisors - Dist #1	1011	\$ 47	\$ 23	\$	\$ 70
Board of Supervisors - Dist #2	1012	91			91
Board of Supervisors - Dist #5	1015	15	9		24
County Administrative Office	1020	85			85
Clerk of the Board	1030	70		39	31
Auditor-Controller	1110	169			169
Treasurer	1120	698	34	16	716
Assessor	1130	1,132			1,132
Assessor - Property Tax	1140	117	16	8	125
General Services - Mail Services	1151	57			57
Reprographics	1153	226			226
Information Systems	1160	2,770		159	2,611
County Counsel	1210	87	64	9	141
Personnel	1310	98			98
Elections - County Clerk	1420	6,128			6,128
Communications	1510	34,973	14,469	12,594	36,848
General Services	1610	75,953	903	34	76,822
General Services - Construction	1640	18			18
Board of Trade	1812	182	6		188
Engineering & Survey Services	1900	15,028	433		15,461
Risk Management	1910	5	33		38
Total General Activity		<u>137,949</u>	<u>15,988</u>	<u>12,858</u>	<u>141,079</u>
Public Safety					
Superior Court	2115	41,387			41,387
District Attorney	2180	1,829	354	700	1,483
Children Support Services	2183	1,288	149		1,437
Public Defender	2190	4,114			4,114
DA Forensic	2200	2,332	273		2,605
Sheriff	2210	88,691	4,203	1,641	91,254
Probation	2340	43,631	854	95	44,390
Fire	2415	55,367	9,200	851	63,716
Agricultural Commissioner	2610	3,288	7	7	3,288
Code Compliance	2620	127	28	17	138
Building Inspection	2625	714	319		1,033
Recorder	2705	994	118	15	1,097
Resource Management Agency	2730	108	17	10	115
Planning	2750	57	7		64
Animal Control	2760	1,951			1,951
Total Public Safety		<u>245,878</u>	<u>15,529</u>	<u>3,335</u>	<u>258,071</u>
Public Ways					
Road	3000	313,714	34,398	1,063	347,050
Total Public Ways		<u>313,714</u>	<u>34,398</u>	<u>1,063</u>	<u>347,050</u>
Health					
Public Health	4110	14,789	45	0	14,834
Environmental Health	4113	340	130	104	366
Mental Health	4120	3,301	864	782	3,383
Mental Health - Substance Abuse	4123	25			25
Emergency Medical Services	4200	120	222		342
California Children's Services	4300	17	9		26
Total Health		<u>18,592</u>	<u>1,269</u>	<u>886</u>	<u>18,975</u>
Public Assistance					
Human Services	5120	8,091	242	280	8,053
Veterans Services	5510	34			34
Aging & Adult Services	5610	415		10	405
Employers Training Resources	5923	1,109	265	105	1,269
Community Development Program Agency	5940	39	7		46
Total Public Assistance		<u>9,688</u>	<u>514</u>	<u>396</u>	<u>9,806</u>
Education					
Library	6210	31,780	59	3,224	28,616
Farm & Home Advisor	6310	19	1	8	12
Experimental Farm	6320	506			506
Total Education		<u>32,305</u>	<u>60</u>	<u>3,232</u>	<u>29,134</u>
Parks & Recreation					
Parks	7100	45,875	6,884	4,569	48,190
Total Parks & Recreation		<u>45,875</u>	<u>6,884</u>	<u>4,569</u>	<u>48,190</u>
Total Governmental Funds		<u>\$ 804,001</u>	<u>\$ 74,643</u>	<u>\$ 26,338</u>	<u>\$ 852,305</u>

* As restated see note II. A.



STATISTICAL SECTION

STATISTICAL SECTION

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Financial Trends	187
<p>The financial trend schedules contain trend information to assist the reader in understanding how the County's financial performance and well-being have changed over time and to help the reader follow the direction the County's economic condition is heading. These schedules also provide information to assist the user in comprehending how spending priorities and funding sources have changed from year to year.</p>	
Revenue Capacity	194
<p>The revenue capacity schedules contain information to help the reader assess the factors affecting the County's ability to generate its most significant revenue source, property taxes. The schedules have information to help the user assess the tax burden on the taxpayers. Information is provided to help the user evaluate whether the County is disproportionately dependent on a single taxpayer.</p>	
Debt Capacity	200
<p>The debt capacity schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future. Information is provided to give users an idea of the burden of debt on the taxpayers, both the direct burden and the portion of debt issued by other governmental entities for which the County's taxpayers are responsible.</p>	
Demographic and Economic Information	206
<p>The demographic and economic information schedules offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place and to help make comparisons over time and with other governments.</p>	
Operating Information	209
<p>The operating information schedules contain information about the county's operations and resources to help the reader understand how the county's financial information relates to the services the county provides and the activities it performs. The schedules provide information to give the user a sense of the size of the County, the types of services it provides, the volume of these services and the non-financial resources used to provide those services.</p>	

Sources: Unless otherwise noted, the information in the statistical schedules is derived from the Comprehensive Annual Financial Reports (CAFR) for the relevant years.



COUNTY OF KERN
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS (IN THOUSANDS)
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental Activities:					
Invested in Capital Assets, Net of Related Debt	\$ 195,245	\$ 217,758	\$ 258,993	\$ 309,886	\$ 417,677
Restricted	27,658	27,478	35,816	35,653	15,349
Unrestricted (deficit)	45,116	46,970	(111,616)	(141,419)	(122,898)
Total Governmental Activities Net Assets	<u>\$ 268,019</u>	<u>\$ 292,206</u>	<u>\$ 183,193</u>	<u>\$ 204,120</u>	<u>\$ 310,128</u>
Business-type Activities:					
Invested in Capital Assets, Net of Related Debt	\$ 90,467	\$ 92,288	\$ 92,994	\$ 94,418	\$ 124,631
Restricted	5,935	7,623	9,701	9,724	8,428
Unrestricted (deficit)	(25,329)	(34,857)	(39,612)	(37,436)	(52,275)
Total Business-type Activities Net Assets	<u>\$ 71,073</u>	<u>\$ 65,054</u>	<u>\$ 63,083</u>	<u>\$ 66,706</u>	<u>\$ 80,784</u>
Primary Government:					
Invested in Capital Assets, Net of Related Debt	\$ 285,712	\$ 310,046	\$ 351,987	\$ 404,304	\$ 542,308
Restricted	33,593	35,101	45,517	45,377	23,777
Unrestricted (deficit)	19,787	12,113	(151,228)	(178,855)	(175,173)
Total Primary Government Net Assets	<u>\$ 339,092</u>	<u>\$ 357,260</u>	<u>\$ 246,276</u>	<u>\$ 270,826</u>	<u>\$ 390,912</u>

Note: The County did not begin reporting government-wide statements until it was implemented by GASB Statement 34 in 2002.

COUNTY OF KERN
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS (IN THOUSANDS)
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	2002	2003	2004	2005	2006
Governmental Activities:					
Expenses:					
General Government	\$ 74,021	\$ 86,271	\$ 67,409	\$ 78,057	\$ 82,788
Public Protection	312,049	311,333	325,240	342,347	374,303
Public Ways and Facilities	24,837	36,774	29,721	22,146	38,348
Health and Sanitation	137,690	158,830	180,518	194,836	126,815
Public Assistance	344,798	354,479	349,772	369,097	381,836
Education	9,131	10,697	8,596	8,852	9,002
Culture and Recreation	9,608	7,790	4,923	12,915	10,556
Interest on Short and Long-term Debt	20,606	14,396	38,204	39,428	41,864
Total Expenses	<u>932,740</u>	<u>980,570</u>	<u>1,004,383</u>	<u>1,067,678</u>	<u>1,065,512</u>
Program Revenues:					
Charges for Services:					
General Government	51,985	54,658	49,552	55,580	53,668
Public Protection	79,011	75,771	81,960	85,930	87,368
Health and Sanitation	78,144	89,824	110,355	120,522	48,041
Other	12,341	13,466	13,281	17,186	18,310
Operating Grants and Contributions	601,913	616,677	596,585	595,660	606,855
Capital Grants and Contributions		5,619	10,037	9,165	6,564
Total Program Revenues	<u>823,394</u>	<u>856,015</u>	<u>861,770</u>	<u>884,043</u>	<u>820,806</u>
Total Governmental Activities, Net Program Expenses	<u>(109,346)</u>	<u>(124,555)</u>	<u>(142,613)</u>	<u>(183,635)</u>	<u>(244,706)</u>
General Revenues:					
Taxes:					
Property Taxes	129,580	139,434	109,176	148,204	181,729
Vehicle License Taxes ^a				43,739	61,061
Aircraft Taxes	117	175	247	150	156
Sales and Use Taxes	23,047	22,808	22,804	27,423	33,182
Transient Occupancy Tax	1,551	1,172	1,300	1,338	1,414
Transfer Taxes	2,040	2,780	3,612	5,909	7,402
Other Taxes	800	963	942	590	795
Grants and Contributions not Restricted to Specific Programs:					
Unrestricted Investment Earnings	11,770	12,312	8,819	10,502	14,682
Miscellaneous	1,998	2,413	1,244	3,041	20,488
Gain on Sale of Capital Assets					
Special Items	83,922				
Transfers	<u>(19,182)</u>	<u>(31,767)</u>	<u>(25,520)</u>	<u>(30,166)</u>	<u>(36,337)</u>
Total General Revenues and Transfers	<u>235,643</u>	<u>150,290</u>	<u>122,624</u>	<u>210,730</u>	<u>284,572</u>
Total Governmental Activities Change in Net Assets	<u>\$ 126,297</u>	<u>\$ 25,735</u>	<u>\$ (19,989)</u>	<u>\$ 27,095</u>	<u>\$ 39,866</u>

Notes:

The County did not begin reporting government-wide statements until it was implemented by GASB Statement 34 in 2002.

^a Due to a change in the State's method of distribution, beginning in fiscal year 04-05, vehicle license fees of \$43,739 are reported separately as vehicle license taxes. In prior years, they were reported under operating grants and contributions.

	Fiscal Year				
	2002	2003	2004	2005	2006
Business-type Activities:					
Expenses:					
Airports	\$ 4,413	\$ 3,888	\$ 4,427	\$ 5,608	\$ 6,223
County Sanitation Districts	2,327	2,328	2,778	3,061	3,429
Golf Course	4,718	4,555	4,438	4,400	4,725
Kern Medical Center	197,543	167,710	188,031	192,186	240,742
Public Transportation	3,951	5,153	5,174	5,376	5,652
Universal Collection	5,997	5,962	6,710	7,557	7,930
Waste Management	25,599	28,514	28,295	26,631	36,237
Total Expenses	<u>244,548</u>	<u>218,110</u>	<u>239,853</u>	<u>244,819</u>	<u>304,938</u>
Revenues:					
Charges for Services:					
Airports	2,694	2,548	2,480	2,905	3,396
County Sanitation Districts	2,451	2,510	2,463	3,124	3,580
Golf Course	4,799	4,492	4,340	4,368	4,937
Kern Medical Center	136,606	93,626	106,453	153,310	205,985
Public Transportation	3,232	3,865	3,230	5,009	4,567
Universal Collection	5,850	5,926	7,434	7,853	8,390
Waste Management	22,857	23,234	29,725	31,236	32,960
Operating Grants and Contributions	24,679	34,275	49,654	686	1,853
Capital Grants and Contributions	5,649	1,283	5,626	4,505	9,674
Total Revenues	<u>208,817</u>	<u>171,759</u>	<u>211,405</u>	<u>212,996</u>	<u>275,342</u>
Total Business-type Activities, Net Program Expenses	<u>(35,731)</u>	<u>(46,351)</u>	<u>(28,448)</u>	<u>(31,823)</u>	<u>(29,596)</u>
General Revenues:					
Grants and Contributions not Restricted to Specific Programs:					
Unrestricted Investment Earnings	3,451	1,929	797	1,294	1,404
Miscellaneous	676	2,441	2,895	3,575	3,593
Gain on Sale of Capital Assets				52	(4)
Transfers	19,182	31,767	25,520	30,166	36,337
Total General Revenues and Transfers	<u>23,309</u>	<u>36,137</u>	<u>29,212</u>	<u>35,087</u>	<u>41,330</u>
Total Business-type Activities Change in Net Assets	<u>\$ (12,422)</u>	<u>\$ (10,214)</u>	<u>\$ 764</u>	<u>\$ 3,264</u>	<u>\$ 11,734</u>
Total Primary Government Change in Net Assets	<u>\$ 113,875</u>	<u>\$ 15,521</u>	<u>\$ (19,225)</u>	<u>\$ 30,359</u>	<u>\$ 51,600</u>

COUNTY OF KERN
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS (IN THOUSANDS)
 (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	1997	1998	1999	2000	2001
General Fund Balances					
Reserved	\$ 39,858	\$ 36,109	\$ 49,558	\$ 33,233	\$ 42,637
Unreserved	(2,314)	21,517	7,452	28,665	25,340
Total General Fund Balances	<u>\$ 37,544</u>	<u>\$ 57,626</u>	<u>\$ 57,010</u>	<u>\$ 61,898</u>	<u>\$ 67,977</u>
All Other Governmental Fund Balances					
Reserved	\$ 73,077	\$ 58,738	\$ 69,039	\$ 97,060	\$ 95,641
Unreserved, reported in:					
Special Revenue Funds	(535)	2,410	(10,050)	12,971	36,916
Capital Project Funds	32,516	209	(2,627)	(18,120)	(6,320)
Debt Service		38,169	46,379	44,718	33,186
Total All Other Governmental Fund Balances	<u>\$ 105,058</u>	<u>\$ 99,526</u>	<u>\$ 102,741</u>	<u>\$ 136,629</u>	<u>\$ 159,423</u>

					Fiscal Year	
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>		
\$ 55,027	\$ 67,965	\$ 27,552	\$ 22,892	\$ 45,409	General Fund Balances	
37,246	30,349	46,148	56,413	80,986	Reserved	
\$ 92,273	\$ 98,314	\$ 73,700	\$ 79,305	\$ 126,395	Unreserved	
					Total General Fund Balances	
\$ 107,531	\$ 100,131	\$ 101,974	\$ 56,889	\$ 45,301	All Other Governmental Fund Balances	
					Reserved	
23,954	43,386	33,151	69,451	69,210	Unreserved, reported in:	
80,321	66,646	64,662	60,930	57,068	Special Revenue Funds	
					Capital Project Funds	
					Debt Service	
\$ 211,806	\$ 210,163	\$ 199,787	\$ 187,270	\$ 171,579	Total All Other Governmental Fund Balances	

COUNTY OF KERN
CHANGES IN FUND BALANCES
LAST TEN FISCAL YEARS (IN THOUSANDS)
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year				
	1997	1998	1999	2000	2001
Revenues:					
Taxes	\$ 124,323	\$ 138,034	\$ 132,131	\$ 139,328	\$ 143,060
Licenses, Permits and Franchises	8,453	8,582	9,710	9,492	12,293
Fines, Forfeitures and Penalties	7,669	12,697	13,926	17,248	17,618
Revenues from Use of Money and Property	10,315	11,840	12,061	13,038	19,543
Aid from Other Governmental Agencies	421,008	440,414	464,590	521,590	577,078
Charges for Current Services	80,267	88,679	105,232	116,471	132,038
Other Revenues	52,987	73,467	107,422	88,256	78,482
Total Revenues	705,022	773,713	845,072	905,423	980,112
Expenditures					
Current:					
General Government	52,337	57,246	66,343	66,461	69,040
Public Protection	227,549	245,748	251,602	264,142	300,742
Health and Sanitation	97,355	120,616	136,385	157,362	152,334
Public Assistance	262,503	251,601	281,877	309,570	334,562
Education	7,064	7,663	7,365	7,449	8,377
Recreation and Cultural Services	8,769	9,010	9,397	9,440	9,843
Public Ways and Facilities	20,806	24,295	24,138	24,194	36,632
Capital Outlay	8,966	14,038	7,411	8,478	17,455
Debt Service:					
Principal	5,300	6,962	7,406	8,079	9,816
Interest	14,223	14,759	13,620	13,590	14,139
Total Expenditures	704,872	751,938	805,544	868,765	952,940
Excess (deficiency) of Revenues over Expenditures	150	21,775	39,528	36,658	27,172
Other Financing Sources (Uses):					
Transfers In	8,938	29,822	25,654	8,029	27,137
Transfers Out	(20,080)	(45,765)	(43,040)	(24,791)	(46,387)
Proceeds from Long-term Debt		1,400		16,815	
Inception of Capital Leases	4,128	5,211	3,658	2,365	3,600
Proceeds from Pension Obligation Bonds	92				
Proceeds from Issuance of Certificates of Participation	12,045				
Total Other Financing Sources (Uses)	5,123	(9,332)	(13,728)	2,418	(15,650)
Net Changes in Fund Balances (Deficits)	\$ 5,273	\$ 12,443	\$ 25,800	\$ 39,076	\$ 11,522
Debt Service as a Percentage of Non-Capital Expenditures	2.82%	3.01%	2.87%	2.56%	2.61%

Fiscal Year					
2002	2003	2004	2005	2006	
158,277	\$ 168,142	\$ 138,075	\$ 226,259	\$ 282,594	Revenues:
13,609	11,988	13,276	15,084	14,786	Taxes
23,787	17,878	21,009	23,026	22,058	Licenses, Permits and Franchises
13,466	13,246	8,540	10,549	15,403	Fines, Forfeitures and Penalties
621,690	624,447	603,631	604,825	613,417	Revenues from Use of Money and Property
129,066	124,171	135,431	142,872	151,193	Aid from Other Governmental Agencies
146,829	91,856	105,810	119,878	42,073	Charges for Current Services
1,106,724	1,051,728	1,025,772	1,142,493	1,141,524	Other Revenues
					Total Revenues
					Expenditures
					Current:
76,860	87,676	85,318	77,566	82,454	General Government
316,154	321,502	327,726	347,724	378,004	Public Protection
144,518	161,553	180,341	196,003	127,005	Health and Sanitation
370,226	355,787	350,059	368,630	381,301	Public Assistance
8,909	10,258	8,055	8,313	8,610	Education
10,591	10,268	11,231	12,489	12,168	Recreation and Cultural Services
27,533	28,380	29,337	30,649	43,419	Public Ways and Facilities
10,363	11,808	24,264	7,284	9,878	Capital Outlay
					Debt Service:
11,724	13,277	16,197	32,933	20,563	Principal
15,215	14,356	27,290	31,905	33,646	Interest
992,093	1,014,865	1,059,818	1,113,496	1,097,048	Total Expenditures
114,631	36,863	(34,046)	28,997	44,476	Excess (deficiency) of Revenues over Expenditures
					Other Financing Sources (Uses):
108,943	115,710	105,977	122,073	124,528	Transfers In
(128,124)	(147,412)	(131,018)	(152,352)	(161,174)	Transfers Out
		3,943			Proceeds from Long-term Debt
5,496	786	12,762	539	6,110	Inception of Capital Leases
					Proceeds from Pension Obligation Bonds
					Proceeds from Issuance of Certificates of Participation
(13,685)	(30,916)	(8,336)	(29,740)	(30,536)	Total Other Financing Sources (Uses)
100,946	\$ 5,947	\$ (42,382)	\$ (743)	\$ 13,940	Net Changes in Fund Balances (Deficits)
2.85%	2.83%	4.50%	6.16%	5.31%	Debt Service as a Percentage of Non-Capital Expenditures

COUNTY OF KERN
ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY (UNAUDITED)
LAST TEN FISCAL YEARS (IN THOUSANDS)

<u>Fiscal Year</u>	<u>Secured^a</u>	<u>Unsecured^b</u>	<u>Unitary^c</u>	<u>Exempt^d</u>	<u>Total Taxable Assessed Value^e</u>	<u>Total Direct Tax Rate</u>
1996 - 97	\$ 33,089,900	\$ 1,535,393	\$ 58,200	\$ (686,854)	\$ 33,996,639	1.00000%
1997 - 98	35,522,963	1,543,468	58,310	(693,904)	36,430,837	1.00000%
1998 - 99	33,661,268	1,581,815	69,813	(695,812)	34,617,084	1.00000%
1999 - 2000	37,362,205	1,704,021	67,276	(697,820)	38,435,682	1.00000%
2000 - 01	39,848,255	1,883,311	64,469	(698,741)	41,097,294	1.00000%
2001 - 02	42,508,854	1,992,752	66,134	(701,819)	43,865,921	1.00000%
2002 - 03	41,247,985	1,967,394	62,346	(709,555)	42,568,170	1.00000%
2003 - 04	41,703,496	1,994,348	1,881,874	(716,482)	44,863,236	1.00000%
2004 - 05	45,389,639	2,065,833	1,686,769	(722,479)	48,419,762	1.00000%
2005 - 06	53,029,946	2,196,607	1,614,145	(731,138)	56,109,560	1.00000%

Notes:

^a Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.

^b Unsecured property is generally personal property including machinery, equipment, office tools and supplies.

^c Unitary properties are railroads and utilities crossing the county and are assessed by the State Board of Equalization.

^d Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.

^e Due to 1978 passage of the property tax initiative Proposition 13 (Prop 13) the County does not track the estimated actual value of all County properties. Under Prop. 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

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



**COUNTY OF KERN
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(RATE PER \$1,000 OF ASSESSED VALUE)**

	Fiscal Year				
	1997	1998	1999	2000	2001
County of Kern					
Total County Rate	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%
Range of Overlapping Rates					
Total City Rate					
City of Bakersfield	.03996% to .04271%	0% to 0.04242%			
Total School District Rate	.00656% to .17802%	.00643% to .14203%	.00422% to .18550%	.01124% to .16148%	.01009% to .20786%
Total Special District Rate	.00169% to .31250%	.00573% to .31250%	.00368% to .31250%	.00506% to .31250%	.00458% to .31250%

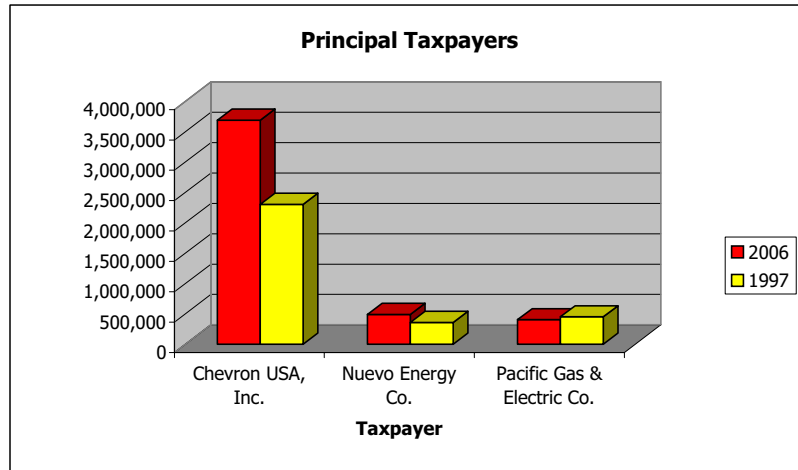
Note: For the years 1999 to 2006, there was no City Rate for the City of Bakersfield.

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

Fiscal Year					
2002	2003	2004	2005	2006	
1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	County of Kern Total County Rate
					Range of Overlapping Rates Total City Rate City of Bakersfield
.00564% to .17094%	.01358% to .18265%	.00618% to .18853%	.00497% to .09654%	.00064% to .09683%	Total School District Rate
.00402% to .31250%	.00545% to .31250%	.00609% to .31250%	.00585% to .31250%	.00279% to .31250%	Total Special District Rate

**COUNTY OF KERN
PRINCIPAL PROPERTY TAXPAYERS
JUNE 30, 2006 (IN THOUSANDS)**

TAXPAYER	2006				1997			
	TAXABLE ASSESSED VALUE	RANK	TOTAL TAX	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE	TAXABLE ASSESSED VALUE	RANK	TOTAL TAX	PERCENTAGE OF TOTAL TAXABLE ASSESSED VALUE
Chevron USA, Inc.	\$ 3,689,675	1	\$ 39,419	8.39%	\$ 2,301,468	3	\$ 24,084	5.24%
Occidental of Elk Hills Inc.	3,427,306	2	36,492	7.80%	-	-	-	-
Aera Energy Co.	3,214,334	3	33,351	7.31%	-	-	-	-
Nuevo Energy Co.	490,011	4	5,136	1.11%	358,513	8	3,663	0.82%
La Paloma Generating Trust Ltd.	485,006	5	5,038	1.10%	-	-	-	-
Pastoria Energy Facility, LLC	432,500	6	4,915	0.98%	-	-	-	-
Pacific Gas & Electric Co.	404,037	7	4,894	0.92%	451,729	7	5,177	1.03%
Sunrise Power Company, LLC	375,100	8	3,962	0.85%	-	-	-	-
Elk Hills Power, LLC	335,200	9	3,581	0.76%	-	-	-	-
U S Borax, Inc.	322,171	10	3,479	0.73%	-	-	-	-
Texaco Production/Co-Generation	-	-	-	-	2,798,649	1	30,274	6.37%
Calresources LLC	-	-	-	-	2,695,436	2	27,654	6.13%
Mobile Oil/West Coast Pipeline	-	-	-	-	1,588,582	4	16,383	3.61%
Monterey Resources/ So. Belridge	-	-	-	-	949,599	5	9,754	2.16%
Atlantic Richfield Co.	-	-	-	-	688,078	6	7,064	1.57%
Pacific Bell	-	-	-	-	262,614	9	3,009	0.60%
Berry Petroleum	-	-	-	-	288,478	10	2,942	0.66%
Total	\$ 13,175,340		\$ 140,267	29.97%	\$ 12,383,146		\$ 130,004	28.17%



Source: The 1997 information was obtained from the Kern County, June 30, 1997 CAFR. The 2006 information was obtained from the Treasurer - Tax Collector, County of Kern.



**COUNTY OF KERN
PROPERTY TAX LEVIES AND COLLECTIONS
JUNE 30, 2006 (IN THOUSANDS)**

	Fiscal Year				
	1997^a	1998^a	1999^a	2000^a	2001^a
Original Levy	\$ 467,094	\$ 486,580	\$ 477,029	\$ 520,759	\$ 543,023
Adjustments to Original Levy	N/A	N/A	N/A	(21,886)	(5,128)
Taxes Levied	N/A	N/A	N/A	498,873	537,895
Collected within the Fiscal Year of the Levy: ^c					
Amount	\$ 448,038	\$ 467,703	\$ 457,245	\$ 489,164	\$ 527,763
Percentage of Adjusted Levy	N/A	N/A	N/A	98.05%	98.12%
Collections in subsequent years	6,535	5,845	6,277	6,384	(2,974)
Total Collections to Date:					
Amount	\$ 453,585	\$ 465,608	\$ 460,202	\$ 495,549	\$ 524,789
Percentage of Adjusted Levy	N/A	N/A	N/A	99.33%	97.56%

Notes:

^a Denotes only Secured and Unsecured Property Taxes.

^b Denotes Secured, Unsecured and Supplemental Property Taxes.

^c The above amounts do not include any penalties collected or any penalties due with delinquency amount.

N/A - Adjusted levy information is not available during this period.

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

Fiscal Year						
2002^b	2003^b	2004^b	2005^b	2006^b		
\$ 596,411	\$ 599,911	\$ 638,344	\$ 698,397	\$ 808,644		Original Levy
(5,160)	19,541	(4,780)	(1,546)	(1,372)		Adjustments to Original Levy
591,251	619,452	633,564	696,851	807,272		Taxes Levied Collected within the Fiscal Year of the Levy: ^c
\$ 569,461	\$ 600,525	\$ 611,060	\$ 669,983	\$ 763,771		Amount
96.31%	96.94%	96.45%	96.14%	94.61%		Percentage of Adjusted Levy
13,129	17,231	16,621	18,461	17,938		Collections in subsequent years
						Total Collections to Date:
\$ 582,590	\$ 617,756	\$ 627,680	\$ 688,444	\$ 781,709		Amount
98.54%	99.73%	99.07%	98.79%	96.83%		Percentage of Adjusted Levy

**COUNTY OF KERN
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITIA)**

	Fiscal Year				
	1997	1998	1999	2000	2001
Governmental Activities:					
Capital Leases	\$ 4,084	\$ 7,150	\$ 7,441	\$ 6,788	\$ 6,738
Certificates of Participation	113,045	106,360	99,000	97,785	88,745
Bonds Payable	-	-	255	240	225
Loans Payable	761	2,118	671	10,000	9,250
Pension Obligation Bonds	193,187	193,187	185,461	185,462	185,621
Total Governmental Activities	<u>311,077</u>	<u>308,815</u>	<u>292,828</u>	<u>300,275</u>	<u>290,579</u>
Business-type Activities:					
Capital Leases	74	115	36	70	70
Certificates of Participation	40,815	37,945	31,775	45,430	42,115
Landfill Closure / Post-closure Costs	-	-	-	-	-
Pension Obligation Bonds	34,443	34,443	34,317	33,836	33,777
Total Business-type Activities	<u>75,332</u>	<u>72,503</u>	<u>66,128</u>	<u>79,336</u>	<u>75,962</u>
Total Primary Government	<u>\$ 386,409</u>	<u>\$ 381,318</u>	<u>\$ 358,956</u>	<u>\$ 379,611</u>	<u>\$ 366,541</u>
Percentage of Personal Income ^a	3.22%	3.18%	2.99%	3.16%	3.05%
Per Capita ^b	607	592	554	569	545

Notes:

^a Refer to the "Demographic and Economic Statistics" for the personal income figures.

^b Refer to the "Demographic and Economic Statistics" for the population figures. This ratio is calculated using population for the latest calendar year for each corresponding fiscal year.

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

Fiscal Year					
2002	2003	2004	2005	2006	
\$ 8,728	\$ 6,336	\$ 8,337	\$ 5,364	\$ 7,103	Governmental Activities:
78,970	68,515	56,865	30,320	16,565	Capital Leases
225	225	104,720	103,290	102,640	Certificates of Participation
8,455	9,390	11,868	10,307	8,380	Bonds Payable
184,548	470,802	467,929	463,987	458,849	Loans Payable
<u>280,926</u>	<u>555,268</u>	<u>649,719</u>	<u>613,268</u>	<u>593,537</u>	Pension Obligation Bonds
					Total Governmental Activities
48	25	17	3	2	Business-type Activities:
52,790	49,125	58,525	54,530	50,580	Capital Leases
-	-	60,411	58,337	64,241	Certificates of Participation
33,582	33,232	32,709	31,992	31,056	Landfill Closure / Post-closure Costs
<u>86,420</u>	<u>82,382</u>	<u>151,662</u>	<u>144,862</u>	<u>145,879</u>	Pension Obligation Bonds
<u>\$ 367,346</u>	<u>\$ 637,650</u>	<u>\$ 801,381</u>	<u>\$ 758,130</u>	<u>\$ 739,416</u>	Total Business-type Activities
					Total Primary Government
3.06%	5.31%	6.68%	6.32%	6.16%	Percentage of Personal Income ^a
533	898	1,094	1,007	960	Per Capita ^b

**COUNTY OF KERN
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS (IN THOUSANDS, EXCEPT PER CAPITIA)**

	Fiscal Year				
	1997	1998	1999	2000	2001
Governmental Activities:					
Certificates of Participation	\$ 113,045	\$ 106,360	\$ 99,000	\$ 97,785	\$ 88,745
Capital Leases	4,084	7,150	7,441	6,789	6,738
Notes Payable	761	2,118	671	10,622	9,250
Bonds Payable	<u>193,187</u>	<u>193,187</u>	<u>185,716</u>	<u>185,701</u>	<u>185,846</u>
Total Governmental Activities	<u>311,077</u>	<u>308,815</u>	<u>292,828</u>	<u>300,897</u>	<u>290,579</u>
Business-type Activities:					
Certificates of Participation	40,815	37,945	31,775	45,430	42,115
Capital Leases	74	115	36	70	70
Notes Payable					
Bonds Payable	<u>34,443</u>	<u>34,443</u>	<u>34,317</u>	<u>33,836</u>	<u>33,777</u>
Total Business-type Activities	<u>75,332</u>	<u>72,503</u>	<u>66,128</u>	<u>79,336</u>	<u>75,962</u>
Total Primary Government	<u>\$ 386,409</u>	<u>\$ 381,318</u>	<u>\$ 358,956</u>	<u>\$ 380,233</u>	<u>\$ 366,541</u>
Percentage of Assessed Value ^a	1.14%	1.05%	1.04%	0.99%	0.89%
Per Capita ^b	613	597	555	575	544

Notes:

^a See the "Assessed Value of Taxable Property and Actual Value of Property" table for total taxable assessed value.

^b See the "Demographic and Economic Statistics" table for population figures.

Fiscal Year					
<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	
\$ 78,970	\$ 68,515	\$ 56,865	\$ 30,320	\$ 16,565	Governmental Activities:
8,728	6,336	8,337	5,364	7,103	Certificates of Participation
8,455	9,390	11,868	10,307	8,380	Capital Leases
<u>184,773</u>	<u>471,027</u>	<u>572,649</u>	<u>567,277</u>	<u>561,489</u>	Notes Payable
<u>280,926</u>	<u>555,268</u>	<u>649,719</u>	<u>613,268</u>	<u>593,537</u>	Bonds Payable
					Total Governmental Activities
52,790	49,125	58,525	54,530	50,580	Business-type Activities:
48	25	17	3	3	Certificates of Participation
					Capital Leases
<u>33,582</u>	<u>33,232</u>	<u>32,709</u>	<u>31,992</u>	<u>31,057</u>	Notes Payable
<u>86,420</u>	<u>82,382</u>	<u>91,251</u>	<u>86,525</u>	<u>81,640</u>	Bonds Payable
					Total Business-type Activities
\$ <u>367,346</u>	\$ <u>637,650</u>	\$ <u>740,970</u>	\$ <u>699,793</u>	\$ <u>675,177</u>	Total Primary Government
0.84%	1.50%	1.65%	1.45%	1.20%	Percentage of Assessed Value ^a
532	898	1,012	929	876	Per Capita ^b

**COUNTY OF KERN
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2006 (IN THOUSANDS)**

2005 - 2006 Assessed Value (includes unitary utility valuation)	\$ 58,325,851,000
Redevelopment Incremental Valuation ^a	<u>1,730,761,000</u>
Adjusted Assessed Valuation	<u>\$ 56,595,090,000</u>

	<u>Debt 05/01/06</u>	<u>Percentage Applicable</u>
Overlapping Tax and Assessment Debt		
Kern Community College Safety, Repair and Improvement District	\$ 65,545,000	.92010
West Kern Community College District	15,853,000	100.
Mojave Unified School District School Facilities Improvement District No. 1	15,345,000	100.
Tehachapi Unified School District	21,575,000	100.
Other Unified School Districts	20,276,000	100.
Kern High School District	132,010,000	100.
Other Union High School District	17,808,000	72.007 - 100.
Bakersfield School District	23,220,000	100.
Delano Union School District	38,793,000	100.
Fruitvale School District	11,905,000	100.
Greenfield Union School District	10,545,000	100.
Taft School District	17,034,000	100.
Other School Districts	90,338,000	100.
City of Bakersfield	1,055,000	100.
Water Districts	4,538,000	Various
Water Storage Districts	17,352,000	100.
Tehachapi Valley Healthcare District	9,725,000	100.
Bear Valley Community Services District, I.D. No. 2	6,090,000	100.
Community Facilities Districts	60,890,000	100.
1915 Act Bonds (Estimated)	<u>112,523,000</u>	100.
Total Gross Overlapping Tax and Assessment Debt	\$ 692,420,000	
Less:		
City of Bakersfield Water Bonds (100% self-supporting)	1,055,000	
Water Storage Districts (100% self-supporting)	8,357,000	
Cawelo Water District (100% self-supporting)	<u>935,000</u>	
Total Net Overlapping Tax and Assessment Debt	<u>\$ 682,073,000</u>	
Overlapping General Fund Debt		
Kern County Board of Education Certificates of Participation	\$ 44,085,000	100.
Community College District Certificates of Participation	91,229,000	Various
Kern High School District Certificates of Participation	95,300,000	100.
Other High School Certificates of Participation	1,055,000	Various
Unified School District General Fund Obligations	22,602,000	Various
School District General Fund Obligations	41,450,000	100.
City of Bakersfield General Fund Obligations	34,805,000	100.
City of Ridgecrest Certificates of Participation	9,870,000	100.
Other City General Fund Obligations	<u>1,624,000</u>	100.
Total Overlapping General Fund Debt	\$ 342,020,000	
Total Net Overlapping Debt	<u>\$ 1,024,093,000</u>	
Direct General Fund Debt		
Kern County Certificates of Participation	\$ 73,807,000 ^b	100.
Kern County Pension Obligations	<u>489,906,000^b</u>	100.
Total Direct General Fund Debt	563,713,000	
Total Gross Direct and Overlapping Debt	\$ 1,598,153,000^c	
Total Net Direct and Overlapping Debt	<u>\$ 1,587,806,000</u>	

Notes:

^a Redevelopment incremental valuation refers to the difference between base year assessed value and current year assessed value of properties in areas designated for redevelopment. Base year assessed value is the agreed upon value of a property at the time.

^b Excludes tax and revenue anticipation notes to be sold.

^c Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2005 - 2006 Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	1.19%
Total Net Overlapping Tax and Assessment Debt	1.17%

Ratios to Adjusted Assess Valuation:

Combined Direct Debt (\$563,716,067)	1.00%
Gross Combined Total Debt	2.82%
Net Combined Total Debt	2.81%

Source: 2006 - 2007 TRAN

**COUNTY OF KERN
COMPUTATION OF LEGAL DEBT MARGIN
JUNE 30, 2006 (IN THOUSANDS)**

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

**COUNTY OF KERN
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

	Year ^a				
	1997	1998	1999	2000	2001
Population ^b	630,800	638,200	647,000	661,645	673,625
Personal Income (in Thousands) ^c	12,001,460	12,800,334	13,091,618	13,891,434	14,704,822
Per Capita Personal Income ^f	19,026	20,057	20,234	20,995	21,829
Unemployment Rate County of Kern ^d	13.4%	13.1%	12.2%	10.8%	11.4%
School Enrollment ^e	140,038	141,619	143,671	146,097	147,988

Notes:

^a Calendar year

^b Population as of January 1, source U.S. Census Bureau; all others estimated by California Department of Finance.

For years 2005 and 2006 estimated by California Department of Transportation, Kern County Economic Forecast.

^c Bureau of Economic Analysis, U.S. Department of Commerce. Figures are for the calendar year

^d Labor Market Information, California Employment Development Department

^e Educational Demographics Unit, California Department of Education

^f Kern County Economic Forecast

Year ^a					
2002	2003	2004	2005	2006	
690,599	710,064	732,401	753,070	770,424	Population ^b
15,684,043	16,371,293	17,100,000	18,000,000	18,900,000	Personal Income (in Thousands) ^c
22,711	23,056	23,348	22,483	22,704	Per Capita Personal Income ^f
10.8%	12.2%	12.4%	9.1%	7.6%	Unemployment Rate County of Kern ^d
150,790	154,913	160,157	165,817	170,362	School Enrollment ^e

**COUNTY OF KERN
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

June 30, 2006

EMPLOYER	EMPLOYEES	RANK	PERCENTAGE OF TOTAL COUNTY	INDUSTRY
Edwards Air Force Base	18,000	1	6.55%	Federal Government - National Security
Kern County Public Schools	17,775	2	6.47%	Federal Government - National Security
County of Kern	7,500	3	2.73%	County Government
China Lake Naval Air Weapons Station	5,390	4	1.96%	Federal Government - National Security
Grimmway Enterprises	5,000	5	1.82%	Farms
Giumarra Vineyards	4,000	6	1.46%	Farms
Esparza Enterprises	3,600	7	1.31%	Agriculture Labor
Catholic Healthcare West	2,650	8	0.96%	Health Care
William Bolthouse Farms, Inc.	2,350	9	0.86%	Farms
Sunview Vineyards	2,000	10	0.73%	Farms
Total	68,265		24.84%	

June 30, 1997

EMPLOYER^a	EMPLOYEES^a	RANK	PERCENTAGE OF TOTAL COUNTY	INDUSTRY
Edwards Air Force Base	19,723	1	8.33%	Federal Government - National Security
Kern County Public Schools	14,626	2	6.18%	Federal Government - National Security
County of Kern	6,210	3	2.62%	County Government
China Lake Naval Air Weapons Station	5,906	4	2.50%	Federal Government - National Security
Grimmway Enterprises	5,974	5	2.52%	Farms
Giumarra Vineyards	4,779	6	2.02%	Farms
Esparza Enterprises	4,301	7	1.82%	Agriculture Labor
Catholic Healthcare West	1,900	8	0.80%	Health Care
William Bolthouse Farms, Inc.	2,808	9	1.19%	Farms
Sunview Vineyards	2,389	10	1.01%	Farms
Total	68,616		28.99%	

Note:

^a The information for 1997 was not available. An estimate was obtained using information from the Kern Employment Development Department.

Sources:

Kern Economic Development Corporation, Labor Market Information Division
Kern Employment Development Department



**COUNTY OF KERN
FULL - TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function / Program	FULL - TIME EQUIVALENT EMPLOYEES AS OF JUNE 30				
	1997	1998	1999	2000	2001
General Government:					
Assessor	93	94	93	92	95
Information Technology	61	59	60	58	58
County Counsel	51	54	56	55	61
Other	405	393	402	398	424
Public Protection:					
District Attorney	151	161	160	165	195
Public Defender	66	73	72	72	76
Sheriff - Coroner	915	947	1,018	1,019	1,072
Probation	359	361	380	394	406
Fire Department	474	482	476	487	507
Other	668	684	714	705	720
Public Ways & Facilities:					
Roads	144	145	144	150	150
Health and Sanitation:					
Public Health	193	199	198	204	227
Mental Health Services	240	272	331	362	374
Other	126	134	153	173	182
Public Assistance:					
Human Services	968	994	1,063	1,076	1,223
Other	95	131	165	259	268
Education:					
Library	94	97	97	98	98
Other	6	6	6	6	6
Culture & Recreation	132	123	121	121	121
Airports	19	19	21	20	19
Kern Medical Center	1,120	898	943	970	1,059
Public Transportation	4	3	3	3	3
Waste Management	84	80	82	81	80
Total Full - Time Employees	6,468	6,409	6,758	6,968	7,424

Source: Auditor - Controller - County Clerk - COLD System

FULL - TIME EQUIVALENT EMPLOYEES AS OF JUNE 30					Function / Program
2002	2003	2004	2005	2006	
93	89	90	85	86	General Government:
63	62	61	60	56	Assessor
61	67	66	68	73	Information Technology
416	399	368	357	362	County Counsel
					Other
214	206	195	185	423	Public Protection:
78	78	76	77	81	District Attorney
1,081	1,059	1,044	1,050	1,084	Public Defender
433	421	444	435	456	Sheriff - Coroner
537	530	532	537	552	Probation
464	476	460	441	200	Fire Department
					Other
160	154	161	147	156	Public Ways & Facilities:
					Roads
257	265	257	260	298	Health and Sanitation:
409	394	396	409	453	Public Health
189	189	154	166	123	Mental Health Services
					Other
1,280	1,184	1,217	1,309	1,375	Public Assistance:
288	263	255	247	242	Human Services
					Other
156	149	141	138	131	Education:
6	5	5	6	6	Library
					Other
116	111	109	109	106	Culture & Recreation
19	18	17	18	22	Airports
1,358	1,328	1,336	1,310	1,398	Kern Medical Center
4	4	3	3	3	Public Transportation
82	84	106	107	110	Waste Management
<u>7,764</u>	<u>7,535</u>	<u>7,493</u>	<u>7,524</u>	<u>7,796</u>	Total Full - Time Employees

**COUNTY OF KERN
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS**

Page 1 of 2

Function / Program	Fiscal Year				
	1997	1998	1999	2000	2001
Governmental activities:					
General government					
Assessor - Recorder					
Recorded documents	185,964	191,073	211,954	185,879	196,690
County Counsel					
Litigated & administrative hearings	N/A	N/A	N/A	N/A	N/A
Attorneys	N/A	N/A	N/A	N/A	N/A
Attorneys per capita	N/A	N/A	N/A	N/A	N/A
Personnel					
Applications received	11,195	13,377	13,213	12,952	15,740
County Clerk - Elections					
Marriage certificates issued	N/A	3,082	3,552	3,750	4,320
Marriage licenses	N/A	3,920	N/A	4,227	4,713
Wedding ceremonies	N/A	941	N/A	1,021	1,251
Fictitious business names	N/A	3,447	N/A	4,245	4,552
Public Protection					
District Attorney					
Misdemeanors cases filed	N/A	26,966	26,416	27,304	29,587
Felony cases filed	N/A	5,791	5,015	5,195	5,252
Information filed	N/A	1,642	1,982	1,789	1,493
Cases with juries	N/A	334	312	162	249
Public Defender					
Public defense cases accepted/received	N/A	N/A	N/A	N/A	22,637
Public defense cases opened	N/A	N/A	N/A	N/A	18,381
Public defense cases closed	N/A	N/A	N/A	N/A	32,594
Public defense cases closed within 12 months	N/A	N/A	N/A	N/A	32,594
Sheriff - Coroner					
Dispatched calls for service	166,418	168,691	183,458	196,153	217,681
Violent crimes:	4,094	3,733	3,418	3,240	3,275
Homicide	55	55	52	37	39
Forcible rape	191	167	134	175	191
Robbery	964	924	741	658	741
Aggravated assault	2,884	2,587	2,491	2,370	2,304
Property crimes	15,449	14,475	11,958	11,757	12,337
Total larceny - theft	17,629	15,994	14,412	13,773	15,221
Bookings	N/A	N/A	38,778	40,741	42,547
Fingerprints	N/A	N/A	N/A	N/A	N/A
Fire Department					
Total incident calls	N/A	N/A	N/A	N/A	23,057
Fire calls	N/A	N/A	N/A	N/A	2,712
Fireworks explosion (no fire) calls	N/A	N/A	N/A	N/A	5
Illegal fireworks complaint calls	N/A	N/A	N/A	N/A	1
EMS / rescue calls	N/A	N/A	N/A	N/A	14,842
Hazardous condition calls	N/A	N/A	N/A	N/A	1,680
Public service calls	N/A	N/A	N/A	N/A	299
False calls	N/A	N/A	N/A	N/A	806

Note: N/A - Information was not available.
Source: County of Kern

Fiscal Year					Function / Program
2002	2003	2004	2005	2006	
233,710	280,713	345,906	397,341	410,684	Governmental activities: General government Assessor - Recorder Recorded documents
N/A	N/A	N/A	1,964	2,325	County Counsel Litigated & administrative hearings
N/A	N/A	N/A	28	28	Attorneys
N/A	N/A	N/A	0.000037	0.000037	Attorneys per capita
14,643	12,075	12,517	17,300	19,531	Personnel Applications received
3,893	4,288	4,388	4,435	4,484	County Clerk - Elections Marriage certificates issued
3,960	3,877	4,321	4,382	4,484	Marriage licenses
1,279	1,389	1,756	1,836	1,944	Wedding ceremonies
4,829	5,701	6,428	7,551	6,993	Fictitious business names
29,666	32,574	34,775	33,419	34,158	Public Protection District Attorney Misdemeanors cases filed
5,830	5,950	6,195	6,579	6,992	Felony cases filed
1,534	1,444	1,195	1,532	1,661	Information filed
228	237	235	169	170	Cases with juries
23,112	25,698	31,152	35,768	34,153	Public Defender Public defense cases accepted/received
18,762	19,710	20,731	20,131	21,262	Public defense cases opened
19,823	20,466	22,330	23,699	29,990	Public defense cases closed
19,823	20,466	22,330	23,699	29,990	Public defense cases closed within 12 months
246,849	257,998	255,326	253,986	125,803	Sheriff - Coroner Dispatched calls for service
3,371	3,742	N/A	N/A	N/A	Violent crimes:
51	46	N/A	N/A	N/A	Homicide
220	203	N/A	N/A	N/A	Forcible rape
779	784	N/A	N/A	N/A	Robbery
2,321	2,709	N/A	N/A	N/A	Aggravated assault
13,903	15,961	N/A	N/A	N/A	Property crimes
15,842	17,743	5,159 ^s	6,838 ^s	6,705 ^s	Total larceny - theft
42,235	42,514	41,709	45,362	48,127	Bookings
N/A	4,607	5,505	6,769	2,850	Fingerprints
28,823	29,960	33,292	34,192	30,510	Fire Department Total incident calls
3,134	3,193	3,498	3,667	3,239	Fire calls
16	27	49	59	22	Fireworks explosion (no fire) calls
282	497	640	802	596	Illegal fireworks complaint calls
17,214	17,421	19,850	20,840	17,786	EMS / rescue calls
1,904	1,705	1,656	1,755	1,465	Hazardous condition calls
667	689	678	334	286	Public service calls
1,770	1,821	1,985	1,927	1,365	False calls

**COUNTY OF KERN
OPERATING INDICATORS BY FUNCTION / PROGRAM
LAST TEN FISCAL YEARS**

Page 2 of 2

Function / Program	Fiscal Year				
	1997	1998	1999	2000	2001
Building Inspection					
Building permits issued	6,001	6,674	6,719	6,556	6,795
Animal Control					
Received calls for response	N/A	N/A	N/A	N/A	N/A
Animals impounded	N/A	23,524	24,494	25,360	22,381
Animals redeemed	N/A	706	581	752	651
Animals adopted	N/A	923	1,645	2,171	2,522
Animals euthanized	N/A	21,159	19,266	19,512	16,443
Public Ways & Facilities					
Roads					
Maintained road lanes (in miles)	6,623.58	6,635.70	6,635.70	6,629.64	6,791.50
Health and Sanitation					
Mental Health Services					
Unique clients served	13,852	15,935	17,064	18,435	19,620
Unique clients served with outpatient services	13,260	15,094	16,580	17,713	18,781
Unique clients served with intensive services	1,390	1,415	1,396	1,642	1,618
Public Assistance					
Aging & Adult Services					
Senior Nutrition participation:					
Congregate senior participants	N/A	N/A	N/A	6,938	6,719
Congregate meals	224,557	219,561	228,508	218,336	207,612
Home delivered senior participants	N/A	N/A	N/A	2,699	2,682
Home delivered meals	268,005	274,599	290,962	301,199	295,449
Human Services					
Number of Children Admitted to Jamison:					
Protective Custody/New Intakes	N/A	N/A	N/A	N/A	2,458
Change of Placement	N/A	N/A	N/A	N/A	359
Children released from Jamison	N/A	N/A	N/A	N/A	2,716
Average day stay in Jamison	N/A	N/A	N/A	N/A	N/A
Admissions - Breakdown by Age:					
Newborn - 5 years	N/A	N/A	N/A	N/A	1,105
6 - 12 years	N/A	N/A	N/A	N/A	1,000
13 - 18 years	N/A	N/A	N/A	N/A	715
Culture, Education & Recreation					
Parks & Recreation					
Annual Boat Permits	N/A	N/A	N/A	10,539	6,444
Day Use Boat Fees	N/A	N/A	N/A	20,352	23,937
Business - type activities:					
Waste Management					
Landfill capacity in cubic yards	59,127,257	59,127,257	59,127,257	59,127,257	97,633,607

Fiscal Year					Function / Program
2002	2003	2004	2005	2006	
8,124	8,390	10,280	11,122	12,515	Building Inspection Building permits issued
N/A	N/A	N/A	22,186	21,251	Animal Control Received calls for response
20,763	27,615	28,979	N/A	N/A	Animals impounded
643	982	1,138	1,174	1,417	Animals redeemed
2,118	2,143	2,564	2,772	3,054	Animals adopted
14,380	21,649	21,958	18,171	16,904	Animals euthanized
					Public Ways & Facilities
					Roads Maintained road lanes (in miles)
6,635.70	6,665.56	6,668.59	6,667.78	6,600.00	
					Health and Sanitation
					Mental Health Services Unique clients served
19,771	18,967	18,928	19,210	18,392	Unique clients served with outpatient services
19,529	18,841	18,805	19,104	18,211	Unique clients served with intensive services
1,517	1,590	1,482	1,551	1,539	
					Public Assistance
					Ageing & Adult Services Senior Nutrition participation: Congregate senior participants
4,590	5,678	5,319	5,123	4,398	Congregate meals
206,135	206,097	186,322	186,857	177,675	Home delivered senior participants
2,302	2,657	2,223	2,269	2,122	Home delivered meals
303,918	285,509	272,905	280,422	245,042	
					Human Services Number of Children Admitted to Jamison: Protective Custody/New Intakes
3,172	2,908	2,713	5,191	2,626	Change of Placement
2,769	2,581	2,263	4,353	2,341	Children released from Jamison
419	347	450	838	452	Average day stay in Jamison
3,223	2,895	N/A	N/A	N/A	Admissions - Breakdown by Age:
14.7	N/A	N/A	N/A	N/A	Newborn - 5 years
1,156	1,084	1,106	2,087	1,115	6 - 12 years
1,207	956	759	1,488	734	13 - 18 years
834	833	817	1,556	873	
					Culture, Education & Recreation
					Parks & Recreation Annual Boat Permits
4,669	4,281	5,339	4,606	4,623	Day Use Boat Fees
23,239	23,793	25,381	22,359	20,530	
					Business - type activities:
					Waste Management Landfill capacity in cubic yards
94,757,759	95,100,966	95,459,239	98,948,413	110,042,325	

**COUNTY OF KERN
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function / Program	Fiscal Year				
	1997	1998	1999	2000	2001
Education					
Public Library					
Main Library	1	1	1	1	1
Branches	25	25	25	25	25
Law Library	1	1	1	1	1
Parks and land Use					
Number of Neighborhood Parks	40	40	40	40	40
Number of Regional Parks	8	8	8	8	8
County Golf Courses	3	3	3	3	3
Public Works					
Centerline Miles of County Roads	6,624	6,636	6,636	6,630	6,792
Public Safety					
Number of Sheriff Stations	16	16	16	16	16
Number of Fire Stations	46	46	46	46	46
Airports					
Number of Runways	8	8	8	8	8

Source: County of Kern

Fiscal Year					Function / Program
2002	2003	2004	2005	2006	
					Education
					Public Library
1	1	1	1	1	Main Library
25	25	25	25	25	Branches
1	1	1	1	1	Law Library
					Parks and land Use
40	40	40	40	40	Number of Neighborhood Parks
8	8	8	8	8	Number of Regional Parks
3	3	3	3	3	County Golf Courses
					Public Works
6,636	6,666	6,669	6,668	6,600	Centerline Miles of County Roads
					Public Safety
16	16	16	16	16	Number of Sheriff Stations
46	46	46	46	46	Number of Fire Stations
					Airports
8	8	8	8	8	Number of Runways



