



**COUNTY OF KERN
STATE OF CALIFORNIA**

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**For The Fiscal Year Ended
June 30, 2005**

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

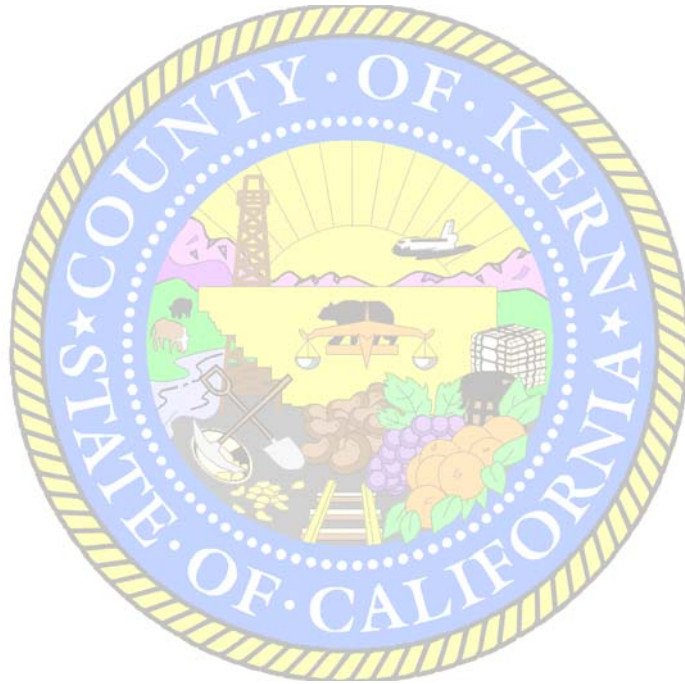
**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
YEAR ENDED JUNE 30, 2005**



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



COUNTY OF KERN
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005
Table of Contents

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL1
 DIRECTORY OF ELECTED COUNTY OFFICIALS6
 DIRECTORY OF APPOINTED COUNTY OFFICIALS7
 ORGANIZATIONAL CHART8
 CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING.....9

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT10
 MANAGEMENT’S DISCUSSION AND ANALYSIS12

BASIC FINANCIAL STATEMENTS:

Government-wide Financial Statements:

Statement of Net Assets23
 Statement of Activities.....24

Fund Financial Statements:

Governmental Funds

Balance Sheet.....25
 Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement
 of Net Assets – Governmental Activities.....27
 Statement of Revenues, Expenditures, and Changes in Fund Balances28
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities30

Proprietary Funds

Statement of Net Assets – Proprietary Funds.....31
 Statement of Revenues, Expenditures, and Changes in Net Assets - Proprietary Funds32
 Statement of Cash Flows – Proprietary Funds.....33

Fiduciary Funds

Statement of Fiduciary Net Assets – Fiduciary Funds.....35
 Statement of Changes in Net Assets – Investment Trust Fund36

Notes to the Financial Statements37

REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedules – Major Governmental Funds

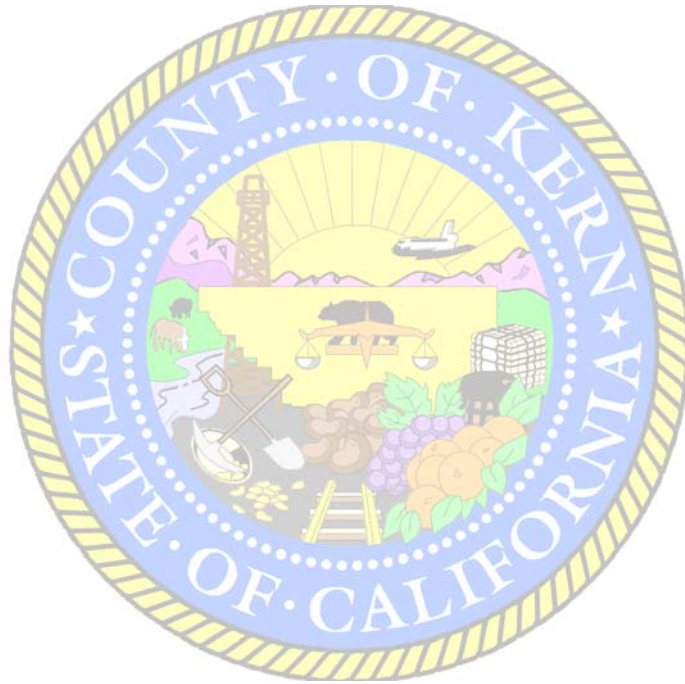
General Fund.....98
 Kern County Department of Child Support.....111
 Employers’ Training Resource112
 Human Services113
 Mental Health114

COUNTY OF KERN
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005
Table of Contents

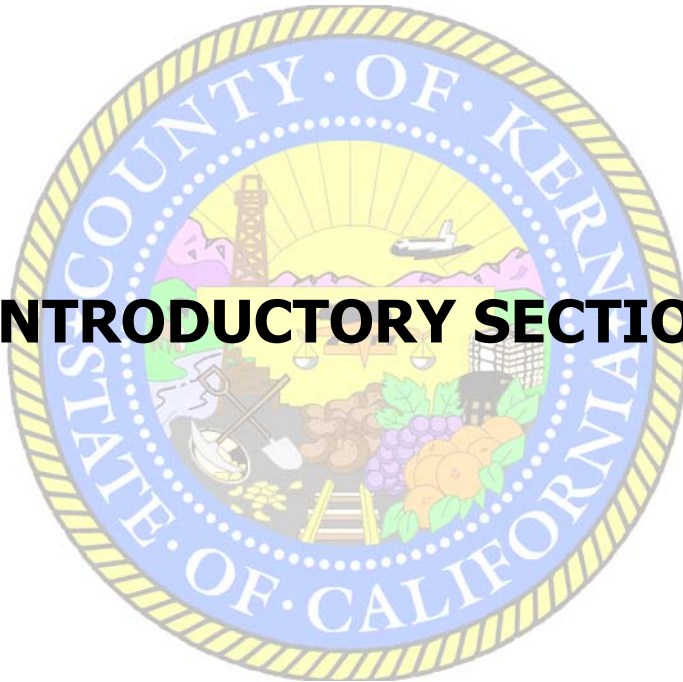
Road.....	115
Structural Fire.....	116
Tobacco Securitization Proceeds.....	117
Notes to Required Supplementary Information	118
COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES:	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds	121
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	122
<u>Special Revenue Funds</u>	
Combining Balance Sheet	125
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	129
Budgetary Comparison Schedules:	
Aging and Adult Services	133
Building Inspection.....	134
Community Development Program	135
County Service Areas.....	136
Emergency Medical Services.....	137
Local Public Safety	138
Planned Local Drainage	139
Tobacco Litigation Settlement	140
Certain Other Special Revenue Funds	141
<u>Capital Projects Funds</u>	
Combining Balance Sheet	143
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	144
Budgetary Comparison Schedules:	
Master Lease	145
Separation of Grade	146
<u>Debt Service Funds</u>	
Combining Balance Sheet	148
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	150
Budgetary Comparison Schedules:	
Accumulative Capital Outlay - General.....	152
Accumulative Capital Outlay - Fire	153
Nonmajor Enterprise Funds:	
Combining Statement of Net Assets – Nonmajor Enterprise Funds	155
Combining Statement of Revenues, Expenses and Changes in Net Assets - Nonmajor Enterprise Funds	157

COUNTY OF KERN
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2005
Table of Contents

Combining Statement of Cash Flows – Nonmajor Enterprise Funds	159
Internal Service Funds:	
Combining Statement of Net Assets – Internal Service Funds	164
Combining Statement of Revenues, Expenses and Changes in Net Assets - Internal Service Funds	166
Combining Statement of Cash Flows – Internal Service Funds	168
Fiduciary Funds:	
<u>Agency Funds</u>	
Combining Statement of Changes in Assets and Liabilities	171
Capital Assets Used in the Operation of Governmental Funds	
Schedule by Function and Activity	173
Schedule of Changes by Function and Activity	174
<u>STATISTICAL SECTION</u>	
General Governmental Revenues by Source – Last Ten Fiscal Years.....	175
General Governmental Expenditures by Function – Last Ten Fiscal Years.....	177
Comparative Schedule of Total Taxes Levied on County Tax Bills for All Agencies – Last Ten Fiscal Years.....	179
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years	180
Comparative Schedule of Assessed Valuations, Secured and Unsecured – Last Ten Fiscal Years	181
Building Permits.....	183
Computation of Legal Debt Margin – Last Ten Fiscal Years.....	184
Ratio of Annual Debt Service Expenditures to Total General Governmental Expenditures – Last Ten Fiscal Years.....	185
Estimated Direct and Overlapping Bonded Debt	186
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita – Last Ten Fiscal Years.....	187
Assessed Valuation of Redevelopment Agency Increment	188
Building Permit Valuations, Dwelling Units and Bank Deposits – Last Ten Calendar Years	189
Demographic Statistics – Last Ten Fiscal Years.....	191
Miscellaneous Statistical Data	192
Principal Taxpayers.....	193



INTRODUCTORY SECTION



ANN K. BARNETT
Auditor-Controller-County Clerk



December 12, 2005

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, 2005 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, 2005 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, 2005 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 753,070 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 - 120 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 133.

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 72% of all the State's oil reserves.

The Assessor's total net assessed valuation roll at June 30, 2005, with oil and gas representing approximately 25% of the total, reflected a 7.55% increase in value, which increased available property taxes to the County in fiscal year 2004-05.

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 12.4% in 2003-04 to 9.1% in 2004-05. The population of the County increased by 3.88% from 724,940 to 753,070. The County's major employers continue to be the public school system, Edwards Air Force Base, China Lake Naval Weapons Center and the County of Kern.

Debt administration

The County has instituted a cash management program for its General Fund through the issuance of tax and revenue anticipation notes. The notes provide cash flows to meet General Fund expenditures during the period prior to collection of property taxes. On July 2, 2003 the County issued \$75,000,000 in Tax and Revenue Anticipation Notes that matured on July 2, 2004. On July 7, 2004, the County issued \$110,000,000 in Tax and Revenue Anticipation Notes that matured on June 30, 2005.

As of June 30, 2005, the County had outstanding certificates of participation in a principal amount of \$84,850,000. 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, 2005 includes (in thousands):

Description of Issue	Date Issued	Maturity	Principal Outstanding
Kern County Public Facilities Project, Series A, B, C and D	1986	2007	\$ 11,400
Kern Medical Center Emergency Facilities	1991	2007	2,540
Solid Waste Systems Improvements	1994	2010	7,525
Rosamond Library Project	1994	2015	1,270
1999 Capital Improvement Projects – Communications portion	1999	2020	5,645
Beale Memorial Library	1996	2008	4,855
Golf Course Capital Improvement	1996	2017	3,420
Fire Department	1997	2017	7,150
1999 Capital Improvement Projects – KMC portion	1999	2020	13,655
Airports Capital Improvements	2003	2024	13,225
Solid Waste Systems Improvements	2002	2017	14,165
Total:			<u>\$ 84,850</u>

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

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

Cash management policies and procedures

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

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

The County Treasurer-Tax Collector is the direct receiver of property tax payments and most large government payments for the County and local districts. All collections for fees and services received at the County department level are required to be deposited with the County Treasurer-Tax Collector. In order to improve security over departmental collections and expedite investment of receipts the County Treasurer-Tax Collector has implemented a cash concentration program with a local bank, allowing County departments to deposit directly to a County bank account. At June 30, 2005 the Treasurer's Pooled Cash included cash and investments totaling \$1.640 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, 2005 averaged 2.26%, which compares with 1.95% 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 \$3,000,000. 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, 2005, there were 750 retired employees receiving the Retiree Health Premium Supplement Program and 2,500 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

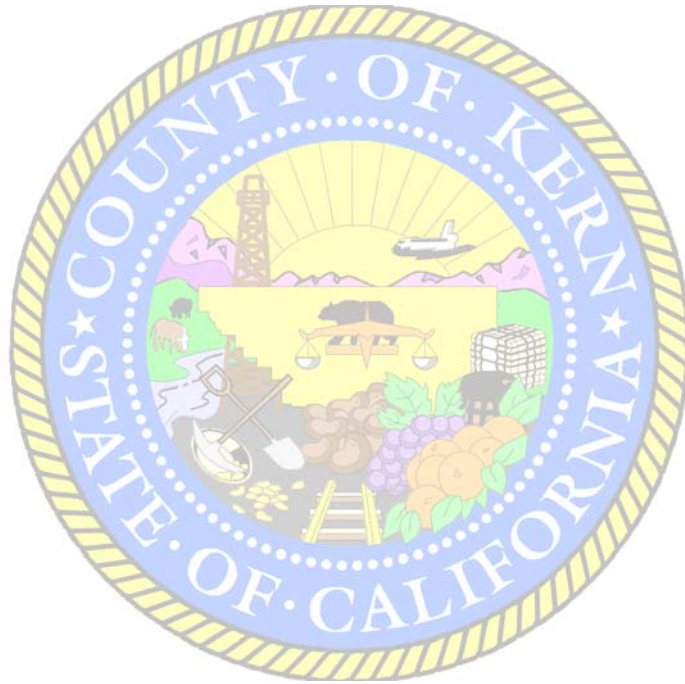
The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Kern for its comprehensive annual financial report for the fiscal year ended June 30, 2004, the eighth consecutive year this award has been received. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of a state and local government financial report. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. The CAFR must also satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

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

Respectfully Submitted,

Ann K. Barnett
Auditor-Controller-County Clerk



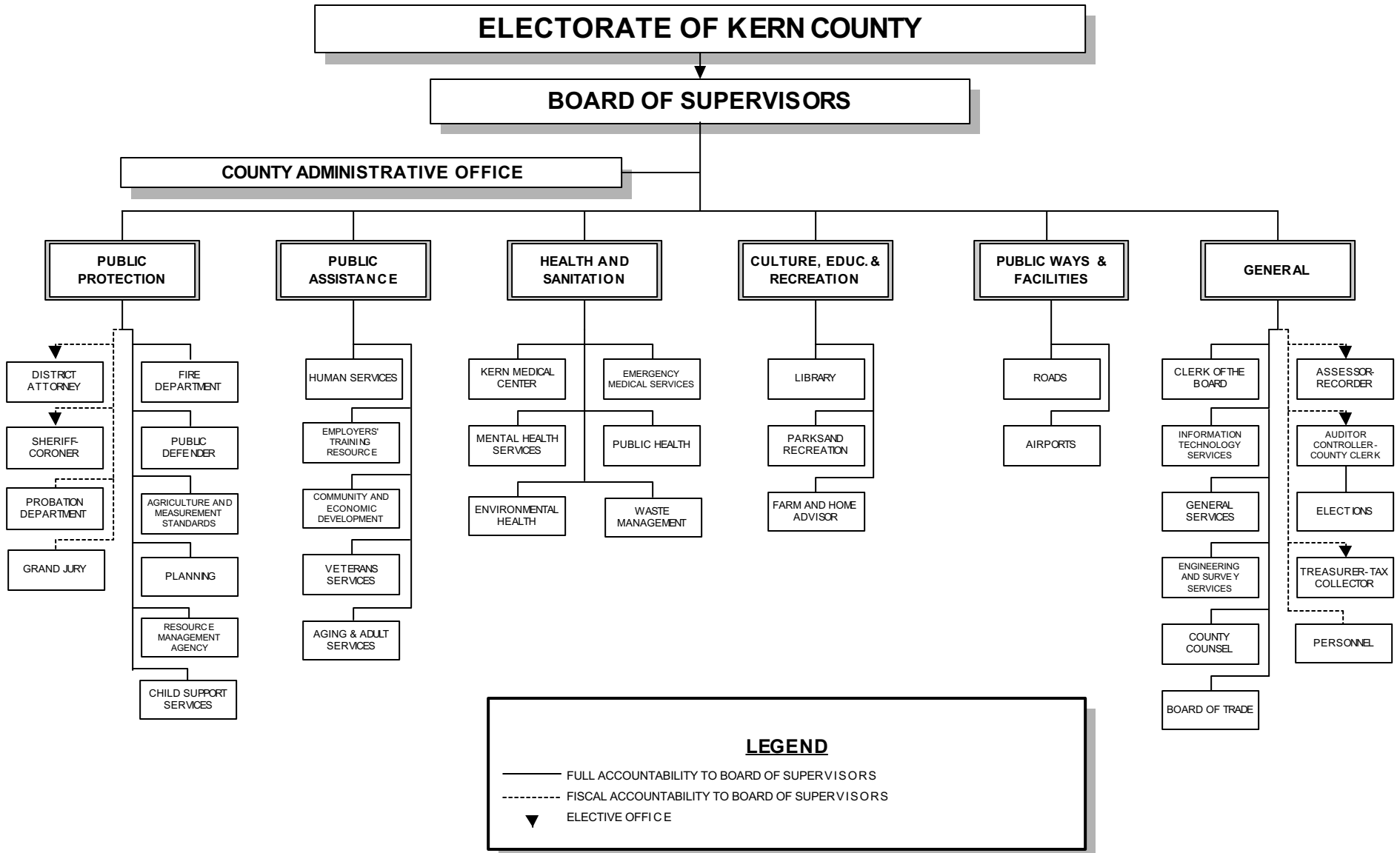
**COUNTY OF KERN
DIRECTORY OF COUNTY OFFICIALS**

ELECTED

COUNTY SUPERVISOR, FIRST DISTRICT..... JON MCQUISTON
COUNTY SUPERVISOR, SECOND DISTRICT DON MABEN
COUNTY SUPERVISOR, THIRD DISTRICT.....BARBARA PATRICK
COUNTY SUPERVISOR, FOURTH 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..... THEODORE K. DAVIS
AIRPORTS.....RAYMOND BISHOP
BOARD OF TRADE RICK DAVIS
CLERK OF THE BOARD DENISE PENNELL
CHILD SUPPORT SERVICES JOHN NILON
COMMUNITY AND ECONOMIC DEVELOPMENT GUY GREENLEE
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.....STEVE McCALLEY
FARM AND HOME ADVISOR.....DARLENE LIESCH
FIRE DEPARTMENT.....DENNIS THOMPSON
HUMAN SERVICES BEVERLY BEASLEY JOHNSON
KERN MEDICAL CENTER.....PETER K. BRYAN
LIBRARY..... DIANE R. DUQUETTE
MENTAL HEALTH DIANE G. KODITEK
PARKS AND RECREATION..... ROBERT 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, 2004

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.



Nancy L. Zielke

President

Jeffrey R. Emswiler

Executive Director



FINANCIAL SECTION



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

■ Main Office
4200 Truxtun Ave., Suite 300
Bakersfield, California 93309
Tel 661-324-4971 Fax 661-324-4997
e-mail: barrmjo@barrcpa.com

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

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

- Eric H. Xin, MBA, CPA
- Lynn R. Krausse, CPA, MST
- Bradley M. Hankins, CPA
- Rosalva Flores, CPA
- Connie M. Perez, CPA
- Sharon Jones, CPA, MST
- Diana Branthoover, CPA
- Matthew Gilligan, CPA
- Dominic Brown, CPA
- Ryan Johnson, CPA

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the County of Kern, California as of and for the year ended June 30, 2005, which collectively comprise the County of Kern's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Kern's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the County of Kern, California, as of June 30, 2005, 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 2005 the County adopted the provisions of GASB Statement No. 40, Deposit and Investment Risk Disclosures, an amendment to GASB Statement No. 3.

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

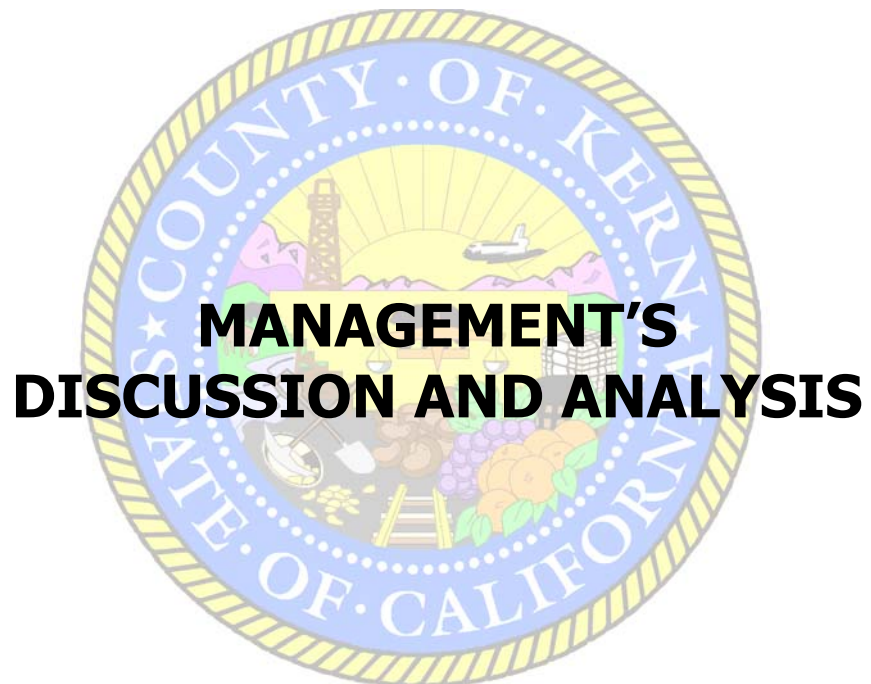
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the County of Kern, California's basic financial statements. The combining and individual fund financial statements, the introductory section, and the statistical section identified in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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 12, 2005 on our consideration of the County of Kern's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

BROWN ARMSTRONG PAULDEN
McCOWN STARBUCK & KEETER
ACCOUNTANCY CORPORATION

Burt H. Armstrong

Bakersfield, California
December 12, 2005



**MANAGEMENT'S
DISCUSSION AND ANALYSIS**

**County of Kern
Management's Discussion and Analysis
For the Year Ended June 30, 2005
Unaudited**

This section of the County of Kern's (County) Comprehensive Annual Financial Report presents a narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2005. Users of these financial statements should read this section in conjunction with the transmittal letter at the front of this report and the County's basic financial statements following this section. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the 2004-2005 fiscal year by \$270,826 (*Net Assets*). Of this amount \$45,377 (*restricted Net Assets*) may be used for the County's ongoing obligations with external restrictions. (See detail at Note XI. C on page 81 for restrictions of Net Assets). The remaining portion of the net assets represents a deficit balance in unrestricted net assets of \$178,855.
- The County's net assets increased by \$30,359 during the current fiscal year. Governmental activities increased the County's net assets by \$27,095; business-type activities' net assets increased by the \$3,264.
- As of June 30, 2005, the County's governmental funds reported total ending fund balances of \$266,575 a decrease of 2.5% in comparison with the prior year. Approximately 70% or \$186,794 is available for spending (*Unreserved fund balance*). See further discussion in Financial Analysis of the County's Funds on page 18.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$56,413 or 12% of total General Fund expenditures.
- The County's total long-term debt had a net decrease of \$39,022, due primarily to the normal maturity of existing long-term debt.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

1. Government-Wide Financial Statements

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

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

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

Both the Statement of Net Assets and the Statement of Activities distinguishes between activities that are primarily financed with taxes and intergovernmental revenues

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

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

2. Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

3. Notes to the Financial Statements

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

The notes to the financial statements are presented on pages 37-97 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$270,826 (see Table 1 on page 15) at the close of the current fiscal year.

The largest portion of the County's net assets, \$404,304, reflects its investment in capital assets (e.g. land, buildings and improvements, roads, flood control channels, machinery and equipment, and construction in progress), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net assets, \$45,377, represents resources that are subject to external restrictions on how they may be used. The major portion of the restricted net assets is

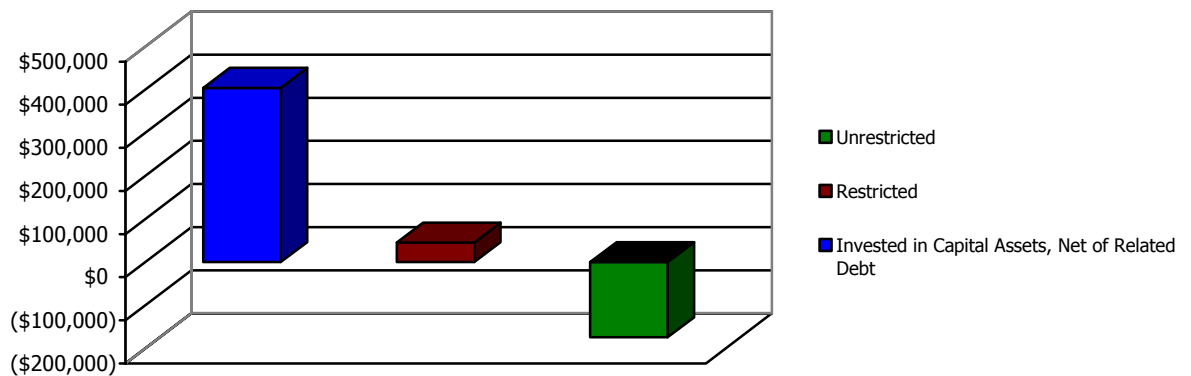
constrained for debt repayment. The remaining balance of total net assets \$(178,855) represents a deficit unrestricted net assets. This deficit is due in large part to the inclusion of the debt associated with the Kern County Tobacco Funding Corporation (See Note XII. J), and the 1995 Pension Obligation bonds used to pay the unfunded actuarial liability owed to the Kern County Retirement Association.

At the end of the current fiscal year, the County as a whole and for its governmental and business-type activities reported positive balances in "Net Assets Invested in Capital Assets, Net of Related Debt" and "Restricted Net Assets". Deficits were reported in unrestricted net assets for both governmental and business-type activities. The deficit in unrestricted net assets of governmental activities was primarily due to the recognition, per GASB directive, of liabilities associated with the Kern County Tobacco Funding Corporation. In the business-type activities, the County reported a deficit in unrestricted net assets of \$37,436. 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
	2005	2004	2005	2004	2005	2004	
Current and Other Asset Capital Assets	\$ 693,362 370,657	\$ 682,191 350,792	\$ 121,493 143,218	\$ 127,841 133,618	\$ 814,855 513,875	\$ 810,032 484,410	\$ 4,823 29,465
Total Assets	1,064,019	1,032,983	264,711	261,459	1,328,730	1,294,442	34,288
Current and Other Liabilities	133,676	116,181	29,882	27,404	163,558	143,585	19,973
Long-Term Liabilities	726,223	733,609	168,123	170,972	894,346	904,581	(10,235)
Total Liabilities	859,899	849,790	198,005	198,376	1,057,904	1,048,166	9,738
Net Assets							
Invested in Capital Assets, Net Of Related Debt	309,886	258,993	94,418	92,994	404,304	351,987	52,317
Restricted	35,653	35,816	9,724	9,701	45,377	45,517	(140)
Unrestricted	(141,419)	(111,616)	(37,436)	(39,612)	(178,855)	(151,228)	(27,627)
Total Net Assets	\$ 204,120	\$ 183,193	\$ 66,706	\$ 63,083	\$ 270,826	\$ 246,276	\$ 24,550

Net Assets Fiscal Year 04-05



As shown in Table 2, the County's net assets increased by \$24,550 of which \$30,359 is for current year activity and \$(5,809) for prior period activity.

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

	Governmental Activities		Business – Type Activities		Total		Total Change
	2005	2004	2005	2004	2005	2004	
Revenues							
Program Revenues							
Charges for Services	\$ 279,218	\$ 255,148	\$ 207,805	\$ 156,125	\$ 487,023	411,273	\$ 75,750
Operating Grants and Contributions	595,660	596,585	686	49,654	596,346	646,239	(49,893)
Capital Grants and Contributions	9,165	10,037	4,505	5,626	13,670	15,663	(1,993)
General Revenues							
Property Taxes	148,204	109,176	-	-	148,204	109,176	39,028
Aircraft Taxes	150	247	-	-	150	247	(97)
Vehicle License Taxes	43,739	-	-	-	43,739	-	43,739
Sales and Use Taxes	27,423	22,804	-	-	27,423	22,804	4,619
Transient Occupancy Tax	1,338	1,300	-	-	1,338	1,300	38
Transfer Tax	5,909	3,612	-	-	5,909	3,612	2,297
Other Taxes	590	942	-	-	590	942	(352)
Unrestricted Investment Earnings	10,502	8,819	1,294	797	11,796	9,616	2,180
Other	3,041	1,244	3,627	2,895	6,668	4,139	2,529
Total Revenue	1,124,939	1,009,914	217,917	215,097	1,342,856	1,225,011	117,845
Expenses							
General Government	78,057	67,409	-	-	78,057	67,409	10,648
Public Protection	342,347	325,240	-	-	342,347	325,240	17,107
Public Ways and Facilities	22,146	29,721	-	-	22,146	29,721	(7,575)
Health and Sanitation	194,836	180,518	-	-	194,836	180,518	14,318
Public Assistance	369,097	349,772	-	-	369,097	349,772	19,325
Education	8,852	8,596	-	-	8,852	8,596	256
Culture and Recreation	12,915	4,923	-	-	12,915	4,923	7,992
Interest on Short and Long-Term Debt	39,428	38,204	-	-	39,428	38,204	1,224
Airports	-	-	5,608	4,427	5,608	4,427	1,181
County Sanitation Districts	-	-	3,061	2,778	3,061	2,778	283
Golf Course	-	-	4,400	4,438	4,400	4,438	(38)
Kern Medical Center	-	-	192,186	188,031	192,186	188,031	4,155
Public Transportation	-	-	5,376	5,174	5,376	5,174	202
Universal Collection	-	-	7,557	6,710	7,557	6,710	847
Waste Management	-	-	26,631	28,295	26,631	28,295	(1,664)
Total Expenses	1,067,678	1,004,383	244,819	239,853	1,312,497	1,244,236	68,261
Excess of Revenues Over Expenses Before Special Items and Transfers	57,261	5,531	(26,902)	(24,756)	30,359	(19,225)	54,270
Special Items	-	-	-	-	-	-	-
Transfers	(30,166)	(25,520)	30,166	25,520	-	-	-
Increase (Decrease) in Net Assets	27,095	(19,989)	3,264	764	30,359	(19,225)	54,270
Net Assets at Beginning of Year	177,025	203,182	63,442	62,319	240,467	265,501	(25,034)
Net Assets at End of Year	\$ 204,120	\$ 183,193	\$ 66,706	\$ 63,083	\$ 270,826	\$ 246,276	\$ 24,550

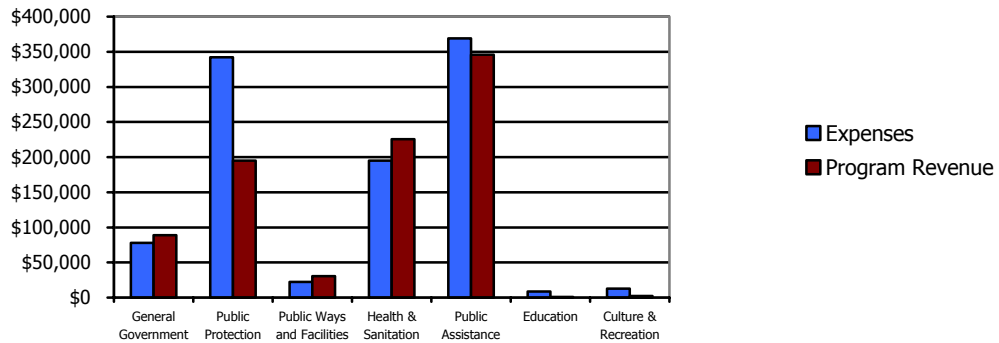
Governmental Activities

The Governmental activities increased the County's net assets by \$27,095 for the year ended June 30, 2005:

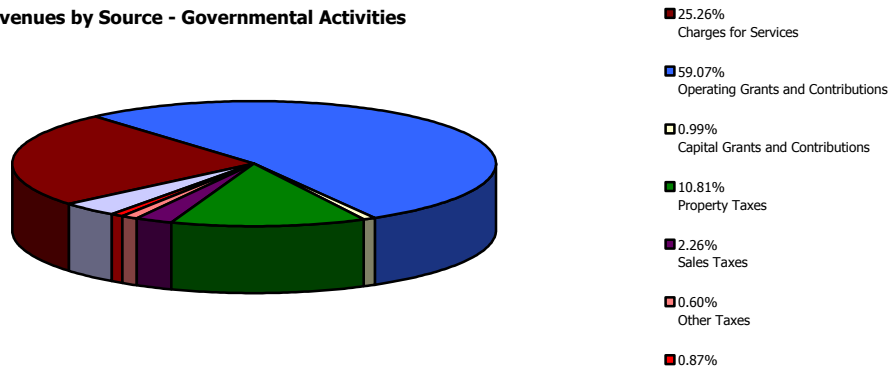
- Total revenue for the County's governmental activities increased 11.4% over the previous year.
- As an arm of the state government, operating grants and contributions serve multiple programs, representing 53% of the County's program revenue for governmental activities, and are tied to mandated services such as public assistance, public health, and mental health. These revenue sources 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 tax revenue is primarily due to the following:
 1. Property taxes increased 35.8% due to significantly higher real estate values and oil prices.
 2. Investment earnings increased 19.1% 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 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.
- Total expenses for governmental activities increased by 6.3% with increases in all major functions except general government, which decreased by 9.1%. The County's major cost component is salaries and benefits.

Expenses and Program Revenues - Governmental Activities



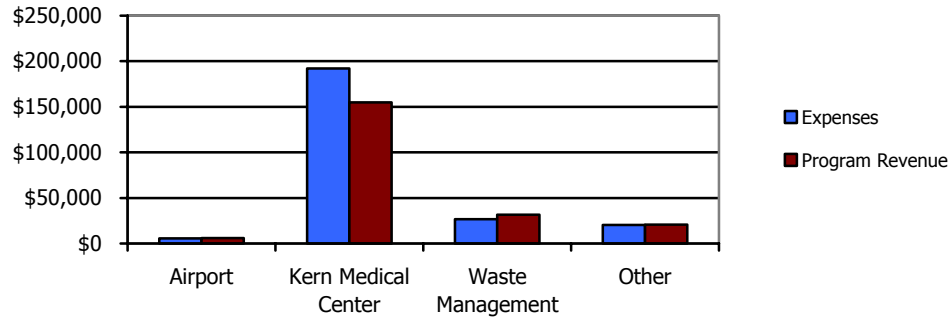
Revenues by Source - Governmental Activities



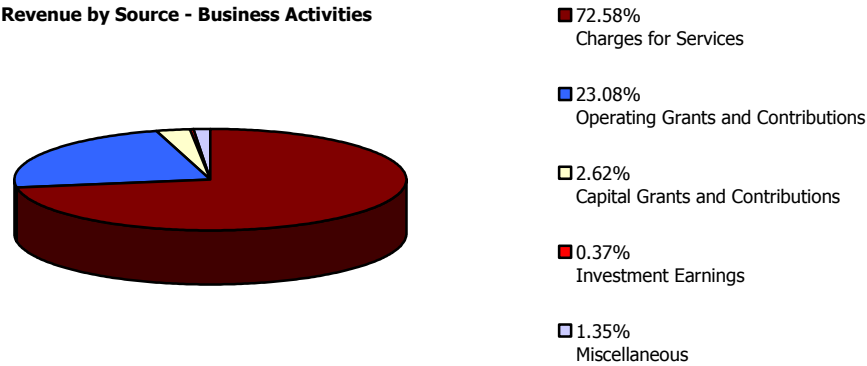
Business-type Activities

Business-type activities' net assets increased the County's net assets by \$3,264. There was an increase of \$51,680 in revenues received for charges for services and a decrease of \$48,968 in operating grants and contributions. The bulk of these changes were due to a reclassification of \$45,800 from operating grants and contributions to charges for services, relating to SB 1255 funds received by KMC from the State of California as part of the State Disproportionate Share program.

Expenses and Program Revenue -Business Activities



Revenue by Source - Business Activities



FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

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

At June 30, 2005, The County's governmental funds reported total fund balances of \$266,575, a 2.5% decrease in comparison with the prior year. Approximately 70% or \$186,794 of the total fund balances constitutes unreserved fund balance, which is available to meet the County's

current and future needs. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed to 1) reserve for property tax assessment appeals, \$4,825; 2) reserve for debt service, \$40,969; 3) reserve for encumbrances, \$3,769; 4) reserve for fiscal stability, \$11,520 and 5) a variety of other restricted purposes, \$18,698.

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

The General Fund is the chief operating fund of the County. At June 30, 2005, unreserved fund balance of the General Fund was \$56,413. As a measure of the General Funds' liquidity, it may be helpful to compare both unreserved fund balance and fund balance to total fund expenditures. Unreserved fund balance represents 12% of total General Fund expenditures, while total fund balance represents 17% of total General Fund expenditures.

The other governmental funds' fund balances decreased by 6% or \$12,517. The following major governmental funds had increases in fund balance:

- Road – Fund balance increased by 15% or \$3,252 as a result of cost savings and additional State and Federal funding.
- Employers' Training Resource – Fund balance increased by 165% or \$751 as a result of cost savings.

The following major funds had decreases in fund balance:

- Child Support – Fund balance decreased by 168% or \$536 due to a reduction in state and federal revenues.
- Human Services – Fund balance decreased by 118% or \$6,897 due to an increase in salaries and benefits and lower cost reimbursement from federal agencies.
- Mental Health – Fund balance decreased by 7% or \$1,297 due to an increase of professional services, data processing charges and salaries and benefits.
- Structural Fire – Fund balance decreased by 24% or \$2,637 due to lower cost reimbursement by state and federal agencies and the increase in salaries and benefits.
- Tobacco Securitization Proceeds – Fund balance decreased by 8% or \$5,676 due to expenditures incurred for construction projects.

Proprietary Funds

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

Net assets of the enterprise funds increased by 9.5% or \$6,258. This increase was due primarily to a change of \$6,197 in net assets in Waste Management. Waste Management experienced increased revenues from property taxes, interest, and the adoption of higher fees; while at the same time experiencing a drop in expenses, due to reduced post-closure liability and not having to make a contribution to the Eastin reserve fund.

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

GENERAL FUND BUDGETARY VARIANCES

Differences between the County's final budget and original budget resulted in a \$97,899 increase in supplemental appropriations that is briefly summarized as follows:

- A majority of the increase, \$81,740, can be attributed to the County's contribution for medical care. The County previously established a budget unit in the General Fund to facilitate the transfer required by the State of California Disproportionate Share Provider Payment Adjustment Program (DSH) in order to increase federal financial participation in state payments to hospitals serving the needs of low-income patients. To finance the program, the County is required to transfer funds to the State's Medi-Cal Inpatient Payment Adjustment Fund. Transfers must be made from the General Fund of the County to meet the transfer obligations. As in past years, the State does not inform the County of the amount of DSH funds the County is required to transfer until after the budget has been adopted. The budget is amended after the State officially notifies the County of its inclusion in the program. The increase in appropriations is fully funded by an associated increase in revenue from the State.
- General government appropriations increased by \$9,011. The great bulk of this increase, \$6,255, was attributable to capital projects. The remainder is mostly comprised of actual budget transfers for the construction of playgrounds and the Juvenile Treatment Facility.
- The remainder of the appropriation increase consisted of small increases in appropriations for normal operations in the other budget units of the General Fund.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2005, the County's investment in capital assets for its governmental and business-type activities amounted to \$513,874 (net of accumulated depreciation). The investments in capital assets are comprised of land, infrastructure, structures and improvements, equipment, and construction in progress. The County, according to GASB 34 guidelines, has elected at this time not to retroactively include those infrastructure assets completed prior to July 1, 2001. The accompanying government-wide financial statements include only infrastructure assets constructed or acquired since the 2001-2002 fiscal year, which accounts for \$68,387. The County is still in the process of compiling data to report retroactive historical value of the County's infrastructure assets. GASB Statement No. 34 requires that the County comply with this requirement no later than the 2005-2006 fiscal year.

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

	Governmental Activities		Business – Type Activities		Total		Total Change
	2005	2004	2005	2004	2005	2004	
Land	\$ 20,367	\$ 19,407	\$ 22,448	\$ 21,714	\$ 42,815	\$ 41,121	\$ 1,694
Land Acquisition in Progress		-	457	434	457	434	23
Construction in Progress	46,898	44,526	22,880	20,582	69,778	65,108	4,670
Infrastructure	61,433	40,845	2,430	2,446	63,863	43,291	20,572
Structures and Improvements	183,131	186,995	82,511	74,408	265,642	261,403	4,239
Equipment	58,827	59,019	12,492	14,034	71,319	73,053	(1,734)
Total	\$ 370,656	\$ 350,792	\$ 143,218	\$ 133,618	\$ 513,874	\$ 484,410	\$ 29,464

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

- Completion of capital projects: BVARA Boat Ramp Area Rehab., Panorama Park Walking Path Extension, and the Hart Park Water Pipeline.
- Major construction projects in progress during the year, which includes the Juvenile Treatment Facility Construction, Frazier Park Library, Rosamond Fire Station, and the Mojave Court Security project.
- The Roads Department completed a variety of street reconstruction projects in amount of \$2,480, added to existing roads in the amount of \$2,914, and constructed a bridge and under crossing in the amount of \$12,660 during the year. They also had new roads in an amount of \$2,824 donated to the County by developers.
- Waste Management Enterprise Fund construction of Landfill Ground Water Well, Bena PH2A Mod 1 Liner Construction, Shafter LF Modeles 3 Liner, and several other projects are in progress.

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

Long-Term Debt

At the end of the current fiscal year, the County had total long-term debt outstanding of \$699,793. This amount is comprised of \$84,850 of certificates of participation that are secured by the County's lease rental payments. \$495,979 represents debt outstanding for the pension obligation bond. The remainder represents debt outstanding for bonds payables, facilities and capital asset leases, and the public health facility loan.

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

Additional information on the County's long-term debt can be found in Note IX.A on page 67-68 of this report.

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

	Governmental Activities		Business – Type Activities		Total		Total Change
	\$ 2005	\$ 2004	\$ 2005	\$ 2004	\$ 2005	\$ 2004	
Lease Purchase Agreements	5,364	8,354	3	17	5,367	8,371	(3,004)
Certificates of Participation	30,320	56,865	54,530	58,525	84,850	115,390	(30,540)
Facility Lease	355	421	-	-	355	421	(66)
Loans Payable	9,952	11,447	-	-	9,952	11,447	(1,495)
Bonds Payable	225	225	-	-	225	225	0
Tobacco-Asset Backed Bonds	103,065	104,495	-	-	103,065	104,495	(1,430)
Pension Obligation Bonds	463,987	467,929	31,992	32,709	495,979	500,638	(4,659)
Total	\$ 613,268	\$ 649,736	\$ 86,525	\$ 91,251	\$ 699,793	\$ 740,987	\$ (41,194)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The State's budget cuts for local governments remain the major determining factors in determining the County's budget for fiscal year 2005-2006 and beyond, as the County is again required to contribute \$56.5 million in property tax revenues to the State budget in 2005-06.

The recommended regular County budget for fiscal year 2005-06 totals \$1.14 billion, which is \$90 million or 8.6% higher than total appropriations for fiscal year 2004-05. This increase results chiefly from stronger oil prices and growth in commercial and residential property values, increased Federal and State funds for mandated programs, and a strong carryover balance from fiscal year 2004-05. These gains, however, are 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. Unknown cost increases could also result from the County's ongoing negotiations with employee unions for new memorandums of understanding (MOUs). 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 \$1.14 billion budget does not include special budgets totaling \$441.2 million for enterprise funds such as Kern Medical Center, Airports, Kern Regional Transit, 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 \$4.2 million or .94% from fiscal year 2004-05.

Discretionary revenues are projected to grow by \$30.5 million or 12.5%. Discretionary revenues comprise 24% of the regular County budget, and the County must use much of these funds to meet the local match requirements for mandated Federal and State programs. Property tax revenues within both the General Fund and the Fire Fund are estimated to grow by a combined \$20.4 million in fiscal year 2005-06, a 14.8% increase over fiscal year 2004-05. A strong carryover balance, along with a third consecutive year of increased assessed valuation and property tax revenues will help offset the higher retirement contributions and will increase funds available for contingencies.

REQUESTS FOR INFORMATION

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





BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements

**COUNTY OF KERN
STATEMENT OF NET ASSETS
JUNE 30, 2005 (IN THOUSANDS)**

	Primary Government		Totals
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and Investments	\$ 267,711	\$ 72,616	\$ 340,327
Restricted cash and Investments	35,518	14,284	49,802
Revolving Fund Cash	1,278	13	1,291
Receivables (Net)	98,928	39,756	138,684
Due from other governments	6,713		6,713
Inventories and prepaid expenses	2,799	2,366	5,165
Deposits with Other	340		340
Internal Balances	9,574	(9,574)	
Investment in Joint Venture		2,032	2,032
Net Pension Obligation	270,501		270,501
Capital assets:			
Nondepreciable	67,265	45,785	113,050
Depreciable (Net)	303,392	97,433	400,825
Total Assets	\$ 1,064,019	\$ 264,711	\$ 1,328,730
LIABILITIES			
Accounts payable	\$ 14,648	\$ 11,231	\$ 25,879
Salaries and Employee Benefits Payable	24,493	6,717	31,210
Claims Payable		3,615	3,615
Due to Other Governments	13,238		13,238
Accrued interest payable	8,737	1,705	10,442
Unearned Revenue	10,331	1,411	11,742
Long-Term Liabilities			
Current Portion of Long-Term Debt	24,236	4,887	29,123
Current Portion of Compensated Absences	13,891	316	14,207
Current Portion of Liability for Self Insurance	24,102		24,102
Portion due or payable after one year:			
Professional Liabilities		10,216	10,216
Certificates of Participation	16,113	50,580	66,693
Bonds and notes payable	561,969	31,057	593,026
Loans Payable	8,379		8,379
Accrued interest	46,044	7,709	53,753
Capital leases	2,572		2,572
Compensated absences	32,413	10,223	42,636
Accrued landfill closure/postclosure costs		58,338	58,338
Liability for Self Insurance	58,733		58,733
Total Liabilities	859,899	198,005	1,057,904
NET ASSETS			
Invested in capital assets, net of related debt	309,886	94,418	404,304
Restricted (Note XI. C):			
Debt Service	35,518	9,724	45,242
Other Purposes	135		135
Unrestricted (deficit)	(141,419)	(37,436)	(178,854)
Total Net Assets	\$ 204,120	\$ 66,706	\$ 270,826

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

**COUNTY OF KERN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2005
(IN THOUSANDS)**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 78,057	\$ 55,580	\$ 33,418	\$	\$ 10,941	\$	\$ 10,941
Public protection	342,347	85,930	108,327		(148,090)		(148,090)
Public ways and facilities	22,146	9,188	19,251	2,010	8,303		8,303
Health and sanitation	194,836	120,522	95,733	7,155	28,574		28,574
Public assistance	369,097	5,119	338,473		(25,505)		(25,505)
Education	8,852	736	333		(7,783)		(7,783)
Culture and recreation	12,915	2,143	125		(10,647)		(10,647)
Cap. Outlay/Debt Principal (s/b zero)							
Interest on short and long-term debt	39,428				(39,428)		(39,428)
Total governmental activities	<u>1,067,678</u>	<u>279,218</u>	<u>595,660</u>	<u>9,165</u>	<u>(183,635)</u>		<u>(183,635)</u>
Business-type activities:							
Airports	5,608	2,905	69	2,869		235	235
County Sanitation Districts	3,061	3,124				63	63
Golf Course	4,400	4,368				(32)	(32)
Kern Medical Center	192,186	153,310	222	1,288		(37,366)	(37,366)
Public Transportation	5,376	5,009	174	348		155	155
Universal Collection	7,557	7,853				296	296
Waste Management	26,631	31,236	221			4,826	4,826
Total business-type activities	<u>244,819</u>	<u>207,805</u>	<u>686</u>	<u>4,505</u>		<u>(31,823)</u>	<u>(31,823)</u>
Total	<u>\$ 1,312,497</u>	<u>\$ 487,023</u>	<u>\$ 596,346</u>	<u>\$ 13,670</u>	<u>\$ (183,635)</u>	<u>\$ (31,823)</u>	<u>\$ (215,458)</u>
General revenues:							
Taxes:							
Property taxes					148,204		148,204
Vehicle License taxes					43,739		43,739
Aircraft taxes					150		150
Sales and use taxes					27,423		27,423
Transient occupancy tax					1,338		1,338
Transfer taxes					5,909		5,909
Other taxes					590		590
Grants and contributions not restricted to specific programs							
Unrestricted investment earnings					10,502	1,294	11,796
Miscellaneous					3,041	3,575	6,616
Gain on sale of Capital Assets						52	52
Transfers					(30,166)	30,166	
Total General revenues and Transfers					<u>210,730</u>	<u>35,087</u>	<u>245,817</u>
Change in Net Assets					<u>27,095</u>	<u>3,264</u>	<u>30,358</u>
Net Assets--beginning (As restated, note II. A)					<u>177,025</u>	<u>63,442</u>	<u>240,467</u>
Net Assets--ending					<u>\$ 204,120</u>	<u>\$ 66,706</u>	<u>\$ 270,826</u>



**BASIC FINANCIAL
STATEMENTS**

Fund Financial Statements



**COUNTY OF KERN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2005 (IN THOUSANDS)**

Page 1 of 1

	<u>GENERAL FUND</u>	<u>KERN CO. DEPT OF CHILD SUPPORT</u>	<u>EMPLOYERS' TRAINING RESOURCE</u>	<u>HUMAN SERVICES</u>	<u>MENTAL HEALTH</u>
ASSETS					
Pooled Cash and Investments	\$ 61,414	\$ 538	\$ 750	\$ 6,862	\$ 21,593
Revolving Fund Cash	1,121	52		101	2
Cash and Investments Deposited With Trustee					
Interest Receivable	1,229	43	4	31	148
Accounts Receivable				15,924	294
Taxes Receivable	25,565				
Accrued Revenue	16,354	71	1,647	8,867	7,686
Due from Other Funds	5,954				
Advances to Other Funds	18,351				
Due from Other Agencies	3,903			736	
Deposits with Others	205				
Inventory- Materials and Supplies	34				
Total Assets	\$ 134,130	\$ 704	\$ 2,401	\$ 32,521	\$ 29,723
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 5,489	\$ 105	\$ 969	\$ 248	\$ 4,237
Salaries and Employee Benefits Payable	13,464	815		4,044	1,743
Advances from Other Funds				14,941	
Due to Other Funds	2,111	1	227	18	31
Due to Other Agencies	3,910				7,000
Loans Payable					
Deferred Revenue	29,851			25,995	
Total Liabilities	54,825	921	1,196	45,246	13,011
Fund Balances (Deficits):					
Reserved (Note XI. A)	22,892	52		101	2
Unreserved, reported in:					
General Fund	56,413				
Special Revenue Funds		(269)	1,205	(12,826)	16,710
Capital Project Funds					
Total Fund Balances (Deficits)	79,305	(217)	1,205	(12,725)	16,712
Total Liabilities and Fund Balances (Deficits)	\$ 134,130	\$ 704	\$ 2,401	\$ 32,521	\$ 29,723

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

<u>ROAD</u>	<u>STRUCTURAL FIRE</u>	<u>TOBACCO SECURITIZATION PROCEEDS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>	
\$ 22,107	\$ 8,659	\$ 10,664	\$ 47,108	\$ 179,695	<u>ASSETS</u>
	2		2	1,280	Pooled Cash and Investments
		49,815	35,518	85,333	Revolving Fund Cash
157	100	78	276	2,066	Cash and Investments Deposited With Trustee
	2,246		587	16,218	Interest Receivable
1,699	3,413		10,182	28,398	Accounts Receivable
76	660		524	49,919	Taxes Receivable
		2,000		7,214	Accrued Revenue
			18	20,351	Due from Other Funds
				4,657	Advances to Other Funds
				205	Due from Other Agencies
2,185	513			2,732	Deposits with Others
					Inventory- Materials and Supplies
<u>\$ 26,224</u>	<u>\$ 15,593</u>	<u>\$ 62,557</u>	<u>\$ 94,215</u>	<u>\$ 398,068</u>	Total Assets
					<u>LIABILITIES AND FUND BALANCES</u>
\$ 122	\$ 2,041	\$	\$ 806	\$ 14,017	Liabilities:
528	3,430		442	24,466	Accounts Payable
			1,524	16,465	Salaries and Employee Benefits Payable
			4,836	7,224	Advances from Other Funds
				10,910	Due to Other Funds
			113	113	Due to Other Agencies
	1,890		562	58,298	Loans Payable
					Deferred Revenue
<u>650</u>	<u>7,361</u>		<u>8,283</u>	<u>131,493</u>	Total Liabilities
2,185	2,178	1,201	51,170	79,781	Fund Balances (Deficits):
					Reserved (Note XI. A)
23,389	6,054		35,188	56,413	Unreserved, reported in:
		61,356	(426)	69,451	General Fund
				60,930	Special Revenue Funds
					Capital Project Funds
<u>25,574</u>	<u>8,232</u>	<u>62,557</u>	<u>85,932</u>	<u>266,575</u>	Total Fund Balances (Deficits)
<u>\$ 26,224</u>	<u>\$ 15,593</u>	<u>\$ 62,557</u>	<u>\$ 94,215</u>	<u>\$ 398,068</u>	Total Liabilities and Fund Balances (Deficits)

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

**COUNTY OF KERN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2005 (IN THOUSANDS)**

Fund Balances - Total Governmental Funds	\$	266,575
Deferred charges in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		47,966
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		366,551
Accrued interest recognized as soon as earned, regardless of its availability		560
Negative Net Pension Obligation - Offset of Pension Obligation Bonds for Unfunded Actuarial Liability		270,501
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		(34,355)
Long term interest payable does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds		(54,641)
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	\$	(463,532)
Bonds Payable		(103,290)
Certificates of Participation		(30,320)
Capital Leases		(5,365)
Facility Lease		(355)
Loan Payable		(9,952)
Compensated Absences		(46,223)
		<u>(659,037)</u>
Net Assets of Governmental Activities	\$	<u>204,120</u>



**COUNTY OF KERN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

Page 1 of 1

	GENERAL FUND	KERN CO. DEPT OF CHILD SUPPORT	EMPLOYERS' TRAINING RESOURCE	HUMAN SERVICES	MENTAL HEALTH
REVENUES:					
Taxes	\$ 181,196	\$	\$	\$	\$
Licenses, Permits and Franchises	9,124				
Fines, Forfeitures and Penalties	16,190				
Revenues from Use of Money and Property	5,843	106	3	14	59
Aid from Other Governmental Agencies	121,840	26,285	20,895	283,932	56,496
Charges for Current Services	85,578			275	30,759
Other Revenues	86,067	14	4	2,906	368
Total Revenues	505,838	26,405	20,902	287,127	87,682
EXPENDITURES:					
Current:					
General Government	76,902				
Public Protection	231,248	26,941			
Health and Sanitation	109,675				84,054
Public Assistance	15,242		20,151	307,282	
Education	8,313				
Recreation and Cultural Services	12,489				
Public Ways and Facilities					
Capital Outlay	539				
Debt Service:					
Principal	72				
Interest	3,257				
Total Expenditures	457,737	26,941	20,151	307,282	84,054
Excess (Deficiency) of Revenues Over Expenditures	48,101	(536)	751	(20,155)	3,628
OTHER FINANCING SOURCES (USES):					
Transfers In	46,733			13,258	1,072
Transfers Out	(89,768)				
Inception of Capital Leases	539				
Total Other Financing Sources (Uses)	(42,496)			13,258	1,072
Net Changes in Fund Balances (Deficits)	5,605	(536)	751	(6,897)	4,700
Fund Balances (Deficits), July 1, 2004 (as previously reported)	73,700	319	454	(5,828)	18,009
Prior Period Adjustments					(5,997)
Fund Balances (Deficits), June 30, 2005	\$ 79,305	\$ (217)	\$ 1,205	\$ (12,725)	\$ 16,712

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

<u>ROAD</u>	<u>STRUCTURAL FIRE</u>	<u>TOBACCO SECURITIZATION PROCEEDS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>	
\$ 494	\$ 42,350	\$	\$ 2,219	\$ 226,259	REVENUES:
	33		5,960	15,084	Taxes
204	93	1,785	6,803	23,026	Licenses, Permits and Franchises
19,251	3,114		2,442	10,549	Fines, Forfeitures and Penalties
5,890	16,436		73,012	604,825	Revenues from Use of Money and Property
750	615	281	3,934	142,872	Aid from Other Governmental Agencies
			28,873	119,878	Charges for Current Services
					Other Revenues
<u>26,589</u>	<u>62,641</u>	<u>2,066</u>	<u>123,243</u>	<u>1,142,493</u>	Total Revenues
					EXPENDITURES:
			664	77,566	Current:
	84,242		5,293	347,724	General Government
			2,274	196,003	Public Protection
			25,955	368,630	Health and Sanitation
				8,313	Public Assistance
				12,489	Education
28,859			1,790	30,649	Recreation and Cultural Services
		6,524	221	7,284	Public Ways and Facilities
					Capital Outlay
			32,861	32,933	Debt Service:
			28,648	31,905	Principal
					Interest
<u>28,859</u>	<u>84,242</u>	<u>6,524</u>	<u>97,706</u>	<u>1,113,496</u>	Total Expenditures
<u>(2,270)</u>	<u>(21,601)</u>	<u>(4,458)</u>	<u>25,537</u>	<u>28,997</u>	Excess (Deficiency) of Revenues Over Expenditures
					OTHER FINANCING SOURCES (USES):
5,522	19,776		35,712	122,073	Transfers In
	(812)	(1,218)	(60,554)	(152,352)	Transfers Out
				539	Inception of Capital Leases
<u>5,522</u>	<u>18,964</u>	<u>(1,218)</u>	<u>(24,842)</u>	<u>(29,740)</u>	Total Other Financing Sources (Uses)
3,252	(2,637)	(5,676)	695	(743)	Net Changes in Fund Balances (Deficits)
22,322	10,869	68,233	85,408	273,486	Fund Balances (Deficits), July 1, 2004 (as previously reported)
			(171)	(6,168)	Prior Period Adjustments
<u>\$ 25,574</u>	<u>\$ 8,232</u>	<u>\$ 62,557</u>	<u>\$ 85,932</u>	<u>\$ 266,575</u>	Fund Balances (Deficits), June 30, 2005

**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, 2005 (IN THOUSANDS)**

Net change in fund balance - Total governmental funds:	\$	(743)
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	\$ 42,855	
Less current year depreciation	<u>(20,493)</u>	22,362
Capital contribution of capital assets are not reported on governmental funds but recorded at fair value on the statement of net assets		(2,824)
Governmental fund revenues deferred due to unavailability were booked in the statement of activities		3,298
Governmental fund revenues not recognized due to unavailability were booked in the statement of activities		560
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	\$ 3,932	
Certificates of Participation	26,545	
Capital Leases	3,164	
Facility Lease	66	
Tobacco -Asset Backed Bonds	1,430	
Loans Payable	<u>1,496</u>	36,633
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Change in accrued interest payable	\$ (7,400)	
Change in compensated absences	<u>(354)</u>	(7,754)
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		(6,845)
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>(17,592)</u>
	\$	<u><u>27,095</u></u>

**COUNTY OF KERN
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2005 (IN THOUSANDS)**

	BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS					GOVERNMENTAL
	AIRPORTS	KERN MEDICAL CENTER	WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
ASSETS						
Current Assets:						
Pooled Cash and Investments	\$ 2,456	\$ 1,620	\$ 57,016	\$ 11,524	\$ 72,616	\$ 38,208
Revolving Fund Cash		4	9		13	
Interest Receivable	121	80	414	80	695	297
Accounts Receivable - Net	126	28,885	1,707		30,718	1,393
Accrued Revenue	2,250		921	199	3,370	69
Due from Other Funds		2,027			2,027	167
Prepaid Items		929	164		1,093	8
Inventory - Materials and Supplies		1,273			1,273	60
Total Current Assets	4,953	34,818	60,231	11,803	111,805	40,202
Noncurrent Assets:						
Cash and Investments Deposited with Trustee	1,027	8,446	4,107	704	14,284	
Taxes Receivable			3,456	1,454	4,910	
Advances Receivable			2,500		2,500	
Notes Receivable			60		60	
Deposits with Others						135
Investment in Joint Venture		503		1,529	2,032	
Capital Assets:						
Nondepreciable:						
Land	6,753	168	14,859	668	22,448	
Land Acquisition in Progress			457		457	
Construction in Progress	20,077	928	1,586	289	22,880	
Depreciable:						
Structures and Improvements	34,591	60,033	36,851	14,899	146,374	
Equipment	1,473	36,866	2,183	7,589	48,111	4,103
Intangible Assets			238		238	
Subsurface Lines				6,723	6,723	
Accumulated Depreciation and Amortization	(20,198)	(54,881)	(16,285)	(12,650)	(104,014)	
Total Noncurrent Assets	43,723	52,063	50,012	21,205	167,003	4,238
Total Assets	48,676	86,881	110,243	33,008	278,808	44,440
LIABILITIES						
Current Liabilities:						
Accounts Payable		8,377	2,050	804	11,231	630
Salaries and Employee Benefits Payable	65	6,188	392	72	6,717	27
Due to Other Funds	12	4	8	26	50	418
Current Portion of Long Term Debt	516	2,765	1,393	213	4,887	13
Interest Payable - Current	451	739	467	48	1,705	11
Current Portion of Compensated Absences	50	956	241	5	1,252	
Current Portion of Liability for Self-Insurance						24,101
Deferred Income		750		661	1,411	
Total Current Liabilities	1,094	19,779	4,551	1,829	27,253	25,200
Noncurrent Liabilities:						
Advances Payable	2,000	3,895		2,500	8,395	
Estimate for Professional Liability Claims		10,216			10,216	
Compensated Absences Payable	115	8,599	560	13	9,287	82
Due to Other Agencies		3,615			3,615	
Liability for Self-Insurance - Long Term						58,733
Long Term Debt - Certificates of Participation	12,725	14,300	20,345	3,210	50,580	
Long Term Debt - Pension Obligation Bonds	537	28,809	1,601	109	31,056	442
Long Term - Interest Payable - Pension Obligation Bonds	133	7,151	398	27	7,709	130
Accrued Closure Liability			29,403		29,403	
Accrued Postclosure Liability			28,934		28,934	
Total Noncurrent Liabilities	15,510	76,585	81,241	5,859	179,195	59,387
Total Liabilities	16,604	96,364	85,792	7,688	206,448	84,587
NET ASSETS						
Invested in Capital Assets, Net of Related Debt	29,471	31,802	19,050	14,095	94,418	4,103
Restricted (Note XI. C)	1,027	4,737	3,256	704	9,724	135
Unrestricted	1,574	(46,022)	2,145	10,521	(31,782)	(44,385)
Total Net Assets	\$ 32,072	\$ (9,483)	\$ 24,451	\$ 25,320	\$ 72,360	\$ (40,147)
Cumulative adjustment to reflect the consolidation of internal service funds activities related to enterprise funds.					(5,654)	
Net Assets of Business-Type Activities:					\$ 66,706	

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, 2005 (IN THOUSANDS)

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS					GOVERNMENTAL
	AIRPORTS	KERN MEDICAL CENTER	WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
OPERATING REVENUES:						
Patient Services	\$	\$ 135,717	\$	\$	\$ 135,717	\$
Charges for Current Services	154	3,605	15,646	5,809	25,214	114,212
Revenues from Use of Property	2,270		13	129	2,412	
Other Operating Revenues		13,980			13,980	
Total Operating Revenues	2,424	153,302	15,659	5,938	177,323	114,212
OPERATING EXPENSES:						
Salaries and Employee Benefits	1,304	112,121	7,566	1,397	122,388	3,961
Services and Supplies	3,042	68,449	13,932	17,532	102,955	13,576
Claims Incurred						112,682
Other Charges	134	1,211	186	39	1,570	5,082
Depreciation	1,063	4,693	3,798	1,156	10,710	572
Total Operating Expenses	5,543	186,474	25,482	20,124	237,623	135,873
Operating Income (Loss)	(3,119)	(33,172)	(9,823)	(14,186)	(60,300)	(21,661)
NON-OPERATING REVENUES (EXPENSES):						
Taxes and Assessments	479		15,326	14,224	30,029	
Fines, Forfeitures and Penalties		9	251	168	428	
Licenses, Permits and Franchises				28	28	
Interest on Bank Deposits and Investments	79	201	776	127	1,183	598
Gain (Loss) on Investments		110			110	
Aid from Other Governmental Agencies	2,938	1,510	221	522	5,191	
Interest Expense	(49)	(3,321)	(1,009)	(253)	(4,632)	(51)
Other Non-Operating Revenues	122	2,958	449	46	3,575	799
Gain (Loss) on Sale of Capital Assets		34		17	51	16
Total Non-Operating Revenues (Expenses)	3,569	1,501	16,014	14,879	35,963	1,362
Income (Loss) before Transfers	450	(31,671)	6,191	693	(24,337)	(20,299)
Transfers In	218	30,060	6		30,284	80
Transfers Out		(42)		(6)	(48)	
Changes in Net Assets	668	(1,653)	6,197	687	5,899	(20,219)
Net Assets (Deficits), July 1, 2004 (as previously reported)	31,059	(7,844)	18,254	24,633		(19,928)
Prior Period Adjustments	345	14				
Net Assets (Deficits), June 30, 2005	\$ 32,072	\$ (9,483)	\$ 24,451	\$ 25,320		\$ (40,147)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.					(2,635)	
Change in net assets of business-type activities					\$ 3,264	

**COUNTY OF KERN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

Page 1 of 2

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS					GOVERNMENTAL
	AIRPORTS	KERN MEDICAL CENTER	WASTE MANAGEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL	INTERNAL SERVICE FUNDS
CASH FLOWS FROM OPERATING ACTIVITIES:						
Cash Received for Patient/Current Services	\$ 142	\$ 143,296	\$ 14,938	\$ 5,915	\$ 164,291	\$
Cash Received for Use of Property	2,270		13	92	2,375	
Cash Received for Interfund Services Provided						114,077
Cash Received for Other Operations	122	17,565	450	46	18,183	799
Cash Received as Fines, Forfeitures, and Penalties		9	251	168	428	
Cash Received as Licenses and Permits				28	28	
Cash Paid for Salaries and Benefits	(1,276)	(110,087)	(7,480)	(1,334)	(120,177)	(3,952)
Cash Paid for Services and Supplies	(2,857)	(53,191)	(14,793)	(17,609)	(88,450)	(14,102)
Cash Paid for Reported Claims						(93,575)
Cash Paid for Interfund Services and Supplies	(189)	(15,204)	(1,265)	(212)	(16,870)	
Cash Paid for Other Charges	(134)	(1,211)	(485)	(39)	(1,869)	(5,082)
Net Cash Provided (Used) by Operating Activities	(1,922)	(18,823)	(8,371)	(12,945)	(42,061)	(1,835)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:						
Cash Received from Other Funds		30,060			30,060	
Taxes and Special Assessments	480		15,178	14,076	29,734	
Cash Received From Advances		72,743			72,743	
Cash Paid for Advances	(537)	(78,405)			(78,942)	
Aid from Other Governmental Agencies	836	1,510	221	859	3,426	
Payment of Long Term Debt - Pension Obligation Bond	(12)	(1,645)	(37)	(3)	(1,697)	(10)
Interest Paid	(31)	(665)	(91)	(61)	(848)	(26)
Net Cash Provided (Used) by Non-Capital Financing Activities	736	23,598	15,271	14,871	54,476	(36)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Acquisition or Construction of Capital Assets	(12,540)	(1,511)	(4,244)	(601)	(18,896)	(809)
Cash Paid for Certificate of Participation Issuance Cost						
Proceeds from Issuance of Certificates of Participation				17	17	49
Proceeds from Disposal of Capital Assets						
Payment of Long Term Debt - Certificates of Participation		(2,520)	(1,275)	(200)	(3,995)	
Interest Paid on Long Term Debt	(372)	(814)	(869)	(190)	(2,245)	
Payment of Capital Lease		(15)			(15)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(12,912)	(4,860)	(6,388)	(974)	(25,134)	(760)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Cash Collection on Loan Receivable			60	203	263	
Interest on Bank Deposits and Investments	68	202	571	91	932	397
Net Cash Provided (Used) by Investing Activities	68	202	631	294	1,195	397
Net Increase (Decrease) in Cash and Cash Equivalents	(14,030)	117	1,143	1,246	(11,524)	(2,234)
Cash and Cash Equivalents, July 1, 2004	17,513	9,953	59,989	10,982	98,437	40,442
Cash and Cash Equivalents, June 30, 2005	\$ 3,483	\$ 10,070	\$ 61,132	\$ 12,228	\$ 86,913	\$ 38,208

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

**COUNTY OF KERN
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

Page 2 of 2

	<u>AIRPORTS</u>	<u>KERN MEDICAL CENTER</u>	<u>WASTE MANAGEMENT</u>	<u>NONMAJOR ENTERPRISE FUNDS</u>	<u>TOTAL</u>	<u>INTERNAL SERVICE FUNDS</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (3,119)	\$ (33,172)	\$ (9,823)	\$ (14,186)	\$ (60,300)	\$ (21,661)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Other Non-Operating Revenues	122	3,594	700	236	4,652	799
Depreciation	1,063	4,693	3,798	1,156	10,710	572
Changes in Assets and Liabilities:						
(Increase) Decrease in Accounts Receivable	(12)	3,311	(707)	68	2,660	(117)
(Increase) Decrease in Inventory		263			263	(5)
(Increase) Decrease in Due from Others						(18)
(Increase) Decrease in Deposits with Others						312
(Increase) Decrease in Prepaid Items		(17)				
(Increase) Decrease in Investment in Joint Venture				(4)	(21)	
Increase (Decrease) in Accounts Payable			(342)	(52)	(52)	
Increase (Decrease) in Accrued Expenses		(1,407)		133	(209)	
Increase (Decrease) in Due to Others	(5)	663	(9)	(276)	(1,683)	(521)
Increase (Decrease) in Salaries & Benefits Payable	6	1,110	54	(83)	1,087	106
Increase (Decrease) in Compensated Absences Payable	23	923	32	61	1,039	5
Increase (Decrease) in Claims Payable						4
Increase (Decrease) in Provision for Liability Claims		1,216			1,216	18,689
Increase (Decrease) in Closure/Post Closure Liability			(2,074)		(2,074)	
Total Adjustments	<u>1,197</u>	<u>14,349</u>	<u>1,452</u>	<u>1,156</u>	<u>18,154</u>	<u>19,826</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,922)</u>	<u>\$ (18,823)</u>	<u>\$ (8,371)</u>	<u>\$ (13,030)</u>	<u>\$ (42,146)</u>	<u>\$ (1,835)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:						
Net Transfers of Capital Assets (To) From Other Funds	<u>\$ (218)</u>	<u>\$ (42)</u>	<u>\$ 6</u>	<u>\$ (6)</u>	<u>\$ (260)</u>	<u>\$ 287</u>
Total Noncash Investing, Capital, and Financing Activities	<u>\$ (218)</u>	<u>\$ (42)</u>	<u>\$ 6</u>	<u>\$ (6)</u>	<u>\$ (260)</u>	<u>\$ 287</u>

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

**COUNTY OF KERN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

<u>ASSETS</u>	<u>INVESTMENT</u>	<u>AGENCY</u>
Cash and Cash Equivalents	\$ 1,208,546	\$ 129,031
Total Cash and Cash Equivalents	<u>1,208,546</u>	<u>129,031</u>
Receivables:		
Accounts	255	49
Loans		113
Taxes		43,429
Interest and Dividends Receivable	<u>6,235</u>	<u>669</u>
Total Receivables	<u>6,490</u>	<u>44,260</u>
Due from Other:		
Funds:		48
Agencies:	<u>67</u>	<u>3,791</u>
Total Due from Other:	<u>67</u>	<u>3,839</u>
Capital Assets, Net of Accumulated Depreciation	<u>5</u>	
Total Assets	<u>1,215,108</u>	<u>177,130</u>
<u>LIABILITIES AND FUND BALANCES</u>		
Warrants Payable	80,132	34,537
Accounts Payable	4,748	10
Matured Bonds & Interest Payable	139	
Due to Other Funds	1,761	
Due to Other Agencies		142,263
Unapportioned Installment Redemptions		<u>320</u>
Total Liabilities	<u>86,780</u>	<u>\$ 177,130</u>
Net Assets Held in Trust for Pool Participants	<u>\$ 1,128,328</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, 2005 (IN THOUSANDS)**

ADDITIONS:

Contributions on pooled investments	\$	3,876,111
Use of money and property		<u>9,845</u>
Total additions		<u>3,885,956</u>

DEDUCTIONS:

Distributions from pooled investments		<u>3,817,743</u>
Net increase in net assets		68,213
Net assets held in trust, July 1, 2004		<u>1,060,115</u>
Net assets held in trust, June 30, 2005	\$	<u><u>1,128,328</u></u>

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

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 ship, and various agricultural products like grapes and oranges. The text "COUNTY OF KERN" is 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.

**NOTES TO THE FINANCIAL
STATEMENTS**

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

As required by generally accepted accounting principles, these financial statements present the County as the primary government and its component units, entities for which the County is considered financially accountable. Blended component units, although legally separate entities, are in substance part of the County's operations 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, "The Financial Reporting Entity," management has determined that the following component units should be blended:

County Service Areas (CSAs)

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

Golf Courses and Sanitation Districts

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

The County of Kern Asset Leasing Corporation

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

The Kern County Tobacco Funding Corporation (the Corporation)

This is a separate legal nonprofit public benefit corporation created under the California Nonprofit Public Benefit Corporation Law. It was established to purchase tobacco settlement payments allocated to the County from the State of California, pursuant to the Master Settlement Agreement concluded on November 23, 1998 between the major tobacco companies and 46 states (including California), the District of Columbia and four U.S. Territories (See note XII. 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, 2005

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

GASB Statement No. 39

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

GASB Statements No. 40

GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, was issued in March 2003 and is effective for financial statements for periods beginning after June 15, 2004. GASB Statement No. 40 updates the custodial credit risk disclosure requirements of Statement 3 and establishes more comprehensive disclosure requirements addressing other common risks of the deposits and investments of state and local governments. As of June 30, 2005, the County of Kern does not have any derivatives.

GASB Statement No. 42

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

GASB Statement No. 43

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

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

GASB Statement No. 44

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

GASB Statement No. 45

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

Government-Wide Financial Statements

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

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

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Comparative Data

The implementation of GASB 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. The Airports, a Nonmajor 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 financial statements require management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Fund Financial Statements

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

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

The County reports the following major governmental funds:

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

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

Tobacco Securitization accounts for the sale of rights to future tobacco settlement payments. (See Note XII. 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.

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.

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

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Financial Statements (continued)

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

The County reports the following additional fund types:

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

The Investment Trust Fund is made up of funds for 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.

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

D. BASIS OF ACCOUNTING

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

Governmental funds are recorded on the modified accrual basis of accounting. Using this method, revenue is recorded when it is measurable and available. Property and sales taxes

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BASIS OF ACCOUNTING (continued)

are considered available if collected within 60 days after the end of the accounting period; whereas, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within 90 days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences are recorded only when the payment is due. General capital 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/loss was allocated to the function or program that benefited from the internal service fund activity using the look-back approach.

E. ASSETS, LIABILITIES, AND NET ASSETS

Cash and Cash Equivalents

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

Investments

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

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "loans receivable/payable" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" (See notes VI. 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 2004-05 net assessed valuation of the County of Kern was \$50,800,016,601.

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

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

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

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Inventory - Materials and Supplies

Inventories in the General Fund, General Services - Garage Internal Services Fund, the Road Fund, the Structural Fire Fund and the Kern Medical Center Enterprise Fund consist of expendable supplies held for consumption. The General Fund and the Kern Medical Center Enterprise Fund use the "moving average" method for costing inventory. Road and Structural Fire Funds value inventory at cost and the General Services - Garage Internal Service Fund uses the first-in, first-out method of costing inventory. Other materials and supplies are recorded as expenditures upon acquisition.

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

Capital Assets

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

Capital assets are depreciated 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.

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Compensated Absences

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

Long-Term Obligations

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

F. HOSPITAL AND OTHER PROGRAM REVENUES

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payers. Gross patient services revenue for fiscal year 2004-2005 was \$410,542,244, the estimated adjustment was \$274,825,551 for a net patient service revenue of \$135,716,693. 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 39% and 17% respectively, of net patient care revenue for the year ended June 30, 2005.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. HOSPITAL AND OTHER PROGRAM REVENUES (continued)

Medi-Cal and Medicare Programs (continued)

The Hospital has various outstanding appeals pertaining to Medi-Cal and Medicare audit settlements. These amounts have not been recorded as the 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 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 September 24, 2002. The OIG states that the hospital exceeded its specific limit by nearly \$44 million for fiscal year 1998. The report states that Federal law requires the State to recover overpayments. However, in its conclusions, the report does not specifically request Kern Medical Center to refund the overpayment.

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

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

Other Program Revenues

The Hospital also receives revenues from the following other programs:

During fiscal year 1991-92, Senate Bills (SB) 855 and 146 were enacted to provide higher Medi-Cal reimbursement rates to "disproportionate share hospitals." These are hospitals which provide service to a large number of indigent patients. The law requires certain public entities to contribute funds to the State. These funds, along with additional Federal revenues, are utilized by the State to fund the supplemental payment amounts. The Hospital received \$75,765,791 in fiscal year 2005 and \$69,670,684 in fiscal 2004 under the State of California's Medi-Cal disproportionate share program. The program required the County to provide matching funds of \$55,162,484 and \$38,601,915 in fiscal years 2005 and 2004, respectively, which were recorded as expenditures in the General Fund. The amount received

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. HOSPITAL AND OTHER PROGRAM REVENUES (continued)

Other Program Revenues (continued)

by the Hospital through this program is dependent upon the number of Medi-Cal inpatient days provided by the Hospital. Because the revenues generated are based on services provided to patients, they have been classified as net patient service revenues. Reimbursement to the General Fund for the contribution is recorded as other revenue in the General Fund, and it is netted against revenue received from the state in the Kern Medical Center Enterprise Fund.

SB 1255, which became effective in 1990, established the State Disproportionate Share and Emergency Services Fund to receive contributions from public and private agencies. The State utilized these funds to obtain additional federal matching funds. The total is then distributed to the participants through a negotiation process with the California Medical Assistance Commission. To be eligible to negotiate for funds, among other requirements, a hospital must be a disproportionate share provider. For fiscal year 2004-2005 County SB 1255 revenues were \$45,800,000. The program required the County to provide matching funds of \$23,000,000. Reimbursement to the General Fund for the contribution is recorded as other revenue in the General Fund and as non-operating expense in the Kern Medical Center Enterprise Fund.

Proposition 99 imposes an additional state excise tax on cigarettes and other tobacco products. The increased taxes on tobacco products generate additional revenues for health care, research, health education, and public resources. State Assembly Bill 75 allocates these revenues to health care providers based upon their share of the financial burden for providing care to persons who are uninsured or otherwise unable to pay for care. The County's share of these revenues for the year ended June 30, 2005 was \$978,664.

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

Health and Welfare Realignment Act

In fiscal year 1991-92, the State implemented the Health and Welfare Realignment Act ("Realignment"), which transferred a significant portion of the financial and administrative responsibilities for local health and welfare programs from the State to counties. The State utilizes a one-half cent sales tax increase and an increase in vehicle license fees as the sources for funding allocations to the counties in lieu of previous State General Fund financing. The amount to be received by counties is dependent upon the actual increased sales tax and vehicle license fees. Kern County Realignment revenues were recorded as State revenues in the General, Mental Health, Department of Human Services, Kern Medical Center Funds, and Aging and Adult Services – Nonmajor Special Revenue Fund.

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

II. NET ASSETS RESTATEMENTS

A. RESTATEMENT OF EQUITY

The County's beginning fund balance and net assets have been restated to reflect prior period adjustments to the Mental Health Fund, Other Governmental Funds, Kern Medical Center, Waste Management, County Sanitation Districts and Golf – Nonmajor Enterprise Funds for the fiscal year ended June 30, 2005 (in thousands):

Fund Balances	
Fund balances at June 30, 2004, as previously reported – Governmental Funds	\$ 273,486
Prior Period Adjustments	
Liability to the State not previously reported – Mental Health	(5,997)
Inclusion of Kern County Tobacco Corp.- Nonmajor Debt Service Fund	(171)
Fund balances at June 30, 2004, as restated – Governmental Funds	\$ <u>267,318</u>

Net Assets	
Net Assets at June 30, 2004, as previously reported – Business-Type Activities	\$ 66,102
Prior Period Adjustments	
Adjustments to Capital Assets - Nonmajor Enterprise Fund	345
Kern Medical Center	
Inventory Adjustment to Correct Prior Years Ending Balance	(330)
Accounts Payable Adjustment to Correct Prior Years Ending Balance	(48)
Investment Adjustment that was Established in Prior Years	392
Net Assets at June 30, 2004, as restated – Business-Type Activities	\$ <u>66,461</u>

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

Net Assets – Governmental Activities	
Net Assets – Governmental Activities at June 30, 2004 as previously reported	\$ 183,193
Prior Period Adjustments	
Liability to the State not previously reported – Mental Health	(5,997)
Inclusion of Kern County Tobacco Corp.- Nonmajor Debt Service Fund	(171)
Net Assets at June 30, 2004, as restated – Governmental Activities	\$ <u>177,025</u>

Net Assets – Business Type Activities	
Net Assets at June 30, 2004, as previously reported – Business-Type Activities	\$ 63,083
Prior Period Adjustments	
Adjustments to Capital Assets - Nonmajor Enterprise Fund	345
Adjustments to Inventory, Accounts Payable, and Investments – Kern Medical Center	14
Net Assets at June 30, 2004, as restated – Business-Type Activities	\$ <u>63,442</u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. DEFICIT FUND BALANCES/DEFICIT NET ASSETS

The following funds have total deficit fund balances/total deficit net assets, as appropriate at June 30, 2005 (in thousands):

<u>Major Governmental Funds</u>	
Kern County Dept. of Child Support	\$ (217)
Human Services	<u>(12,725)</u>
	\$ <u><u>(12,942)</u></u>
 <u>Nonmajor Governmental Funds</u>	
Public Improvement Districts	\$ (16)
Master Lease	(411)
Certificates of Participation	<u>(15)</u>
	\$ <u><u>(442)</u></u>
 <u>Major Enterprise Funds</u>	
Kern Medical Center	\$ <u><u>(9,483)</u></u>
 <u>Internal Service Funds</u>	
General Liability	\$ (4,470)
Workers' Compensation	<u>(60,178)</u>
Total Internal Service Funds	\$ <u><u>(64,648)</u></u>

The deficit fund balance for Kern County Department of Child Support is the direct result of reduction in state funding. The deficit fund balance for Human Services is the result of an increase in both employees' salaries and benefits and services and supplies. The deficit fund balance for Public Improvement Districts, Master Lease, and Certificates of Participation are the result of unreimbursed capital expenditures at fiscal year end. The deficit fund balance for Kern Medical Center is the result of an increase in employees' salaries and benefits. The General Liability 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, 2005**

IV. CASH AND INVESTMENTS

A. DEPOSITS

Cash and Deposits

As provided for by the Government Code, the cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The respective funds' shares of the total pooled cash and investments are included in the accompanying balance sheet for governmental funds and statement of net assets for proprietary funds under the caption "Pooled Cash and Investments". In accordance with 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.

B. CASH AND INVESTMENTS DEPOSITED WITH TRUSTEE

The June 30, 2005 balance of Cash and Investments Deposited with Trustee consists of the following (in thousands):

Money Market Accounts	\$	10,543
Certificates of Deposit		1,452
Investment Agreements		76,744
Federal Agency		10,877
Total Cash and Investments Deposited with Trustee	\$	<u>99,616</u>

\$36,274,070 of the balance relates to construction debt refinancing and equipment acquisition funds from certificates of participation held by the trustee for Kern County Asset Leasing Corporation and are reported in the Kern Asset Leasing Debt Service Nonmajor Governmental Fund, the Golf Course Nonmajor Enterprise Fund, Kern Medical Center and Waste Management Enterprise Funds. \$49,814,815 is recorded in the Tobacco Securitization Fund and will be utilized for capital projects. \$12,099,969 recorded on the Kern County Tobacco Funding Corporation are held in trust for debt service reserves. \$1,027,384 of the balance relates to construction of a new airport terminal and it is reported on the Airport Nonmajor Enterprise Fund. The funds are currently held by Wells Fargo.

The balance reported of \$399,740 in the Pension Obligation Bond Trustee Debt Service Nonmajor Governmental Fund relates to monies held in a trust account with U.S. Bank. This account is used to service debt payments related to the County's pension obligation bonds.

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

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 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, 2005 to support the value of the shares in the Pool. However, management believes that the investments in the Pool are of high quality and that the risk of participation in the Pool is negligible.

Concentration of credit risk. The Pool will not invest more than 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 treasurers 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 93.9% and 6.1%, 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.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

IV. CASH AND INVESTMENTS (continued)

C. INVESTMENTS (continued)

The County's investment in the Local Agency Investment Fund (LAIF) is \$10,391. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members designated by State Statute. The Chairman is the State Treasurer or his designated representative. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County's position in the Pool.

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

Investment	Fair Value	Principal	Interest rate % Range	Maturity Range
Treasury Securities (Coupon)	\$ 14,953	\$ 14,949	1.63 – 2.00	08/31/05 – 10/31/05
Bankers Acceptance	9,925	9,925	3.11	7/25/05
Commercial Paper	148,747	148,461	3.06 – 3.28	7/01/05 – 8/03/05
Fed Agency Issues (Coupon)	715,655	721,289	1.42 – 7.00	7/07/05 – 2/22/10
State Treasury's Pool (LAIF)	10,391	10,415	2.00 – 2.85	
Asset Backed Securities	60,661	62,106	2.55 – 7.25	4/07/08 – 3/15/10
Medium Term Notes	283,191	292,860	2.50 – 7.38	12/01/05 – 3/15/10
Negotiable CDs	330,000	329,912	2.28 – 3.61	7/01/05 – 3/22/06
Fed Agency Issues (Discount)	19,558	19,558	2.64 – 2.76	7/29/05 – 11/28/05
Bank Accounts & Accruals	47,345	47,345		
Totals	<u>\$ 1,640,426</u>	<u>\$ 1,656,820</u>		

Investment	Rating		Weighted Average Maturity
	Moody's	S & P	
Treasury Securities (Coupon)	Aaa	AAA	0.924186
Bankers Acceptance	P1	A1	0.243836
Commercial Paper	P1 and P-1	A1, A1+, A-1	0.112406
Fed Agency Issues (Coupon)	Aaa and AAA	AAA	2.388915
Asset Backed Securities	Aaa	AAA	4.226799
	Aa1, Aa2, Aa3	AA, AAA,	
Medium Term Notes	Aaa, and AA1	AA+, and AA-	3.108839
Negotiable CDs	P1 and P-1	A1 and A1+	.522993
Fed Agency Issues (Discount)	Aaa	AAA	.801645
Portfolio Weighted Average Maturity			<u>1.940187</u>

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

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, 2005 (in thousands):

Statement of Net Assets	
Total Assets Held for Pool Participants	\$ 1,640,426
Less: Warrants Payable	<u>(114,668)</u>
Pool Equity, Net	<u>\$ 1,525,758</u>
Equity of Internal Pool Participants	\$ 397,430
Equity of External Pool Participants (Voluntary and Involuntary)	<u>1,128,328</u>
Total Equity	<u>\$ 1,525,758</u>
Statement of Changes in Net Assets	
Net Assets at July 1, 2004	\$ 1,447,400
Net Changes in Investments by Pool Participant	<u>78,358</u>
Net Assets at June 30, 2005	<u>\$ 1,525,758</u>

Bank deposits are reported based upon balances as of the end of the fiscal year and investments are reported at the County's book balance.

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 \$87,621 (thousand).

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 \$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, 2005**

V. RECEIVABLES

A. RECEIVABLES

The County's net receivables for the year ended June 30, 2005 for the individual funds, nonmajor funds, and internal services funds are as follows (in thousands):

Receivables - Governmental Activities:	Taxes	Accounts	Interest	Other	Total Receivables
General Fund	\$ 25,565	\$	\$ 1,229	\$ 16,354	\$ 43,148
Kern Co. Dept. of Child Support			43	71	114
Employer's Training Resource			4	1,647	1,651
Department of Human Services		15,924	31	8,867	24,822
Mental Health		294	148	7,686	8,128
Road			157	1,699	1,856
Structural Fire	2,246		100	3,413	5,759
Tobacco Securitization Proceeds			78		78
Other Nonmajor Governmental Funds	587		844	10,182	11,613
Internal Service Funds		1,393	297	69	1,759
Total Governmental Activities	<u>\$ 28,398</u>	<u>\$ 17,611</u>	<u>\$ 2,931</u>	<u>\$ 49,988</u>	<u>\$ 98,928</u>

The category classified as "Other" is composed of receivables from various state sources. Of the \$15,924,529 of accounts receivable for Human Resources, only \$936,241 is estimated to be collected within one year, leaving \$14,988,288 in receivables to be collected in future years. Department of Human Services has a slow collection process due to the nature of the services they provide. The total amount of taxes receivables not expected to be collected within one-year totals \$23,085 (in thousands). Of this amount, \$20,782 (in thousands) is

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

V. RECEIVABLES (continued)

A. RECEIVABLES (continued)

recorded in the General Fund, \$1,826 (in thousands) in the Structural Fire Fund and \$477 (in thousands) in the County Service Areas Nonmajor Governmental Fund – Special Revenue Fund.

Receivables - Business-Type Activities:	Taxes	Accounts	Interest	Other	Gross Receivables	Less: Allowance for Uncollectibles	Total Receivables
Airports	\$	\$ 208	\$ 121	\$ 2,250	\$ 2,579	\$ (82)	\$ 2,497
Kern Medical Center		130,909	80		130,989	(102,024)	28,965
Waste Management	3,458	1,800	415	981	6,654	(93)	6,561
Nonmajor Enterprise Funds	<u>1,454</u>	<u></u>	<u>80</u>	<u>199</u>	<u>1,733</u>	<u></u>	<u>1,733</u>
Total Business- Type Activities	\$ <u>4,912</u>	\$ <u>132,917</u>	\$ <u>696</u>	\$ <u>3,430</u>	\$ <u>141,955</u>	\$ <u>(102,199)</u>	\$ <u>39,756</u>

Kern Medical Center has a balance of \$130,909 (in thousands) in accounts receivable. Of the accounts receivable balance, Kern Medical Center estimates not to collect \$1,183 (in thousands) within in one year. The total amount of taxes receivable not expected to be collected within one year is \$3,991 (in thousands). Of the \$3,988 (in thousands) the receivable will be allocated to Waste Management, County Sanitation Districts, and Universal Collections in the amounts of \$2,809 (in thousands), \$300 (in thousands), and \$882 (in thousands), respectively.

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

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, 2005 are as follows:

Governmental Activities:	<u>Unavailable</u>
Delinquent property taxes receivable	
General Fund	\$ 29,851
Structural Fire	1,890
Nonmajor Governmental Fund	562
Accounts Receivable	
Department of Human Services	15,664
Advance Funds	
Department of Human Services	<u>10,331</u>
Total deferred/unearned revenue for governmental funds	\$ <u>58,298</u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

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, 2005 are as follows (in thousands):

	<u>Due From</u>	<u>Due To</u>	<u>Purpose</u>
General Fund	\$ 5,954	\$	
Employers' Training Resource		227	Expense reimbursement
Nonmajor Governmental Funds		4,335	Expense reimbursement & Proposition 172 revenue
Internal Service Funds		203	Expense reimbursement
Investment Trust	<u>5,954</u>	<u>1,189</u>	Final allocation of court fines
		<u>5,954</u>	
Structural Fire	660		
Nonmajor Governmental Funds		445	Proposition 172 revenue
Internal Service Funds	<u>660</u>	<u>215</u>	Expense reimbursement
		<u>660</u>	
Road	76		Services provided
Nonmajor Governmental		37	Services provided
Airports		13	Services provided
Nonmajor Enterprise Funds	<u>76</u>	<u>26</u>	Services provided
		<u>76</u>	
Kern Medical Center	2,027		
General		2,012	Final allocation of tax revenue
Nonmajor Governmental Funds		15	Expense reimbursement
	\$ <u>2,027</u>	\$ <u>2,027</u>	

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

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	\$ 167	\$	Services provided
General		100	Services provided
Human Services		18	Services provided
Mental Health		31	Services provided
Nonmajor Governmental Funds		6	Services provided
Kern Medical Center		4	Services provided
Waste Management		8	Services provided
	<u>167</u>	<u>167</u>	
Nonmajor Governmental Funds	524		
Investment Trust		524	Final allocation of court fines
	<u>524</u>	<u>524</u>	
Agency	48		
Investment Trust		48	Cash Flow
	<u>48</u>	<u>48</u>	
Total	\$ <u>9,456</u>	\$ <u>9,456</u>	

B. LOANS RECEIVABLE/PAYABLE

Loans Receivable/Payable at June 30, 2005 are as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Agency	Nonmajor Governmental Fund	\$ <u>113</u>	Start up cost of projects
		\$ <u>113</u>	

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

VI. INTERFUND TRANSACTION (continued)

C. ADVANCES TO/FROM OTHER FUNDS

Advances To/From Other Funds at June 30, 2005 are as follows (in thousands):

<u>Advances From</u>	<u>Advances To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Human Services	\$ 12,932	To cover cash flow
	Kern Medical Center	3,895	To cover cash flow
	Nonmajor Governmental Funds	<u>1,524</u>	To cover cash flow
		<u>18,351</u>	
Tobacco Securitization	Airports	<u>2,000</u>	To cover start up cost
Waste Management	Nonmajor Enterprise Funds	<u>2,500</u>	To cover start up cost
		<u>\$ 22,851</u>	

D. TRANSFERS

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

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General	Human Services	\$ 13,258
	Mental Health	882
	Road	5,500
	Structural Fire	19,776
	Nonmajor Governmental Funds	20,292
	Kern Medical Center	<u>30,060</u>
		<u>89,768</u>
Structural Fire	Nonmajor Governmental Funds	<u>812</u>
Tobacco Securitization	General	1,000
	Airport	<u>218</u>
		<u>1,218</u>
Nonmajor Governmental Funds	General	45,733
	Mental Health	190
	Road	22
	Nonmajor Governmental Funds	<u>14,608</u>
		<u>60,553</u>
Nonmajor Enterprise	Waste	<u>6</u>
Total		<u>\$ 152,357</u>

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

VI. INTERFUND TRANSACTION (continued)

D. TRANSFERS (continued)

The General Fund transferred \$40,396,679 to Human Services, Mental Health, Road, Structural Fire, Aging and Adult Services-Nonmajor Governmental Fund, Nonmajor Separation of Grade, and Board of Trade Advertising-Nonmajor Governmental Fund as a subsidy to their operations. Also, Public Health Debt Service, a Nonmajor Governmental Fund, received \$1,402,559 as a loan. The General Fund also transferred \$2,410,890 to Kern Asset Leasing Corporation to cover debt service payments. The transfer to Kern Medical Center of \$30,059,909 represents a contribution to the hospital operations as well as a transfer of special purpose funds received from the state. The transfer to In-Home Supportive Services (IHSS) of \$6,054,005 also represents a contribution to the department's operations.

The Tobacco Securitization Fund transferred \$1,000,000 of earned interests to General Fund as discretionary revenue, and \$2,564 was transferred from Nonmajor Governmental to General as a result of closing the Tobacco Litigation Settlement Fund.

Nonmajor Governmental Funds such as Parking Ticket Clearing, Local Public Safety, Health-Local Option, Vital Health Statistics, Probation Clearing, A-C Farm, Auto Finger Print, Emergency Medical, Auto Warrant, Domestic Violence, Criminal Justice Facility, Courthouse Ten, Recorders Fee and Micrographic transferred \$44,202,066 to the General Fund as a subsidy of the operation. Also, Nonmajor Governmental Fund Alcohol Abuse transferred \$212,986 to General Fund for reimbursement, \$125,385 went from Off Highway Vehicle License to General as designated and \$218,087 went from Nonmajor Governmental Funds to Airports for Capital Projects.

Nonmajor Governmental Fund transferred \$551,292 to the General Fund as part of the funding for Property Tax Administration, Kern County Children Fund, Sheriff Work Release, Sheriff Training, Sheriff Asset Forfeiture, DA Local Forfeiture, Library Rental Book, Library Books, Family Law H & S, Veterinarian, Library Grant, Public Improvement District, Litter Cleanup, and Geothermal Resources. Also, \$173,678 was transferred to General Fund as a result of the closing of the Separation of Grade.

The Alcoholism Program, Alcohol Abuse Education/Prevention, Drug Program, and Flood Disaster transferred \$190,000 to the Mental Health Fund to fund its operations of the programs funded by the special purpose funds, and Road Commissioner transferred \$22,427 to Road.

The Nonmajor Governmental Tobacco Litigation Settlement Fund transferred \$98,768 to Tobacco Non-profit Corporation for debt service payments. The General fund and the ACO-General and ACO-Fire-Nonmajor Governmental Funds transferred \$13,619,778 and \$11,412,417 to the Kern Assets Leasing Corporation to cover debt service payments.

\$12,200 was recorded as a transfer from Ford City/Taft Heights to Waste as a result of a fixed asset transfer.

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

VI. INTERFUND TRANSACTION (continued)

D. TRANSFERS (continued)

In the fund financial statements, total transfers in of \$152,630 (in thousands) are more than the total transfers out of \$152,586 (in thousands) because of the treatment of transfers of capital assets. During the year, capital assets were transferred from Internal Service Funds to capital assets used in the operations of governmental activities and from the later to the Kern Medical Center. No amounts were recorded in the governmental funds as the amounts did not involve the transfer of financial resources. However, the Internal Service Fund and the Kern Medical Center did report the transfers.

VII. CAPITAL ASSETS

A. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 was as follows (in thousands):

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land & Easement	\$ 19,407	\$ 995	\$ 34	\$ 20,368
Construction In Progress	44,526	20,845	18,474	46,897
Total Capital Assets, Not being depreciated	63,933	21,840	18,508	67,265
<i>Capital Assets, being depreciated:</i>				
Infrastructure	44,591	23,796		68,387
Structures & Improvements	305,977	8,095	6,439	307,633
Equipment	118,460	12,299	1,146	129,613
Total Capital Assets, being depreciated	469,028	44,190	7,585	505,633
Less Accum. Depreciation for:				
Infrastructure	3,746	3,208		6,954
Structures & Improvements	118,982	5,892	372	124,502
Equipment & Intangibles	59,441	13,114	1,769	70,786
Total Accum. Depreciation and Amortization	182,169	22,214	2,141	202,242
Total Capital Assets, being Depreciated, net	286,859	21,976	5,444	303,391
Net, Capital Assets	\$ 350,792	\$ 43,816	\$ 23,952	\$ 370,656

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

VII. CAPITAL ASSETS (continued)

A. CAPITAL ASSETS (continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 21,714	\$ 734	\$	\$ 22,448
Land Acquisition in Progress	434	446	423	457
Construction In Progress	20,582	16,890	14,592	22,880
Total Capital Assets, Not being depreciated	42,730	18,070	15,015	45,785
<i>Capital Assets, being depreciated:</i>				
Infrastructure	6,709	14		6,723
Equipment	46,787	3,580	2,018	48,349
Structure & Improvements	131,621	14,754		146,375
Total Capital Assets, being depreciated	185,117	18,348	2,018	201,447
Less Accum. Depreciation for:				
Infrastructure	4,263	113	83	4,293
Equipment & Intangibles	32,753	3,548	444	35,857
Structures & Improvements	56,868	7,055	59	63,864
Total Accum. Depreciation and Amortization	93,884	10,716	586	104,014
Total Capital assets, being Depreciated, net	91,233	7,632	1,432	97,433
Net, Capital Assets	\$ 133,963	\$ 25,702	\$ 16,447	\$ 143,218

Business-type activities capitalized \$1,171,926 in interest for projects related to Airports, Kern Medical Center and Waste Management during fiscal year 2004-2005. Airports construction in progress was restated by \$344,866 for a prior period adjustment.

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

VII. CAPITAL ASSETS (continued)

B. DEPRECIATION

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

General	\$	5,344
Public Protection		9,310
Public Ways and Facilities		3,528
Health and Sanitation		270
Public Assistance		828
Education		712
Recreation and Culture		1,651
Depreciation on Capital Assets Held by the County's Internal Service Fund is Charged to the Various functions based on their usage of the assets		<u>571</u>
Total Depreciation Expense – Governmental Functions	\$	<u>22,214</u>

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

Airports	\$	1,063
Kern Medical Center		4,693
Waste Management		3,798
County Sanitation Districts		378
Golf Course		148
Public Transportation		<u>630</u>
Total Depreciation Expense – Business-Type Activities	\$	<u>10,710</u>

C. CONSTRUCTION IN PROGRESS

Construction in progress for governmental funds represents work that is being performed on the Public Health facility, Probation Juvenile facility, Parks and Recreation walking extension, Parks and Recreation Buena Vista Boat Ramp, Communications countrywide radio communication system, and a number of smaller projects. There are other construction in progress projects for the business-type funds. Airports is constructing the new air terminal at Meadows Field. In addition to the projects previously mentioned for the business-type activities, there are also numerous smaller projects in progress.

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

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, 2005 amounted to \$10,062,355. The following is a schedule of future minimum long-term operating lease payments for the Governmental Funds (in thousands):

<u>Year</u>	<u>Amount</u>
2005-06	\$ 10,712
2006-07	10,705
2007-08	8,866
2008-09	5,758
2009-10	4,647
2010-15	14,812
2015-20	9,517
2020-2022	9
Total Minimum Lease Payments	\$ <u>65,026</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, 2005. At the end of the lease, when all terms have been met, the related equipment will become property of the County. The acquired equipment did not meet the capitalization threshold.

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

<u>Year</u>	<u>Governmental Activities</u>	<u>Business – Type Activities</u>
2005-06	2,791	3
2006-07	1,903	
2007-08	379	
2008-09	349	
2009-2010	288	
Net Minimum Lease Payments	5,710	3
Less amount representing interest	(346)	
Present Value of net minimum lease payments	\$ <u>5,364</u>	\$ <u>3</u>

Interest expense for the capital leases for the current fiscal year was \$265 (in thousands). The interest expense is reported as direct expense in each function.

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

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 \$623,978,577. These amounts do not appear in the accompanying General Purpose Financial Statements.

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

	July 1, 2004	Additions	Deletions	June 30, 2005	Due within one year
Governmental Activities					
Compensated Absences	\$ 46,577	\$ 29,314	\$ (29,586)	\$ 46,305	\$ 13,891
Lease Purchase Agreements	8,337	575	(3,548)	5,364	2,793
Certificates of Participation	56,865		(26,545)	30,320	14,207
Tobacco – Asset Backed Bonds	104,495		(1,430)	103,065	350
Facility Lease	421		(66)	355	70
Loans Payable – HUD Loan	6,710		(955)	5,755	1,015
Loans Payable – Election/Voting	1,384		(213)	1,171	221
Loans Payable – Sheriff/Retrofitting	3,353		(327)	3,026	337
Bonds Payable	225			225	105
Pension Obligation Bonds (1995)	179,752		(3,942)	175,810	5,138
Pension Obligation Bonds (2003)	<u>288,177</u>			<u>288,177</u>	
Total Governmental Activities	\$ <u>696,296</u>	\$ <u>29,889</u>	\$ <u>(66,612)</u>	\$ <u>659,573</u>	\$ <u>38,127</u>

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

IX. LONG-TERM DEBT (continued)

A. LONG-TERM LIABILITIES (continued)

Business-Type Activities	<u>July 1, 2004</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2005</u>	<u>Due within one year</u>
Landfill Closure Cost	\$ 29,687	\$	\$ (284)	\$ 29,403	\$ 1,473
Postclosure Cost	30,724		(1,790)	28,934	91
Compensated Absences	9,561	6,463	(5,485)	10,539	
Lease Purchase Agreements	17		(14)	3	3
Certificates of Participation	58,525		(3,995)	54,530	3,950
Pension Obligation Bonds (1995)	<u>32,709</u>		<u>(717)</u>	<u>31,992</u>	<u>935</u>
Total Business-Type Activities	\$ <u>161,223</u>	\$ <u>6,463</u>	\$ <u>(12,285)</u>	\$ <u>155,401</u>	\$ <u>6,452</u>
	\$ <u>857,519</u>	\$ <u>36,352</u>	\$ <u>(78,897)</u>	\$ <u>814,974</u>	\$ <u>44,579</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 \$84,850,000 (\$11,400,000 at variable and \$73,450,000 at fixed interest rates). The proceeds of these Certificates are being used for the acquisition of equipment and acquisition, construction and renovation of certain public facilities within the County. All of the certificates have been delivered to the trustees (US Bank and Wells Fargo) for investment and disbursement subject to the terms and conditions of the trust agreements. Of this debt, \$30,320,000 is included in the governmental activities, \$13,225,000 is included as current and long-term debt of the Airports Fund, \$16,195,000 is included as current and long-term debt of the Kern Medical Center Fund, \$21,690,000 is included as current and long-term debt of the Waste Management Fund and \$3,420,000 is included as current and long-term debt of the Golf Course-Nonmajor Business-type Fund. The 1999 Capital Improvement Project COP balance of \$19,300,000 is divided between the Kern Medical Center Fund and the governmental activities as shown in the summary schedules included in this section.

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (CONTINUED)

Corporation. The Airport 2003 Certificates of Participation are paid from the Airport Fund. The Golf Course Capital Improvement Certificate of Participation is currently being paid from the Golf Course Nonmajor Enterprise Fund. The County of Kern Asset Leasing Corporation is making payments of principal and interest with respect to the remaining issues.

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

1986 COP (Public Facilities Project):

The original issue amount of the 1986 COP was \$122,000,000, and the expected maturity dates were from August 1, 1986-2006. The future interest payments of the 1986 COP have been calculated using 1%, the rate in effect at June 30, 2005. During the fiscal year ended June 30, 2005, the interest rate ranged from .97% to 3.02%. The interest rate change is attributable to many market factors such as supply and demand, cash and liquidity positions of the bondholders, and calendar cash flow cycles. The 1986 COP debt schedule is as follows (in thousands):

	Principal	Interest	Total
2005-06	11,400	109	11,509
TOTAL	\$ 11,400	\$ 109	\$ 11,509

Beale Library:

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

	Principal	Interest	Total
2005-06	1,545	197	1,742
2006-07	1,615	122	1,737
2007-08	1,695	41	1,736
TOTAL	\$ 4,855	\$ 360	\$ 5,215

Rosamond Library:

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

Rosamond Library (continued):

	Principal	Interest	Total
2005-06	95	80	175
2006-07	100	74	174
2007-08	110	68	178
2008-09	115	62	177
2009-10	120	54	174
2010-15	730	148	878
TOTAL	\$ 1,270	\$ 486	\$ 1,756

1999 Capital Improvement Project – Communications Project:

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

	Principal	Interest	Total
2005-06	265	282	547
2006-07	275	271	546
2007-08	290	258	548
2008-09	300	245	545
2009-10	315	230	545
2010-15	1,835	893	2,728
2015-20	2,365	339	2,704
TOTAL	\$ 5,645	\$ 2,518	\$ 8,163

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

1997 COP (Fire Department):

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

1997 COP (Fire Department) (continued):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06	450	368	818
2006-07	470	346	816
2007-08	490	323	813
2008-09	515	299	814
2009-10	545	274	819
2010-15	3,165	913	4,078
2015-17	<u>1,515</u>	<u>120</u>	<u>1,635</u>
TOTAL	\$ <u>7,150</u>	\$ <u>2,643</u>	\$ <u>9,793</u>

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

Kern Medical Center – Emergency Facility:

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06	1,250	124	1,374
2006-07	1,290	42	1,332
TOTAL	\$ <u>2,540</u>	\$ <u>166</u>	\$ <u>2,706</u>

1999 Capital Improvement Project – KMC Portion:

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06	645	683	1,328
2006-07	670	654	1,324
2007-08	700	624	1,324
2008-09	735	591	1,326
2009-10	765	556	1,321
2010-15	4,420	2,156	6,576
2015-20	<u>5,720</u>	<u>817</u>	<u>6,537</u>
TOTAL	\$ <u>13,655</u>	\$ <u>6,081</u>	\$ <u>19,736</u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

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

Solid Waste System Improvements (1994):

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06	1,345	389	1,734
2006-07	1,420	313	1,733
2007-08	1,500	230	1,730
2008-09	1,585	142	1,727
2009-10	1,675	48	1,723
TOTAL	\$ <u>7,525</u>	\$ <u>1,122</u>	\$ <u>8,647</u>

Solid Waste System Improvements (2002):

The original issue amount of the Solid Waste System Improvements (2002) was \$14,165,000, and the expected maturity dates were from August 1-June 30, 2002-2017. The Solid Waste Improvements (2002) has fixed interest rates that range from 4.34%-4.7%.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06		614	614
2006-07		614	614
2007-08		614	614
2008-09		614	614
2009-10	1,610	582	2,192
2010-15	8,560	1,892	10,452
2015-17	3,995	189	4,184
TOTAL	\$ <u>14,165</u>	\$ <u>5,119</u>	\$ <u>19,284</u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

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

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

Schedule of Debt Service Coverage					
	2005	2004	2003	2002	2001
Operating Revenues					
Land Use Fee	\$ 15,178	14,876	\$ 12,251	\$ 12,178	\$ 12,057
Gate Fee	10,916	9,869	10,995	9,915	9,704
Bin Fee *	4,614	3,694			
Other (Including Interest Income)	2,856	2,455	2,374	3,068	4,354
Total Operating Revenue	<u>33,564</u>	<u>30,894</u>	<u>25,620</u>	<u>25,161</u>	<u>26,115</u>
Operating Expenses					
Salaries	7,819	6,692	5,915	5,294	5,088
Services and Supplies	15,658	15,584	13,706	14,224	13,399
Transfer to Closure	5	800	1,134	2,737	1,500
Other (Excluding depreciation)	304	338	363	310	279
Total Operating Expense	<u>23,786</u>	<u>23,414</u>	<u>21,118</u>	<u>22,565</u>	<u>20,266</u>
Net Operating Revenue	\$ <u>9,778</u>	<u>7,480</u>	\$ <u>4,502</u>	\$ <u>2,596</u>	\$ <u>5,849</u>
1994 Debt Service	\$ 1,712	1,694	\$ 1,577	\$ 1,627	\$ 1,627
2002 Debt Service	604	556	612		
Total Debt Service	\$ <u>2,316</u>	<u>2,250</u>	\$ <u>2,189</u>	\$ <u>1,627</u>	\$ <u>1,627</u>
Debt Service Coverage Ratio 1	4.22	3.32	2.06	1.60	3.60
Net Operating Revenue After Debt Service	\$ <u>7,462</u>	<u>5,230</u>	\$ <u>2,313</u>	\$ <u>969</u>	\$ <u>4,222</u>
Non-Operating Revenue (Expense)					
Closure Project Expense	(166)	(502)	(2,435)	(1,700)	(309)
Pay-as-you-go Capital Projects					
Draw from Closure Reserve	941				
Non-Closure Capital Projects	(2,398)	(2,095)	(4,270)	(2,396)	(1,804)
Capital Equipment	(199)	(322)	(217)	(409)	(147)
Other non-operating revenue					
Total Non-Operating Revenue (Expense)	<u>(1,822)</u>	<u>(2,919)</u>	<u>(6,922)</u>	<u>(4,505)</u>	<u>(2,260)</u>
Net Income (Loss)	\$ <u>5,640</u>	<u>2,311</u>	\$ <u>(4,609)</u>	\$ <u>(3,536)</u>	\$ <u>1,962</u>
Available Funds (Beginning Balance)					
Beginning Balance	\$ 8,056	4,947	\$ 16,734	\$ 21,501	\$ 19,271
Total Income (Loss)	5,640	2,311	(4,609)	(3,536)	1,962
Other Adjustments	(6,422)	798	(7,178)	(1,231)	267
	\$ <u>7,274</u>	<u>8,056</u>	\$ <u>4,947</u>	\$ <u>16,734</u>	\$ <u>21,500</u>
Debt Service Coverage Ratio 2	7.70	5.52	9.70	14.81	15.44

* 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, 2005**

IX. LONG-TERM DEBT (continued)

B. CERTIFICATES OF PARTICIPATION (continued)

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

1996 COP (Golf Course – Capital Improvement):

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06	210	180	390
2006-07	225	169	394
2007-08	235	157	392
2008-09	245	145	390
2009-10	260	131	391
2010-15	1,515	425	1,940
2015-17	730	42	772
TOTAL	\$ <u>3,420</u>	\$ <u>1,249</u>	\$ <u>4,669</u>

2003 COP (Airports – Capital Improvement):

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06	500	524	1,024
2006-07	510	514	1,024
2007-08	520	503	1,023
2008-09	535	489	1,024
2009-10	550	472	1,022
2010-15	3,080	2,038	5,118
2015-20	3,795	1,328	5,123
2020-24	3,735	367	4,102
TOTAL	\$ <u>13,225</u>	\$ <u>6,235</u>	\$ <u>19,460</u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

IX. LONG-TERM DEBT (continued)

C. FACILITY LEASE

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

	Principal	Interest	Total
2005-06	70	22	92
2006-07	75	17	92
2007-08	80	13	93
2008-09	85	7	92
2009-10	45		45
TOTAL	\$ 355	\$ 59	\$ 414

D. LOANS PAYABLE

Public Health Facility – HUD Loan

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

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

	Principal	Interest	Total
2005-06	1,015	377	1,392
2006-07	1,080	302	1,382
2007-08	1,145	223	1,368
2008-09	1,220	137	1,357
2009-10	1,295	47	1,342
TOTAL	\$ 5,755	\$ 1,086	\$ 6,841

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

IX. LONG-TERM DEBT (continued)

D. LOANS PAYABLE (continued)

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 (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06	220	34	254
2006-07	227	27	254
2007-08	234	20	254
2008-09	241	13	254
2009-10	248	6	254
TOTAL	\$ 1,170	\$ 100	\$ 1,270

Sheriff/Retrofitting

In order to upgrade the energy conservation improvements at the County-owned Lerdo detention facility (Phase II), the County obtained a loan for \$3,675,000 in fiscal year 2002-2003. The lease for this energy retrofit project has a fixed interest rate of 3.26%, and the expected maturity dates are from September 1, 2003 to March 1, 2013. The Sheriff/Retrofitting debt schedule of the outstanding balance is as follows (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06	337	95	432
2006-07	348	84	432
2007-08	360	73	433
2008-09	371	61	432
2009-10	383	49	432
2010-13	1,226	70	1,296
TOTAL	\$ 3,025	\$ 432	\$ 3,457

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 \$105,245,000, and the expected maturity dates were from June 1, 2015 – 2043. The bonds' interest rates range from 6.0% to 6.83%.

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

IX. LONG-TERM DEBT (continued)

E. BONDS PAYABLE (continued)

Tobacco Settlement Asset-Backed Bonds (continued):

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

The Tobacco Settlement Asset-Backed Bonds debt schedule is as follows (in thousands):

	Principal	Interest	Total
2005-06	350	6,435	6,785
2006-07	280	6,411	6,691
2007-08	660	6,392	7,052
2008-09	630	6,347	6,977
2009-10	595	6,303	6,898
2010-15	3,225	30,758	33,983
2015-20	6,430	29,141	35,571
2020-25	10,255	26,759	37,014
2025-30	13,725	23,251	36,976
2030-35	19,530	18,395	37,925
2035-40	26,515	11,482	37,997
2040-43	20,870	2,623	23,493
TOTAL	\$ 103,065	\$ 174,297	\$ 277,362

The Belle Vista bonds payable is pursuant to the Improvement Bond Act of 1915 and Resolution of Intention Number 88-506. The Board of Supervisors adopted the bond on June 13, 1988. The original issue amount for Belle Vista was \$351,000 and the expected maturity dates were from September 2, 1990-2009. The bonds payable has fixed interest rates that range from 6.5%-8.1%. The debt related schedule is as follows (in thousands):

	Principal	Interest	Total
2005-06	25	11	36
2006-07	25	9	34
2007-08	30	6	36
2008-09	30	4	34
2009-10	35	1	36
TOTAL	\$ 145	\$ 31	176

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

IX. LONG-TERM DEBT (continued)

F. PENSION OBLIGATION BOND

1995 Pension Obligation Bond

The County's Board of Supervisors adopted a resolution to authorize the issuance of a County of Kern pension obligation debenture, a trust agreement, and an interest rate swap agreement in order to finance the County's share of the unfunded accrued actuarial liability of the Kern County Employees' Retirement Association (K.C.E.R.A). The actuarial accrued liability of participating special districts was excluded from this funding source. The taxable pension obligation bonds have been issued at \$227,818,439 to cover the County of Kern's unfunded actuarial liability of not less than \$224,437,000. K.C.E.R.A. received the bond proceeds and recorded \$224,437,000 of contribution income for the fiscal year ended June 30, 1996.

At June 30, 2005, the amount of certificates included as a component of the County's pension liability was \$207,802,212. Of this amount, \$175,810,214 has been recorded in the governmental activities, and \$31,991,998 has been recorded in the proprietary fund types. Debt service for the amount recorded in the governmental activities is reflected in the debt service fund entitled Pension Obligation Bond Trustee Nonmajor Governmental Fund.

The bonds have various maturity dates between 2001 and 2014 for Current Interest bonds and between 2015 and 2022 for Capital Appreciation bonds. The interest ranges from 6.160% to 7.260% for the Current Interest bonds and 7.560% to 7.610% for the Capital Appreciation bonds. For the year ended June 30, 2005 interest payments related to the certificates were \$11,521,259. Of this amount, \$9,747,514 was paid out of governmental funds, and \$1,773,745 was paid out of business-type funds.

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

	Principal	Interest	Total
2005-06	6,073	11,165	17,238
2006-07	7,655	10,705	18,360
2007-08	9,425	10,126	19,551
2008-09	11,403	9,413	20,816
2009-10	13,622	8,545	22,167
2010-15	111,684	20,519	132,203
2015-20	36,663	149,193	185,856
2020-22	11,277	62,109	73,386
TOTAL	\$ <u>207,802</u>	\$ <u>281,775</u>	\$ <u>489,577</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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

IX. LONG-TERM DEBT (continued)

F. PENSION OBLIGATION BOND (continued)

2003 Pension Obligation Bond (continued)

Bonds have been issued at \$288,177,067. The Series 2003A Bonds were issued as Current Interest Bonds and Capital Appreciation Bonds; the Series 2003B Bonds were issued as Auction Rate Bonds. The bonds have various maturity dates ranging from 2006 to 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 10, 2005 to July 7, 2005, was 3.102%.

At June 30, 2005, the amount of bonds included as a component of the County's pension liability was \$288,177,067. This amount has been recorded in the Government-Wide Statement of Net Assets as a liability along with a negative net pension obligation for the same amount. The net pension obligation was reduced using the amortization methodology used in determining the annual required contribution for the year. The pension obligation at June 30, 2005 is \$270,501,474. The amount liquidated is reported in the statement of activities as direct expense in each function. The following is a summary of the total funding requirements of the bonds (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005-06		10,221	10,221
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
2010-15	35,490	46,893	82,383
2015-20	76,470	34,831	111,301
2020-25	101,872	43,905	145,777
2025-28	66,300	41,612	107,912
TOTAL	\$ <u>288,177</u>	\$ <u>218,016</u>	\$ <u>506,193</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, 2005.

	<u>Beginning Balance</u>	<u>04-05 Additions</u>	<u>04-05 Deletions</u>	<u>Ending Balance</u>
Tax and Revenue Anticipation Notes (in thousands)	\$ -	\$ <u>110,000</u>	\$ <u>110,000</u>	\$ -

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

XI. NET ASSETS/FUND BALANCES

A. RESERVED FUND BALANCE

The reserved fund balance for the Governmental Activities for the fiscal year end June 30, 2005 is as follows (in thousands):

	<u>General</u>	<u>Kern Co. Dept of Child Support</u>	<u>Human Services</u>	<u>Mental Health</u>	<u>Road</u>	<u>Structural Fire</u>	<u>Tobacco Securiti- zation Proceeds</u>	<u>Other Govern- mental Funds</u>
Imprest Cash	\$ 1,121	\$ 52	\$ 101	\$ 2	\$	\$ 2	\$	\$ 2
Deposits with Others	205							
Inventory	34				2,185	513		
Infrastructure Replacement								2,547
Encumbrances	2,568						1,201	
Fiscal Stability General	11,520							7,652
Tax Litigation	3,162					1,663		
Tax Loss	4,282							
Debt Service								40,969
TOTAL	\$ 22,892	\$ 52	\$ 101	\$ 2	\$ 2,185	\$ 2,178	\$ 1,201	\$ 51,170

B. DESIGNATED FUND BALANCE

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

C. RESTRICTED NET ASSETS

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

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 \$2,000,000 and up to \$27,000,000 for Automobile and General Liability. Excess liability insurance is maintained for Medical Malpractice claims over \$3,000,000 as of June 30, 2005.

The Automobile and General Liability policy protects the County and its employees against most legal liabilities arising from automobile liability, products damage, contractual liability, and public officials' errors and omissions. Workers' compensation claims are self-insured up to \$1,500,000 per occurrence. Excess coverage is maintained for workers' compensation claims up to statutory limits. The County does not self-insure against liability at its seven airports. Airports Liability insurance is maintained. The amount of settlements in each of the past three years has not exceeded the amount of insurance coverage. The liabilities for self-insurance included in the General Liability and Workers' Compensation Internal Service Funds are based upon the results of actuarial studies and include amounts for claims incurred but not reported. The liability for self-insurance included in the Group Health Internal Service Fund is based upon historical trend analysis and includes amounts for claims incurred but not reported. The liability for self-insurance included in the Unemployment Compensation Internal Service Fund represents unpaid claims incurred as of June 30, 2005.

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, 2005 was \$82,835 (in thousands).

Fiscal Year 2004-2005 (in thousands):

	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

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

XII. OTHER INFORMATION (continued)

A. RISK MANAGEMENT (continued)

Fiscal Year 2003-2004 (in thousands):

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

Kern Medical Center (KMC) maintains a liability in its Enterprise Fund based on actuarial estimates for the self-insured portion of its professional liability risks. The liability for losses and related expenses is estimated using expected loss-reporting patterns and was discounted to its present value using a rate of 9%. Adjustments to the liability are included in results of operations. KMC has accrued, in accordance with generally accepted accounting principles, an estimated liability for incurred but not reported losses of \$10,215,800 at June 30, 2005. KMC had a \$3,000,000 self-insured retention per occurrence for medical malpractice as of fiscal year 2005. The primary policy included a \$10,000,000 per occurrence and in aggregate. Excess insurance is also maintained for \$10,000,000 per occurrence and in aggregate. A reconciliation for claims (including IBNR claims) for the current fiscal year and the past two fiscal years is as follows (in thousands):

Fiscal Year Ended June 30,	Claims Payable July 1,	Claims and Changes in Estimates	Claims Payments	Claims Payable June 30,
2003	9,803	2,897	(4,187)	8,513
2004	8,513	3,917	(3,430)	9,000
2005	9,000	1,478	(262)	10,216

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

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 (in thousands):

Condensed Statement of Net Assets

	Golf Course
Assets:	\$
Current & Other Assets	1,895
Capital Assets	4,956
Total Assets	<u>6,851</u>
Liabilities:	
Current Liabilities	390
Long-term Liabilities Outstanding	3,210
Total Liabilities	<u>3,600</u>
Net assets:	
Invested in Capital Assets, Net of Related Debt	1,536
Restricted	704
Unrestricted	<u>1,011</u>
Total Net Assets	<u>\$ 3,251</u>

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

XII. OTHER INFORMATION (continued)

B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)

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

	<u>Golf Course</u>
Operating Revenues	
Charges for Current Services	\$ <u>4,368</u>
Total Operating Revenues	<u>4,368</u>
Operating Expenses	
Services and Supplies	4,064
Depreciation	<u>148</u>
Total Operating Expenses	<u>4,212</u>
Operating Income (Loss)	<u>156</u>
Non-Operating Revenues (Expenses)	
Interest on Bank Deposits & Investments	37
Interest Expense	<u>(187)</u>
Total Non-Operating Revenues (Expenses)	<u>(150)</u>
Net Income (Loss)	6
Transfers In (Out)	
Changes in Net Assets	<u>6</u>
Net Assets, Beginning of Year	3,245
Prior Period Adjustment	
Net Assets, End of Year	\$ <u><u>3,251</u></u>

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

XII. OTHER INFORMATION (continued)

B. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (continued)

Condensed Statement of Cash Flows

	Golf Course
Net Cash Provided (Used) by Operating Activities	\$ 437
Net Cash Provided (Used) by Non-Capital Financing Activities	
Net Cash Used by Capital and Related Financing Activities	(390)
Net Cash Provided by Investing Activities	35
Net Increase (Decrease) in Cash & Cash Equivalents	82
Cash & Cash Equivalents at July 1, 2004	1,806
Cash & Cash Equivalents at June 30, 2005	\$ 1,888

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, 2005, there were approximately 750 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 \$1,390,000 in fiscal year 2004/2005 and employee contributions of .66% of base pay.

The Retiree Health Stipend is available to employees who choose continuous County health coverage upon retirement. At June 30, 2005, there were approximately 2,500 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 \$127 per active employee per year, which totaled \$976,183 for the year ended June 30, 2005.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

XII. OTHER INFORMATION (continued)

D. CONTINGENT LIABILITIES

Federal and State Grant Programs

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

Bakersfield City Landfill

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

Mental Health Department Medicare and Medi-Cal Revenues

The County receives Medicare and Medi-Cal payments for certain Mental Health services that are provided directly by the County as well as by contracted providers. Revenues received under these programs are subject to periodic review by Medicare, Medi-Cal and their agents. Periodically, as a result of these outside reviews, revisions to claimed costs and services may 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, 2005, assessment appeals are pending before the County Assessment Appeals Board (AAB) in the amount of \$5,427,711 plus interest of \$193,872.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

XII. OTHER INFORMATION (continued)

D. CONTINGENT LIABILITIES (continued)

The following is a summary of the estimated contingent tax liability as of June 30, 2005 (in thousands):

	<u>Principal</u>	<u>Interest</u>	<u>Total Estimated Principal and Interest</u>
Contingent Tax Liability:			
Total Pending AAB Matters	\$ <u>5,428</u>	\$ <u>194</u>	\$ <u>5,622</u>

The County's share of the contingent tax liability is \$1,546,937. The County and other agencies accumulated and maintained very large tax impound reserves for disputes property taxes over the past four years. There was a decline in the number and magnitude of property tax equalization appeals, filed for 2004-2005 assessment year. The result is a negative net contingent tax liability of \$3,277,544. The County's share of this negative net contingent tax liability is \$3,278,152. 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 \$1,546,937 liability through a combination of future reverses and the implementation of cost reduction measures.

Other Litigation

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

E. OUTSTANDING ENCUMBRANCES

The County required certain encumbrances to lapse at June 30, 2005. The amount reappropriated as part of the subsequent year's budget was \$5,291,660.

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, 2005 there was \$230,002,592 in the Deferred Compensation plan, which is not included as part of the County's financial statements.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

XII. OTHER INFORMATION (continued)

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 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, 2005, employee membership data related to the pension plan was as follows:

	<u>General</u>	<u>Safety</u>	<u>Total</u>
Active Employees	6,420	1,632	8,052
Terminated Employees – Vested	825	112	937
Retirees and beneficiaries currently receiving benefits	3,806	1,216	5,022
	<u>11,051</u>	<u>2,960</u>	<u>14,011</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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

XII. OTHER INFORMATION (continued)

G. PENSION PLAN (continued)

Plan Description (continued)

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 contributions are due, and benefits and refunds are recognized when payable in accordance with the terms of the plan.

Method Used to Value Investments

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are reported at the remaining principal balance and are collateralized by deeds of trust on real property. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

Concentrations

The Board of Retirement's investment policies and guidelines limits exposure to any single manager or product. The maximum allocation to a single active manager is up to 30% of the aggregate market value of the Fund. The maximum allocation to a single active management product is 15%. This limitation applies to any non-index investment vehicle. The K.C.E.R.A.'s investment portfolio contained no concentration of investments in any one organization greater than 5% of plan net assets as of June 30, 2005 (other than U.S. Government securities).

Funding Policy

The County, Special Districts, and certain covered employees make contributions to the plan

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

XII. OTHER INFORMATION (continued)

G. PENSION PLAN (continued)

Funding Policy (continued)

at rates calculated by an actuary to cover both normal cost and the prior service costs such that any unfunded liability will be funded over an initial 24-year period. In accordance with the County Employees' Retirement Law of 1937, covered employees are required to pay a percentage of their salaries, depending upon their age at date of entry into the system. The County must provide annual contributions sufficient to satisfy the actuarially determined contribution requirements as mandated by state statutes. For fiscal year 2005, the employer contribution rates were actuarially determined by using the Entry Age Funding method.

The employer contribution rates are made up of two parts:

- The Normal Cost, or the cost of the portion of the benefit that is allocated to the current year.
- The payment to amortize the Unfunded Actuarial Accrued Liability (UAAL). The UAAL is the excess of the Plan's accrued liability over its assets. Most of the UAAL currently is being amortized over 24 years, except for the additional liabilities due to granting Golden Handshake benefits, which are amortized over three years from the year in which they were granted.

The Memorandum of Understanding (MOU) adopted April 1997 between the County and its employees took effect on July 5, 1997. The MOU states that members hired prior to the effective date of the MOU will pay 50% of the full member contribution rate until they attain five years of service. Members hired after the effective date of the MOU will pay the full member rate until they attain five years of service. After five years of service, no contributions will be required from any member. The MOU is reflected in the calculation for the required employer contribution rates as of July 5, 1997. Ten out of the twelve Special Districts adopted provisions parallel to the County MOU.

For the year ended June 30, 2005, the County's total payroll for all employees amounted to \$411,829,135.12. The County's total covered payroll for the same period amounted to \$366,284,488.26. 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, 2005 were determined in accordance with an actuarial valuation performed December 31, 2003. An annual 2% cost-of-living adjustment (COLA) for all retirees and continuance beneficiaries was adopted as of April 1, 1973. The liability for this annual retirement benefit increase was funded entirely from the unreserved fund balance prior to February 5, 1983. After this date (as recommended by the Plan's Independent Actuary, adopted by K.C.E.R.A. Board of Retirement, and approved by the County of Kern Board of Supervisors) and prior to fiscal year 2003, funding the 2% COLA was included in the employers' contribution. The County, once again, received a 2.5% cost-of-living adjustment for all retirees and continuance beneficiaries as of April 1, 2002. In fiscal year 2005, the plan had no excess earnings and the current funding for the cost-of-living reserve is included in the employers' contributions. Contributions to K.C.E.R.A. during fiscal year ended June 30, 2005 were \$70,619,134 of

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

XII. OTHER INFORMATION (continued)

G. PENSION PLAN (continued)

Funding Policy (continued)

which \$60,268,141 were regular employer contributions, and \$10,350,993 were employee contributions (16% and 3% of covered payroll, respectively). The total contribution consisted of \$61,855,299 normal cost (17% of covered payroll) plus \$8,763,835 amortization of the under-funded actuarial accrued liability (2% of covered payroll). On May 29, 2003, the K.C.E.R.A. received \$285,092,130 of pension obligation bond (POB) proceeds from the County of Kern to fund a significant portion of the December 31, 2002 Unfunded Actuarial Accrued Liability.

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

The County Administrative Office had successfully negotiated an agreement to the Memorandum of Understanding (MOU) with the Central California Association of Public Employees (CCAPE) adopting Government Code Section 31676.17 which provides enhanced retirement benefits, commonly known as 3% at 60, for General members. Effective upon the date of the Kern County Board of Supervisors' approval of the MOU which is August 3, 2004, any employee hired on that date or thereafter shall pay 100% of the employee contribution to retirement without any limit on the number of years those contributions will be made.

The County's contribution represented 93% of total contributions required of all participating employers. Employer contribution rates are applied to total member compensation defined for retirement purposes. There have been no differences between the contributions required and the contributions actually made. Pension expenditures were calculated to include contributions made based on the annual required contribution plus payments for debt service on the pension obligation bonds described below. Payments for the pension obligation bonds are not included as part of the annual required contribution nor the net pension obligation. Special Districts did not participate in the funding provided by a pension obligation bonds issued by the plan sponsor in November 1995 and May 2003; therefore, separate employer contribution rates are required to fund the unfunded liabilities for each class of participation as follows:

Employer Contributions as a Percentage of Estimated Total Compensation:

FISCAL YEAR ENDING JUNE 30, 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%

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

XII. OTHER INFORMATION (continued)

G. PENSION PLAN (continued)

Funding Policy (continued)

FISCAL YEAR ENDING JUNE 30, 2004:

	Special Districts (MOU)	Special Districts (non-MOU)	General Members	Safety Members
Normal Cost	13.11%	13.11%	13.11%	23.56%
Amortization of UAAL*	3.95%	3.95%	2.22%	2.27%
TOTAL	17.06%	17.06%	15.33%	25.83%

*Unfunded Actuarial Accrued Liability

Annual Pension Cost

Fiscal Year Ending	Annual Pension Percentage of APC		Net Pension Obligation
	Annual Required Contribution	Percentage Contributed	
2003	\$58,246,723	682%	-
2004	\$48,759,946	100%	-
2005	\$60,268,141	100%*	-

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

OTHER

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

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

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

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

XII. OTHER INFORMATION (continued)

G. PENSION PLAN (continued)

OTHER (CONTINUED)

increase in the annual cost of living allowance (COLA) from 2% to 2.5% effective April 1, 2002. The cost of the additional 0.5% cost of living allowance will be initially funded with a \$64.7 million allocation from funds held in the Supplemental Retiree Benefits Reserve until exhausted.

The KCERA processed and evaluated past service records in order to recalculate benefit levels in accordance with the Settlement Agreement and Judgment. This process was completed May, 2005. From August 16, 2002 to May 6, 2005, 1,762 retirees or their beneficiaries have received retroactive payments in the amount of \$11,946,185, and the monthly retiree payroll increased by \$122,461. The liability of the recalculated benefits paid on or before December 31, 2004 and the additional 0.5% cost of living allowance was included in the most recent actuarial valuation, dated December 31, 2004.

H. LANDFILLS

Prior to fiscal year 1988-89, Kern County Waste Management was funded entirely by the County General Fund. In fiscal year 1988-89 the Board approved a solid waste management program land use fee on all parcels of real property, but land use fee revenue continued to be supplemented by a contribution from the General Fund. In fiscal year 1992-93 the County General Fund contribution to the Waste Management Enterprise Fund was eliminated and the Department became entirely fee supported. The Board of Supervisors eliminated the land use fee for non-residential property and approved a tipping fee for non-residential waste beginning in fiscal year 1993-94. All revenues are placed in the Waste Management Enterprise Fund exclusively for waste management.

State Financial Assurance Mechanism regulations require landfill operators to set aside funds, or provide alternative funding mechanisms, to fund the closure expense and postclosure maintenance of landfills. In response, Kern County established a designated reserve account to fund closure maintenance. As of June 30, 2005, the Waste Management Enterprise Fund had a designated cash reserve of \$29,897,013. Annual liabilities for closure are based on a State mandated formula that insures the closure account for each landfill will be fully funded prior to the estimated date the landfill will close. Estimated closure costs are based on the most recent closure plans submitted to the State. Regulations require the County to prepare detailed closure plans for each landfill. The plans include an engineer's cost estimate for closure design, construction of final cover, construction of monitoring systems and other related activities.

Closure plans are reviewed and approved by the Integrated Waste Management Board. The pledge of future revenue for postclosure maintenance costs is also based on the most recent plans submitted to the Integrated Waste Management Board. For postclosure maintenance, the engineer's cost estimate included monitoring and erosion control. If, at some future date, these closure plans and cost estimates are adjusted (due to changes in inflation, deflation, technology, regulations, etc.), the County is required to make corresponding changes in the amount of funds deposited for closure and in the pledge of future revenue.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

XII. OTHER INFORMATION (continued)

H. LANDFILLS (continued)

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.

Estimated closure and postclosure costs as of June 30, 2005 are \$55,096,179 and \$28,934,279 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	1	7,299,653	86%
Bena II A	33	46,000,000	0%
Boron	36	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	10	2,262,243	67%
Ridgecrest	11	5,992,700	81%
Shafter/Wasco	11	11,636,500	40%
Taft	118	8,858,701	26%
Tehachapi	5	2,593,900	87%
TOTAL		98,948,413	

1. Site is inactive.
2. Site is closed.

Under Title 27 of the California Code of Regulations, landfill owners/operators are required to obtain and maintain assurances of financial responsibility to initiate and complete corrective action for all known and reasonably foreseeable releases (RFRs). These requirements first came into effect when Article 5 (Title 23, Chapter 15) was revised in 1991. The Waste Management Department has established a groundwater corrective action designated reserve to fund capital costs for each landfill where it is appropriate. In addition, the Waste Management Department has established a pledge of revenue to cover on-going maintenance and operation of any capital improvements that are constructed. The current designated reserve account of two million dollars is expected to satisfy all capital expenditures to implement corrective action at the 16 landfill sites.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

XII. OTHER INFORMATION (continued)

H. LANDFILLS (continued)

Each year a portion of the landfill's estimated closure and postclosure costs are recognized as an expense and liability based on the capacity used to date. As of June 30, 2005, the landfill closure liability has been recorded at \$29,403,281 and is included in the liabilities of the Waste Management Enterprise Fund. This represents the cumulative liability to date. The remaining \$25,692,898 anticipated closure costs will be recognized in future years. The \$28,934,279 postclosure cost will be updated annually.

I. JOINT VENTURES

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

The Wastewater Treatment Facility and the result of its operations are reported as a component unit of the City. Audited financial statements for the City of Taft, Ford City-Taft Heights Sanitation District Wastewater Treatment Plant may be obtained through the City of Taft located at 209 East Kern Street, Taft, CA 93268.

As of fiscal year ended June 30, 2005, the Wastewater Treatment Plant has a capital reserve of \$2,040,867 (unaudited). This reserve is estimated to provide adequate maintenance and capital acquisition for the facility.

COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005

XII. OTHER INFORMATION (continued)

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 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.

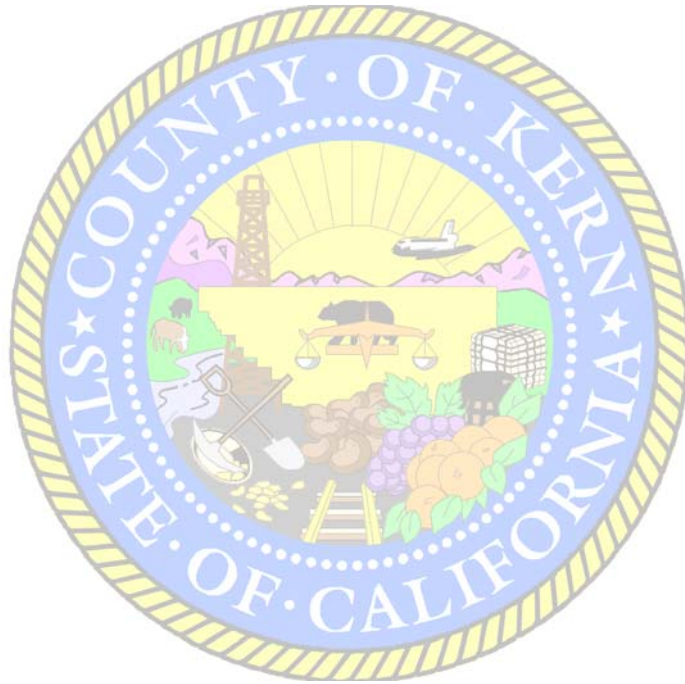
The bonds are limited obligations of the Agency payable solely from payments made by the Corporation, from tobacco settlement payments purchased from the County, between the Corporation and the Agency. For the year ended June 30, 2005, \$7,155 of tobacco settlement payments was recorded as aid from other governments in the Kern County Tobacco Corporation Nonmajor debt service fund. The bonds do not constitute a charge against the general credit of the Agency or the County and neither will the Agency (except from loan payments by the Corporation) or the County be obligated to pay the interest on or principal of these bonds. These bonds do not constitute a legal debt, liability or obligation of the County.

**COUNTY OF KERN
NOTES TO THE FINANCIAL STATEMENTS
Year Ended June 30, 2005**

XIII. SUBSEQUENT EVENTS

A. TAX AND REVENUE ANTICIPATION NOTES

On July 5, 2005, the County issued Tax and Revenue Anticipation Notes (TRANS) totaling \$125,000,000 due on June 30, 2006. 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, 2006. A pledge of property taxes, income, revenue and other monies of the County allocable solely to fiscal year 2005-06 and legally available secure the TRANS.





**REQUIRED
SUPPLEMENTARY
INFORMATION**

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005 (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	\$ 21	\$ (22)
Charges for Current Services	520	520	552	32
Other Revenues	3	3		(3)
	<u>566</u>	<u>566</u>	<u>573</u>	<u>7</u>
Clerk of the Board				
Aid from Other Governmental Agencies				
Charges for Current Services	23	23	28	5
Other Revenues	6	6	6	
	<u>29</u>	<u>29</u>	<u>34</u>	<u>5</u>
Auditor-Controller				
Licenses, Permits and Franchises	220	220	235	15
Aid from Other Governmental Agencies	169	169	96	(73)
Charges for Current Services	799	799	976	177
Other Revenues			3	3
	<u>1,188</u>	<u>1,188</u>	<u>1,310</u>	<u>122</u>
Discretionary Revenue				
Taxes	169,322	169,322	181,196	11,874
Licenses, Permits and Franchises	5,842	5,842	5,819	(23)
Fines, Forfeitures and Penalties	6,920	6,920	7,769	849
Revenues from Use of Money and Property	6,178	6,178	6,237	59
Aid from Other Governmental Agencies	12,216	12,216	25,718	13,502
Charges for Current Services	3,872	3,872	8,234	4,362
Other Revenues	6,261	6,261	1,593	(4,668)
	<u>210,611</u>	<u>210,611</u>	<u>236,566</u>	<u>25,955</u>
Travel Agent Expense				
Charges for Current Services	2,100	2,100	2,048	(52)
	<u>2,100</u>	<u>2,100</u>	<u>2,048</u>	<u>(52)</u>
Treasurer-Tax Collector				
Fines, Forfeitures and Penalties	95	95	155	60
Charges for Current Services	3,004	3,004	3,312	308
Other Revenues	107	107	198	91
	<u>3,206</u>	<u>3,206</u>	<u>3,665</u>	<u>459</u>
Assessor				
Charges for Current Services	1,394	1,394	1,695	301
	<u>1,394</u>	<u>1,394</u>	<u>1,695</u>	<u>301</u>
Assessor- Property Tax Administration				
Aid from Other Governmental Agencies	1,488	1,488	1,119	(369)
	<u>1,488</u>	<u>1,488</u>	<u>1,119</u>	<u>(369)</u>
Information Technology Services				
Charges for Current Services	4,649	4,649	4,809	160
	<u>4,649</u>	<u>4,649</u>	<u>4,809</u>	<u>160</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
General Government (Continued):				
County Counsel				
Charges for Current Services	\$ 4,172	\$ 4,172	\$ 4,230	\$ 58
Other Revenues	1	1	39	38
	<u>4,173</u>	<u>4,173</u>	<u>4,269</u>	<u>96</u>
Personnel				
Charges for Current Services	147	147	139	(8)
Other Revenues			1	1
	<u>147</u>	<u>147</u>	<u>140</u>	<u>(7)</u>
Elections				
Aid from Other Governmental Agencies			17	17
Charges for Current Services	301	301	309	8
Other Revenues	604	604	173	(431)
	<u>905</u>	<u>905</u>	<u>499</u>	<u>(406)</u>
Communications				
Charges for Current Services	867	867	928	61
Other Revenues	1	1	1	
	<u>868</u>	<u>868</u>	<u>929</u>	<u>61</u>
General Services				
Fines, Forfeitures and Penalties	189	189	115	(74)
Aid from Other Governmental Agencies			180	180
Charges for Current Services	2,666	2,666	1,921	(745)
Other Revenues	26	26	12	(14)
	<u>2,881</u>	<u>2,881</u>	<u>2,228</u>	<u>(653)</u>
Utility Payments				
Charges for Current Services	1,025	1,025	1,036	11
	<u>1,025</u>	<u>1,025</u>	<u>1,036</u>	<u>11</u>
Construction Services - General Services				
Aid from Other Governmental Agencies				
Charges for Current Services	933	933	836	(97)
Other Revenues	100	100	86	(14)
	<u>1,033</u>	<u>1,033</u>	<u>922</u>	<u>(111)</u>
General Services - Major Maintenance				
Aid from Other Governmental Agencies				
Other Revenues	1,142	1,142	(208)	(1,350)
	<u>1,142</u>	<u>1,142</u>	<u>(208)</u>	<u>(1,350)</u>
Board of Trade				
Other Revenues	8	8	15	7
	<u>8</u>	<u>8</u>	<u>15</u>	<u>7</u>
Engineering and Survey Services				
Charges for Current Services	2,281	2,281	2,293	12
Other Revenues	4	4	2	(2)
	<u>2,285</u>	<u>2,285</u>	<u>2,295</u>	<u>10</u>
Risk Management				
Charges for Current Services	4,806	4,806	3,429	(1,377)
Other Revenues			10	10
	<u>4,806</u>	<u>4,806</u>	<u>3,439</u>	<u>(1,367)</u>
Capital Projects				
Aid from Other Governmental Agencies	14,093	14,093	5,766	(8,327)
Charges for Current Services	1,870	1,870		(1,870)
Other Revenues	522	522	462	(60)
	<u>16,485</u>	<u>16,485</u>	<u>6,228</u>	<u>(10,257)</u>
Total General Government	<u>260,989</u>	<u>260,989</u>	<u>273,611</u>	<u>12,622</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Public Protection:				
Contribution - Trial Court Funding				
Fines, Forfeitures and Penalties	\$ 4,412	\$ 4,412	\$ 4,308	\$ (104)
Charges for Current Services	4,516	4,516	4,574	58
Other Revenues	75	75		(75)
	<u>9,003</u>	<u>9,003</u>	<u>8,882</u>	<u>(121)</u>
Indigent Defense Services				
Aid from Other Governmental Agencies	970	970	1,354	384
Charges for Current Services	108	108	52	(56)
	<u>1,078</u>	<u>1,078</u>	<u>1,406</u>	<u>328</u>
District Attorney				
Fines, Forfeitures and Penalties	973	973	584	(389)
Aid from Other Governmental Agencies	3,375	3,375	2,568	(807)
Charges for Current Services	3,064	3,064	2,955	(109)
Other Revenues	491	491	345	(146)
	<u>7,903</u>	<u>7,903</u>	<u>6,452</u>	<u>(1,451)</u>
Public Defender				
Aid from Other Governmental Agencies	545	545	602	57
Charges for Current Services	567	567	534	(33)
	<u>1,112</u>	<u>1,112</u>	<u>1,136</u>	<u>24</u>
Forensic Sciences-Division of District Attorney				
Aid from Other Governmental Agencies	69	69	19	(50)
Charges for Current Services	990	990	962	(28)
Other Revenues	759	759	581	(178)
	<u>1,818</u>	<u>1,818</u>	<u>1,562</u>	<u>(256)</u>
Sheriff				
Licenses, Permits and Franchises	170	170	213	43
Fines, Forfeitures and Penalties	20	20	16	(4)
Aid from Other Governmental Agencies	4,124	4,124	4,127	3
Charges for Current Services	20,951	20,951	19,921	(1,030)
Other Revenues	5,614	5,614	1,810	(3,804)
	<u>30,879</u>	<u>30,879</u>	<u>26,087</u>	<u>(4,792)</u>
Probation				
Fines, Forfeitures and Penalties	8	8	16	8
Revenues from Use of Money and Property	9	9	9	
Aid from Other Governmental Agencies	19,225	19,225	21,313	2,088
Charges for Current Services	2,812	2,812	2,611	(201)
Other Revenues	47	47	30	(17)
	<u>22,101</u>	<u>22,101</u>	<u>23,979</u>	<u>1,878</u>
Agricultural Commissioner				
Licenses, Permits and Franchises	18	18	18	
Fines, Forfeitures and Penalties	63	63	42	(21)
Aid from Other Governmental Agencies	2,485	2,485	2,392	(93)
Charges for Current Services	1,007	1,007	1,238	231
Other Revenues			1	1
	<u>3,573</u>	<u>3,573</u>	<u>3,691</u>	<u>118</u>
Code Compliance				
Fines, Forfeitures and Penalties	9	9	11	2
Charges for Current Services	579	579	429	(150)
Other Revenues			5	5
	<u>588</u>	<u>588</u>	<u>445</u>	<u>(143)</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Public Protection (Continued)				
Special Services				
Charges for Current Services	\$ 182	\$ 182	\$ 36	\$ (146)
	<u>182</u>	<u>182</u>	<u>36</u>	<u>(146)</u>
Recorder				
Licenses, Permits and Franchises	4	4	4	
Charges for Current Services	3,000	3,000	3,690	690
Other Revenues	47	47	49	2
	<u>3,051</u>	<u>3,051</u>	<u>3,743</u>	<u>692</u>
Resource Management Agency				
Charges for Current Services	543	543	523	(20)
Other Revenues			3	3
	<u>543</u>	<u>543</u>	<u>526</u>	<u>(17)</u>
Planning				
Fines, Forfeitures and Penalties	4	4	16	12
Licenses, Permits and Franchises	351	351	427	76
Charges for Current Services	1,012	1,012	1,021	9
Other Revenues	7	7	10	3
	<u>1,374</u>	<u>1,374</u>	<u>1,474</u>	<u>100</u>
Animal Control				
Licenses, Permits and Franchises	400	400	398	(2)
Fines, Forfeitures and Penalties	7	7	5	(2)
Aid from Other Governmental Agencies	1,141	1,141	1,170	29
Charges for Current Services	522	522	416	(106)
Other Revenues	2	2	5	3
	<u>2,072</u>	<u>2,072</u>	<u>1,994</u>	<u>(78)</u>
Superior Court				
Fines, Forfeitures and Penalties	1,213	1,213	1,292	79
Charges for Current Services	775	775	764	(11)
	<u>1,988</u>	<u>1,988</u>	<u>2,056</u>	<u>68</u>
East Kern Municipal Court				
Fines, Forfeitures and Penalties	399	399	480	81
Charges for Current Services	244	244	228	(16)
	<u>643</u>	<u>643</u>	<u>708</u>	<u>65</u>
North Kern Municipal Court				
Fines, Forfeitures and Penalties	476	476	477	1
Charges for Current Services	201	201	149	(52)
	<u>677</u>	<u>677</u>	<u>626</u>	<u>(51)</u>
South Kern Municipal Court				
Fines, Forfeitures and Penalties	751	751	750	(1)
Charges for Current Services	317	317	217	(100)
	<u>1,068</u>	<u>1,068</u>	<u>967</u>	<u>(101)</u>
Total Public Protection	<u>89,653</u>	<u>89,653</u>	<u>85,770</u>	<u>(3,883)</u>
Health and Sanitation:				
Department of Public Health				
Aid from Other Governmental Agencies	20,457	20,457	17,379	(3,078)
Charges for Current Services	2,716	2,716	2,939	223
Other Revenues	82	82	105	23
	<u>23,255</u>	<u>23,255</u>	<u>20,423</u>	<u>(2,832)</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Health and Sanitation (Continued):				
Environmental Health				
Licenses, Permits and Franchises	\$ 1,827	\$ 1,827	\$ 1,812	\$ (15)
Fines, Forfeitures and Penalties	135	135	141	6
Aid from Other Governmental Agencies	325	325	325	
Charges for Current Services	2,327	2,327	2,423	96
Other Revenues			2	2
	<u>4,614</u>	<u>4,614</u>	<u>4,703</u>	<u>89</u>
Emergency Medical Services				
Licenses, Permits and Franchises	155	155	198	43
Aid from Other Governmental Agencies	457	457	337	(120)
Charges for Current Services	222	222	213	(9)
Other Revenues	138	138	83	(55)
	<u>972</u>	<u>972</u>	<u>831</u>	<u>(141)</u>
KMC Enterprise Fund - County Contribution				
Aid from Other Governmental Agencies	20,800	20,800	19,233	(1,567)
	<u>20,800</u>	<u>20,800</u>	<u>19,233</u>	<u>(1,567)</u>
Contribution for Medical Care				
Other Revenues	81,740	81,740	78,162	(3,578)
	<u>81,740</u>	<u>81,740</u>	<u>78,162</u>	<u>(3,578)</u>
California Children Services				
Aid from Other Governmental Agencies	5,729	5,729	4,630	(1,099)
Charges for Current Services	14	14	16	2
Other Revenues			8	8
	<u>5,743</u>	<u>5,743</u>	<u>4,654</u>	<u>(1,089)</u>
Total Health and Sanitation	<u>137,124</u>	<u>137,124</u>	<u>128,006</u>	<u>(9,118)</u>
Public Assistance				
Veterans Service				
Aid from Other Governmental Agencies	125	125	118	(7)
	<u>125</u>	<u>125</u>	<u>118</u>	<u>(7)</u>
IHSS County Contribution				
Aid from Other Governmental Agencies	1,562	1,562	1,785	223
	<u>1,562</u>	<u>1,562</u>	<u>1,785</u>	<u>223</u>
Employers' Training Resource				
Aid from Other Governmental Agencies	15,718	15,718	12,115	(3,603)
	<u>15,718</u>	<u>15,718</u>	<u>12,115</u>	<u>(3,603)</u>
Community Development Program Agency				
Aid from Other Governmental Agencies	2,131	2,131	1,993	(138)
	<u>2,131</u>	<u>2,131</u>	<u>1,993</u>	<u>(138)</u>
Total Public Assistance	<u>19,536</u>	<u>19,536</u>	<u>16,011</u>	<u>(3,525)</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005 (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	\$ 132	\$ 132	\$ 131	\$ (1)
Aid from Other Governmental Agencies	310	310	333	23
Charges for Current Services	318	318	381	63
Other Revenues	544	544	354	(190)
	<u>1,304</u>	<u>1,304</u>	<u>1,199</u>	<u>(105)</u>
Farm and Home Advisor				
Charges for Current Services	2	2		(2)
Other Revenues	14	14	1	(13)
	<u>16</u>	<u>16</u>	<u>1</u>	<u>(15)</u>
Total Education	<u>1,320</u>	<u>1,320</u>	<u>1,200</u>	<u>(120)</u>
Recreation and Culture				
Parks and Recreation				
Fines, Forfeitures and Penalties	13	13	13	
Revenues from Use of Money and Property	476	476	288	(188)
Aid from Other Governmental Agencies	137	137	125	(12)
Charges for Current Services	2,049	2,049	2,092	43
Other Revenues	13	13	39	26
Total Recreation and Culture	<u>2,688</u>	<u>2,688</u>	<u>2,557</u>	<u>(131)</u>
Debt Service				
Aid from Other Governmental Agencies	500	500	500	
Charges for Current Services	123	123	118	(5)
Other Revenues			1,484	1,484
Total Debt Service	<u>623</u>	<u>623</u>	<u>2,102</u>	<u>1,479</u>
Total Revenue	<u>511,933</u>	<u>511,933</u>	<u>509,257</u>	<u>(2,676)</u>
EXPENDITURES:				
General Government:				
Board of Supervisors				
Salaries & Benefits	1,742	1,795	1,774	21
Services & Supplies	170	172	152	20
Other Charges		1	1	
Capital Assets		9	9	
Other Financing Uses	85	82		82
	<u>1,997</u>	<u>2,059</u>	<u>1,936</u>	<u>123</u>
Administrative Office				
Salaries & Benefits	1,917	2,182	2,169	13
Services & Supplies	205	281	268	13
Other Charges	18	21	19	2
Transfers & Reimbursements	(54)	(54)	(54)	
Other Financing Uses	354	89		89
	<u>2,440</u>	<u>2,519</u>	<u>2,402</u>	<u>117</u>
Clerk of the Board				
Salaries & Benefits	409	461	459	2
Services & Supplies	145	143	128	15
Transfers & Reimbursements	(42)	(48)	(46)	(2)
Other Financing Uses	384	370		370
	<u>896</u>	<u>926</u>	<u>541</u>	<u>385</u>
Special Services				
Salaries & Benefits	179	211	210	1
Services & Supplies	5,342	5,230	3,406	1,824
Other Charges	1,295	1,295	933	362
	<u>6,816</u>	<u>6,736</u>	<u>4,549</u>	<u>2,187</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
General Government (Continued):				
Auditor-Controller				
Salaries & Benefits	\$ 2,792	\$ 2,792	\$ 2,760	\$ 32
Services & Supplies	321	502	489	13
Transfers & Reimbursements	(170)	(170)	(125)	(45)
Other Financing Uses	668	498		498
	<u>3,611</u>	<u>3,622</u>	<u>3,124</u>	<u>498</u>
Travel Agent Expense				
Services & Supplies	3,600	4,050	3,934	116
Transfers & Reimbursements	(1,950)	(1,950)	(1,885)	(65)
	<u>1,650</u>	<u>2,100</u>	<u>2,049</u>	<u>51</u>
Treasurer - Tax Collector				
Salaries & Benefits	2,235	2,192	1,983	209
Services & Supplies	1,675	1,822	1,744	78
Capital Assets	84	104	103	1
Other Financing Uses	854	854		854
	<u>4,848</u>	<u>4,972</u>	<u>3,830</u>	<u>1,142</u>
Assessor				
Salaries & Benefits	6,615	6,999	6,906	93
Services & Supplies	324	324	291	33
Transfers & Reimbursements	(175)	(175)	(174)	(1)
	<u>6,764</u>	<u>7,148</u>	<u>7,023</u>	<u>125</u>
Assessor - Property Tax Administration				
Salaries & Benefits	849	849	785	64
Services & Supplies	638	648	330	318
Capital Assets		5	5	
	<u>1,487</u>	<u>1,502</u>	<u>1,120</u>	<u>382</u>
Information Technology Service				
Salaries & Benefits	5,446	5,439	5,353	86
Services & Supplies	5,335	5,433	4,912	521
Other Charges	58	50	45	5
Capital Assets		87	78	9
Transfers & Reimbursements	(2,360)	(2,360)	(2,086)	(274)
Other Financing Uses	635	515		515
	<u>9,114</u>	<u>9,164</u>	<u>8,302</u>	<u>862</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
General Government (Continued):				
County Counsel				
Salaries & Benefits	\$ 5,162	\$ 5,444	\$ 5,443	\$ 1
Services & Supplies	416	350	317	33
Transfers & Reimbursements	(773)	(772)	(762)	(10)
Other Financing Uses	415	133		133
	<u>5,220</u>	<u>5,155</u>	<u>4,998</u>	<u>157</u>
Personnel				
Salaries & Benefits	1,777	1,803	1,802	1
Services & Supplies	219	199	181	18
Other Financing Uses	41	41		41
Transfers & Reimbursements	(34)	(34)	(29)	(5)
	<u>2,003</u>	<u>2,009</u>	<u>1,954</u>	<u>55</u>
Elections				
Salaries & Benefits	707	707	581	126
Services & Supplies	2,112	2,112	1,553	559
Other Charges	254	254	254	
	<u>3,073</u>	<u>3,073</u>	<u>2,388</u>	<u>685</u>
Communications				
Salaries & Benefits	1,342	1,381	1,378	3
Services & Supplies	619	678	643	35
Capital Assets	16	13	13	
Transfers & Reimbursements	(265)	(265)	(288)	23
	<u>1,712</u>	<u>1,807</u>	<u>1,746</u>	<u>61</u>
General Services				
Salaries & Benefits	7,497	7,557	7,542	15
Services & Supplies	3,885	3,850	3,304	546
Capital Assets		31	26	5
Transfers & Reimbursements	(1,742)	(1,742)	(1,570)	(172)
Other Charges	12	12	12	
Other Financing Uses	328	328		328
	<u>9,980</u>	<u>10,036</u>	<u>9,314</u>	<u>722</u>
Utility Payments				
Services & Supplies	6,234	6,207	6,206	1
Transfers & Reimbursements	(278)	(303)	(303)	
Other Charges	197	197	197	
	<u>6,153</u>	<u>6,101</u>	<u>6,100</u>	<u>1</u>
Construction Services-Division General Service				
Salaries & Benefits	1,941	1,491	1,382	109
Services & Supplies	545	604	275	329
Transfers & Reimbursements	(938)	(938)	(672)	(266)
	<u>1,548</u>	<u>1,157</u>	<u>985</u>	<u>172</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
General Government (Continued):				
General Service-Major Maintenance-General Services & Supplies	\$ 6,941	\$ 8,822	\$ 3,621	\$ 5,201
	<u>6,941</u>	<u>8,822</u>	<u>3,621</u>	<u>5,201</u>
Board of Trade				
Salaries & Benefits	407	327	286	41
Services & Supplies	109	189	164	25
Other Charges	9	9	9	
Other Financing Uses	18	18		18
	<u>543</u>	<u>543</u>	<u>459</u>	<u>84</u>
Engineering & Survey Services				
Salaries & Benefits	3,019	3,045	3,042	3
Services & Supplies	365	440	405	35
Capital Assets	80	63	23	40
Transfers & Reimbursements	(135)	(135)	(100)	(35)
Other Charges	47	42	40	2
Other Financing Uses	258	258		258
	<u>3,634</u>	<u>3,713</u>	<u>3,410</u>	<u>303</u>
Risk Management				
Salaries & Benefits	1,781	1,781	1,712	69
Services & Supplies	3,120	2,994	2,014	980
Other Charges	584	732	711	21
Transfers & Reimbursements	(251)	(251)	(280)	29
	<u>5,234</u>	<u>5,256</u>	<u>4,157</u>	<u>1,099</u>
Capital Projects				
Capital Assets	7,674	13,929	5,230	8,699
Transfers & Reimbursements	(274)	(274)	(1)	(273)
	<u>7,400</u>	<u>13,655</u>	<u>5,229</u>	<u>8,426</u>
Debt Service				
Services & Supplies	258	258	258	
	<u>258</u>	<u>258</u>	<u>258</u>	
Total General Government	<u>93,322</u>	<u>102,333</u>	<u>79,495</u>	<u>22,838</u>
Public Protection:				
Contribution - Trial Court Funding Services & Supplies	17,465	17,516	17,516	
	<u>17,465</u>	<u>17,516</u>	<u>17,516</u>	
Grand Jury				
Salaries & Benefits	55	55	55	
Services & Supplies	167	168	153	15
Other Financing Uses	21	21		21
	<u>243</u>	<u>244</u>	<u>208</u>	<u>36</u>
Indigent Defense Services Services & Supplies	3,853	3,853	3,831	22
	<u>3,853</u>	<u>3,853</u>	<u>3,831</u>	<u>22</u>
District Attorney				
Salaries & Benefits	17,266	17,196	17,094	102
Services & Supplies	1,343	1,629	1,539	90
Other Charges	257	263	263	
Capital Assets		8	8	
Transfers & Reimbursements	(85)	(85)	(76)	(9)
	<u>18,781</u>	<u>19,011</u>	<u>18,828</u>	<u>183</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Public Protection (Continued):				
Public Defender				
Salaries & Benefits	\$ 8,238	\$ 8,238	\$ 8,201	\$ 37
Services & Supplies	728	731	530	201
Other Financing Uses	181	181		181
	<u>9,147</u>	<u>9,150</u>	<u>8,731</u>	<u>419</u>
Forensic Sciences-Division of District Attorney				
Salaries & Benefits	2,525	2,375	2,282	93
Services & Supplies	1,445	1,850	1,279	571
Other Charges	69	69	69	
Capital Assets		273	58	215
Transfers & Reimbursements	(70)	(70)	(62)	(8)
	<u>3,969</u>	<u>4,497</u>	<u>3,626</u>	<u>871</u>
Sheriff				
Salaries & Benefits	102,915	104,268	102,725	1,543
Services & Supplies	18,681	20,913	16,628	4,285
Other Charges	4,290	3,463	3,051	412
Other Financing Uses	4	4		4
Capital Assets	1,012	2,000	908	1,092
Transfers & Reimbursements	(70)	(70)	(29)	(41)
	<u>126,832</u>	<u>130,578</u>	<u>123,283</u>	<u>7,295</u>
Probation				
Salaries & Benefits	37,571	36,616	35,326	1,290
Services & Supplies	3,901	4,846	4,667	179
Other Charges	699	654	452	202
Other Financing Uses	1,291	1,291		1,291
Capital Assets		371	353	18
Transfers & Reimbursements	(5)	(5)	(5)	
	<u>43,457</u>	<u>43,773</u>	<u>40,793</u>	<u>2,980</u>
Agricultural Commissioner				
Salaries & Benefits	3,934	4,053	4,046	7
Services & Supplies	757	799	796	3
Other Charges	27	27	27	
Other Financing Uses	729	615		615
	<u>5,447</u>	<u>5,494</u>	<u>4,869</u>	<u>625</u>
Code Compliance				
Salaries & Benefits	759	759	748	11
Services & Supplies	822	856	528	328
Capital Assets	20	36	31	5
	<u>1,601</u>	<u>1,651</u>	<u>1,307</u>	<u>344</u>
Recorder				
Salaries & Benefits	1,346	1,392	1,351	41
Services & Supplies	947	903	770	133
Capital Assets		7	7	
Other Financing Uses	819	436	171	265
	<u>3,112</u>	<u>2,738</u>	<u>2,299</u>	<u>439</u>
Resource Management Agency				
Salaries & Benefits	1,043	1,043	1,034	9
Services & Supplies	57	56	46	10
Other Charges	3	4	4	
Transfers & Reimbursements	(228)	(228)	(231)	3
	<u>875</u>	<u>875</u>	<u>853</u>	<u>22</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Public Protection (Continued):				
Planning				
Salaries & Benefits	\$ 2,504	\$ 2,494	\$ 2,386	\$ 108
Services & Supplies	240	1,005	424	581
Other Financing Uses	264	147		147
Transfers & Reimbursements	(6)	(6)	(7)	1
	<u>3,002</u>	<u>3,640</u>	<u>2,803</u>	<u>837</u>
Animal Control				
Salaries & Benefits	1,922	1,922	1,555	367
Services & Supplies	694	780	746	34
Other Financing Uses	382	327		327
	<u>2,998</u>	<u>3,029</u>	<u>2,301</u>	<u>728</u>
Total Public Protection	<u>240,782</u>	<u>246,049</u>	<u>231,248</u>	<u>14,801</u>
Health and Sanitation:				
Department of Public Health				
Salaries & Benefits	18,492	18,492	16,971	1,521
Services & Supplies	5,310	5,314	4,106	1,208
Other Charges	73	78	78	
Capital Assets	10	10		10
Transfers & Reimbursements	(531)	(531)	(379)	(152)
	<u>23,354</u>	<u>23,363</u>	<u>20,776</u>	<u>2,587</u>
Environmental Health				
Salaries & Benefits	3,895	3,895	3,453	442
Services & Supplies	598	713	611	102
Other Charges	3	3	3	
Other Financing Uses	73	73		73
Capital Assets	15	15		15
Transfers & Reimbursements	(4)	(4)	(5)	1
	<u>4,580</u>	<u>4,695</u>	<u>4,062</u>	<u>633</u>
Emergency Medical Services				
Salaries & Benefits	679	679	662	17
Services & Supplies	539	1,131	209	922
Other Financing Uses	230	230		230
	<u>1,448</u>	<u>2,040</u>	<u>871</u>	<u>1,169</u>
Contribution for Medical Care				
Other Charges		81,740	78,162	3,578
		<u>81,740</u>	<u>78,162</u>	<u>3,578</u>
California Children Services				
Salaries & Benefits	4,157	3,365	3,217	148
Services & Supplies	1,719	2,579	2,558	21
	<u>5,876</u>	<u>5,944</u>	<u>5,775</u>	<u>169</u>
Total Health and Sanitation	<u>35,258</u>	<u>117,782</u>	<u>109,646</u>	<u>8,136</u>
Public Assistance:				
Veterans Service				
Salaries & Benefits	427	427	402	25
Services & Supplies	50	51	37	14
Other Financing Uses	28	28		28
	<u>505</u>	<u>506</u>	<u>439</u>	<u>67</u>
Employers Training Resource				
Salaries & Benefits	11,438	11,430	8,802	2,628
Services & Supplies	4,193	4,583	3,913	670
Other Charges	87	95	92	3
	<u>15,718</u>	<u>16,108</u>	<u>12,807</u>	<u>3,301</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
Public Assistance (Continued):				
Community Development Program Agency				
Salaries & Benefits	\$ 1,687	\$ 1,687	\$ 1,491	\$ 196
Services & Supplies	487	617	505	112
	<u>2,174</u>	<u>2,304</u>	<u>1,996</u>	<u>308</u>
Total Public Assistance	18,397	18,918	15,242	3,676
Education:				
Kern County Library				
Salaries & Benefits	5,944	6,014	6,000	14
Services & Supplies	1,749	1,919	1,897	22
Other Charges	34	34	34	
Capital Assets	7	7	7	
Other Financing Uses	391	321		321
	<u>8,125</u>	<u>8,295</u>	<u>7,938</u>	<u>357</u>
Farm & Home Advisor				
Salaries & Benefits	276	276	270	6
Services & Supplies	97	111	105	6
Other Financing Uses	195	195		195
	<u>568</u>	<u>582</u>	<u>375</u>	<u>207</u>
Total Education	8,693	8,877	8,313	564
Recreation and Culture:				
Parks and Recreation				
Salaries & Benefits	8,438	8,338	8,300	38
Services & Supplies	3,586	3,856	3,483	373
Other Charges	221	221	175	46
Capital Assets	600	674	530	144
Other Financing Uses	198	161		161
	<u>13,043</u>	<u>13,250</u>	<u>12,488</u>	<u>762</u>
Total Recreation and Culture	13,043	13,250	12,488	762
Debt Service - General Fund				
Debt Service - Principal	72	72	72	
Debt Service - Interest	3,257	3,257	3,257	
Total Debt Service - General Fund	3,329	3,329	3,329	
Contingencies and Reserves				
Appropriations for Contingencies	5,163	5,348		5,348
Total Expenditures	417,987	515,886	459,761	56,125
Excess (Deficiency) of Revenues Over Expenditures	93,946	(3,953)	49,496	53,449
OTHER FINANCING SOURCES (USES):				
Transfers In	44,366	44,366	46,593	2,227
Transfers Out	(72,538)	(72,538)	(89,768)	(17,230)
Total Other Financing Sources (Uses)	(28,172)	(28,172)	(43,175)	(15,003)
Net Changes in Fund Balances (Deficits)	65,774	(32,125)	6,321	38,446
Fund Balances (Deficits), July 1, 2004	73,700	73,700	73,700	
Fund Balances (Deficits), June 30, 2005	\$ 139,474	\$ 41,575	\$ 80,021	\$ 38,446

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 YEAR ENDED JUNE 30, 2005 (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>509,257</u>
---	-------------------

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule	\$ 459,761
Differences - Budget to GAAP	
Encumbrances for supplies and services ordered but not received within the recognition period	(2,563)
Capital outlay are expenditures for financial reporting purposes but are not outflows of budgetary resources	539
Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	\$ <u>457,737</u>

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
KERN COUNTY DEPARTMENT OF CHILD SUPPORT
YEAR ENDED JUNE 30, 2005 (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	\$ 106	\$ 26
Aid from Other Governmental Agencies	28,429	28,429	26,285	(2,144)
Other Revenues	6	6	14	8
Total Revenues	<u>28,515</u>	<u>28,515</u>	<u>26,405</u>	<u>(2,110)</u>
EXPENDITURES:				
Current:				
Public Protection				
Salaries & Benefits	17,482	16,982	16,625	357
Services & Supplies	10,617	11,164	10,133	1,031
Other Charges	328	328	183	145
Capital Assets				
Total Expenditures	<u>28,427</u>	<u>28,474</u>	<u>26,941</u>	<u>1,533</u>
Net Changes in Fund Balances (Deficits)	88	41	(536)	(577)
Fund Balances (Deficits), July 1, 2004	319	319	319	
Fund Balances (Deficits), June 30, 2005	<u>\$ 407</u>	<u>\$ 360</u>	<u>\$ (217)</u>	<u>\$ (577)</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 (Deficits) \$ 26,405

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 (Deficits) \$ 26,941

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 EMPLOYERS' TRAINING RESOURCE
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Revenues from Use of Money and Property	\$	\$	\$ 3	\$ 3
Aid from Other Governmental Agencies	26,406	26,406	20,895	(5,511)
Other Revenues			4	4
Total Revenues	<u>26,406</u>	<u>26,406</u>	<u>20,902</u>	<u>(5,504)</u>
EXPENDITURES:				
Current:				
Public Assistance				
Services & Supplies	16,543	16,740	12,657	4,083
Other Charges	<u>7,273</u>	<u>9,817</u>	<u>7,494</u>	<u>2,323</u>
Total Expenditures	<u>23,816</u>	<u>26,557</u>	<u>20,151</u>	<u>6,406</u>
Net Changes in Fund Balances	2,590	(151)	751	902
Fund Balances, July 1, 2004	<u>454</u>	<u>454</u>	<u>454</u>	
Fund Balances, June 30, 2005	<u>\$ 3,044</u>	<u>\$ 303</u>	<u>\$ 1,205</u>	<u>\$ 902</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 \$ 20,902

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 \$ 20,151

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES
YEAR ENDED JUNE 30, 2005 (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	\$ 158	\$ 158	\$ 14	\$ (144)
Aid from Other Governmental Agencies	304,208	304,208	285,700	(18,508)
Charges for Current Services	183	183	275	92
Other Revenues	<u>3,158</u>	<u>3,158</u>	<u>2,906</u>	<u>(252)</u>
Total Revenues	<u>307,707</u>	<u>307,707</u>	<u>288,895</u>	<u>(18,812)</u>
EXPENDITURES:				
Current:				
Public Assistance				
Salaries & Benefits	88,604	88,819	83,052	5,767
Services & Supplies	49,441	49,641	45,778	3,863
Other Charges	174,454	179,954	177,920	2,034
Capital Assets	<u>358</u>	<u>739</u>	<u>532</u>	<u>207</u>
Total Expenditures	<u>312,857</u>	<u>319,153</u>	<u>307,282</u>	<u>11,871</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(5,150)</u>	<u>(11,446)</u>	<u>(18,387)</u>	<u>(6,941)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>13,258</u>	<u>13,258</u>	<u>13,258</u>	
Total Other Financing Sources (Uses)	<u>13,258</u>	<u>13,258</u>	<u>13,258</u>	
Net Changes in Fund Balances (Deficits)	8,108	1,812	(5,129)	(6,941)
Fund Balances (Deficits), July 1, 2004	<u>(5,828)</u>	<u>(5,828)</u>	<u>(5,828)</u>	
Fund Balances (Deficits), June 30, 2005	<u>\$ 2,280</u>	<u>\$ (4,016)</u>	<u>\$ (10,957)</u>	<u>\$ (6,941)</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 (Deficits) \$ 288,895

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 (Deficits) \$ 307,282

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
MENTAL HEALTH
YEAR ENDED JUNE 30, 2005 (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	\$ 250	\$ 250	\$ 59	\$ (191)
Aid from Other Governmental Agencies	61,662	61,662	55,873	(5,789)
Charges for Current Services	31,409	31,409	30,759	(650)
Other Revenues	<u>156</u>	<u>156</u>	<u>368</u>	<u>212</u>
Total Revenues	<u>93,477</u>	<u>93,477</u>	<u>87,059</u>	<u>(6,418)</u>
EXPENDITURES:				
Current:				
Health and Sanitation				
Salaries & Benefits	35,354	35,578	34,363	1,215
Services & Supplies	44,632	57,840	44,227	13,613
Other Charges	4,865	6,011	5,074	937
Capital Assets	<u>10</u>	<u>450</u>	<u>390</u>	<u>60</u>
Total Expenditures	<u>84,861</u>	<u>99,879</u>	<u>84,054</u>	<u>15,825</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,616</u>	<u>(6,402)</u>	<u>3,005</u>	<u>9,407</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	<u>882</u>	<u>882</u>	<u>1,072</u>	<u>190</u>
Total Other Financing Sources (Uses)	<u>882</u>	<u>882</u>	<u>1,072</u>	<u>190</u>
Net Changes in Fund Balances (Deficits)	9,498	(5,520)	4,077	9,597
Fund Balances (Deficits), July 1, 2004	18,009	18,009	18,009	
Prior Period Adjustments	<u>(5,997)</u>	<u>(5,997)</u>	<u>(5,997)</u>	
Fund Balances (Deficits), June 30, 2005	<u>\$ 21,510</u>	<u>\$ 6,492</u>	<u>\$ 16,089</u>	<u>\$ 9,597</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 (Deficits) \$ 87,059

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 (Deficits) \$ 84,054

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
ROAD
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Taxes	\$	\$	\$ 494	\$ 494
Revenues from Use of Money and Property	200	200	204	4
Aid from Other Governmental Agencies	15,199	15,199	19,251	4,052
Charges for Current Services	2,403	2,403	5,890	3,487
Other Revenues	1,838	1,838	750	(1,088)
Total Revenues	19,640	19,640	26,589	6,949
EXPENDITURES:				
Current:				
Public Ways and Facilities				
Salaries & Benefits	12,415	12,415	11,788	627
Services & Supplies	19,993	28,513	15,158	13,355
Other Charges	300	302	196	106
Capital Assets	984	1,266	1,717	(451)
Total Expenditures	33,692	42,496	28,859	13,637
Excess (Deficiency) of Revenues Over Expenditures	(14,052)	(22,856)	(2,270)	20,586
OTHER FINANCING SOURCES (USES):				
Transfers In	5,500	5,500	5,545	45
Total Other Financing Sources (Uses)	5,500	5,500	5,545	45
Net Changes in Fund Balances (Deficits)	(8,552)	(17,356)	3,275	20,631
Fund Balances (Deficits), July 1, 2004	22,322	22,322	22,322	
Fund Balances (Deficits), June 30, 2005	\$ 13,770	\$ 4,966	\$ 25,597	\$ 20,631

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 (Deficits) \$ 26,589

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 (Deficits) \$ 28,859

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
STRUCTURAL FIRE
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Taxes	\$ 41,485	\$ 41,485	\$ 42,350	\$ 865
Licenses, Permits and Franchises	300	300		(300)
Fines, Forfeitures and Penalties	31	31	33	2
Revenues from Use of Money and Property	245	245	93	(152)
Aid from Other Governmental Agencies	4,416	4,416	3,114	(1,302)
Charges for Current Services	15,791	15,791	16,436	645
Other Revenues	903	903	615	(288)
Total Revenues	63,171	63,171	62,641	(530)
EXPENDITURES:				
Current:				
Public Protection				
Salaries & Benefits	68,118	70,500	69,802	698
Services & Supplies	11,382	9,776	8,337	1,439
Other Charges	2,272	2,797	1,978	819
Capital Assets	4,140	6,083	4,125	1,958
Total Expenditures	85,912	89,156	84,242	4,914
Excess (Deficiency) of Revenues Over Expenditures	(22,741)	(25,985)	(21,601)	4,384
OTHER FINANCING SOURCES (USES):				
Transfers In	15,600	15,600	19,776	4,176
Transfers Out			(812)	(812)
Total Other Financing Sources (Uses)	15,600	15,600	18,964	3,364
Net Changes in Fund Balances (Deficits)	(7,141)	(10,385)	(2,637)	7,748
Fund Balances (Deficits), July 1, 2004	10,869	10,869	10,869	
Fund Balances (Deficits), June 30, 2005	<u>\$ 3,728</u>	<u>\$ 484</u>	<u>\$ 8,232</u>	<u>\$ 7,748</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 (Deficits) \$ 62,641

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 (Deficits) \$ 84,242

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 TOBACCO SECURITIZATION PROCEEDS
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	<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	\$	\$	\$	\$
Revenues from Use of Money and Property			1,785	1,785
Other Revenues			281	281
Total Revenues			<u>2,066</u>	<u>2,066</u>
EXPENDITURES:				
Current:				
General Government				
Capital Outlay		32,867	7,725	25,142
Total Expenditures		<u>32,867</u>	<u>7,725</u>	<u>25,142</u>
Excess (Deficiency) of Revenues Over Expenditures		<u>(32,867)</u>	<u>(5,659)</u>	<u>27,208</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out			(1,218)	(1,218)
Total Other Financing Sources (Uses)			<u>(1,218)</u>	<u>(1,218)</u>
Net Changes in Fund Balances (Deficits)		(32,867)	(6,877)	25,990
Fund Balances (Deficits), July 1, 2004		68,233	68,233	
Fund Balances (Deficits), June 30, 2005	\$	\$ <u>35,366</u>	\$ <u>61,356</u>	\$ <u>25,990</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 (Deficits) \$ 2,066

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule \$ 7,725

Differences - Budget to GAAP
 Encumbrances for supplies and services ordered but not received within the recognition period (1,201)

Total expenditures as reported on the Combining Statement of Revenues, Expenditures and Changes on Fund Balances (Deficits) \$ 6,524

COUNTY OF KERN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2005

I. BUDGETARY BASIS OF ACCOUNTING

A. BUDGETARY INFORMATION

In accordance with the provisions of Sections 29000 through 29144 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a budget on or before August 30 for each fiscal year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds, except that such budgets integrate the County's encumbrance system, and, accordingly, they differ from budgets prepared in accordance with generally accepted accounting principles in this regard. In addition, capital leases are budgeted for the current annual portion, and, under generally accepted accounting principles, the full amount of the leased asset purchased is required to be recorded as an expenditure in the year purchased.

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

The County controls expenditures from non-budgeted funds primarily by monitoring cash balances throughout its integrated accounting and warrant writing system. Non-budgeted debt service payments are determined by the terms of bond indentures.

The aggregated County budget is an accumulation of current operating budgets within the budgeted funds operations. The County also prepares annual budgets for its Enterprise and Internal Service Fund activities; however, such budgets are not presented since such comparison would make evaluation of the accrual basis of accounting funds unduly complex. All budgetary transactions must be approved by a 4/5 vote of the Board of Supervisors.

The County budgets by fund and object within all budgeted funds except for the General Fund. Budgetary control in the General Fund is exercised at the department level by object. The legal level of control is at the major object level - Salaries and Employee Benefits, Services and Supplies, Other Charges, Fixed Assets, and Expenditure Transfers and Reimbursements for all budgeted funds. The dollar amount limitation effectively lowers the legal level of budgetary control to the object level.

COUNTY OF KERN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2005

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 \$90,277,040 were added to appropriations in the General Fund during the fiscal year.

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

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

Encumbrances, which are commitments related to executory contracts for goods or services, are recorded for budgetary control purposes in the budgeted funds. Encumbrance accounting is utilized to assure effective budgetary control and accountability. Encumbrances outstanding at year-end represent the estimated amount of expenditures ultimately to result if the contracts in process at year-end are completed. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

B. RECONCILIATION OF BUDGETARY BASIS TO GAAP

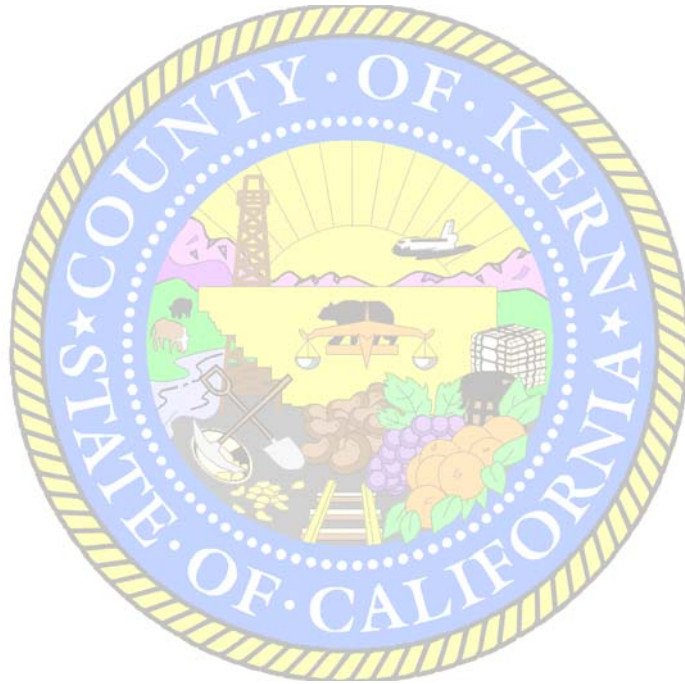
The annual County budget is prepared, approved and adopted in accordance with provisions of the County Budget Act. In preparing the budget, the County utilizes a basis of accounting, which is different from the basis prescribed by generally accepted accounting principles ("GAAP"). The accompanying budgetary comparison schedules present comparisons of the legally adopted budget with actual data on a budgetary basis. The following adjustments are necessary to provide a meaningful comparison of the actual results of operation with the budget (in thousands):

COUNTY OF KERN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Year Ended June 30, 2005

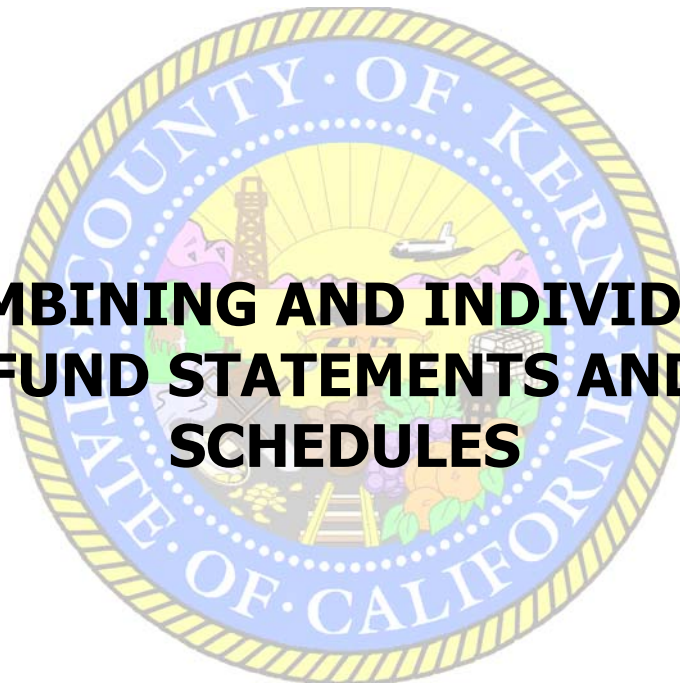
I. BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

B. RECONCILIATION OF BUDGETARY BASIS TO GAAP (continued)

		<u>Basis Differences</u>			
	Fund Balances (Budgetary Basis)	Capital Leases- Inceptions	Capital Leases- Other Financing Sources	Outstanding Encumbrances for Budgeted Funds	Fund Balances (Modified Accrual Basis)
General Fund	\$ 80,239	\$ (539)	\$ 539	\$ 2,563	\$ 82,802
Tobacco Securitization	61,356			1,201	62,557
Total	<u>\$ 141,595</u>	<u>\$ (539)</u>	<u>\$ 539</u>	<u>\$ 3,764</u>	<u>\$ 145,359</u>



**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES**





**NONMAJOR
GOVERNMENTAL FUNDS**

**COUNTY OF KERN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2005 IN THOUSANDS)**

	<u>SPECIAL REVENUE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
ASSETS				
Assets:				
Pooled Cash and Investments	\$ 39,144	\$	\$ 7,964	\$ 47,108
Revolving Fund Cash	2			2
Cash and Investments Deposited With Trustee			35,518	35,518
Receivables:				
Accounts Receivable				
Loans				
Interest	228		48	276
Taxes Receivable	587			587
Accrued Revenue	10,182			10,182
Due from Other Funds	524			524
Due from Other Agencies	18			18
Advances to Other Funds				
Total Assets	<u>\$ 50,685</u>	<u>\$</u>	<u>\$ 43,530</u>	<u>\$ 94,215</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Payables:				
Accounts	\$ 793	\$	\$ 13	\$ 806
Salaries and Employee Benefits	442			442
Loans	113			113
Due to Other Funds	4,821	15		4,836
Advances from Other Funds	1,113	411		1,524
Deferred Revenue	562			562
Total Liabilities	<u>7,844</u>	<u>426</u>	<u>13</u>	<u>8,283</u>
Fund Balances (Deficits):				
Reserved	7,653		43,517	51,170
Unreserved, reported in:				
Special Revenue Funds	35,188			35,188
Capital Projects Funds		(426)		(426)
Total Fund Balances (Deficits):	<u>42,841</u>	<u>(426)</u>	<u>43,517</u>	<u>85,932</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 50,685</u>	<u>\$</u>	<u>\$ 43,530</u>	<u>\$ 94,215</u>

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	SPECIAL REVENUE FUNDS	CAPITAL PROJECTS FUNDS	DEBT SERVICE FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES:				
Taxes	\$ 2,219	\$	\$	\$ 2,219
Licenses, Permits and Franchises	5,960			5,960
Fines, Forfeitures and Penalties	6,803			6,803
Revenues From Use of Money and Property	272	30	2,140	2,442
Aid from Other Governmental Agencies	63,848	2,009	7,155	73,012
Charges for Current Services	3,934			3,934
Other Revenues	4,679		24,194	28,873
Total Revenues	87,715	2,039	33,489	123,243
EXPENDITURES:				
Current:				
General Government	96		568	664
Public Protection	5,209		84	5,293
Health and Sanitation	2,274			2,274
Public Assistance	25,955			25,955
Education				
Public Ways and Facilities	1,790			1,790
Capital Outlay		221		221
Debt Service:				
Principal			32,861	32,861
Interest			28,648	28,648
Total Expenditures	35,324	221	62,161	97,706
Excess Deficiency of Revenues Over (Under) Expenditures	52,391	1,818	(28,672)	25,537
OTHER FINANCING SOURCES (USES):				
Transfers In	6,866		28,846	35,712
Transfers Out	(49,582)	(174)	(10,798)	(60,554)
Proceeds of Long Term Debt				
Total Other Financing Sources (Uses)	(42,716)	(174)	18,048	(24,842)
Net Changes in Fund Balances (Deficits)	9,675	1,644	(10,624)	695
Fund Balances (Deficits), July 1, 2004 (As Previously Reported)	33,337	(2,070)	54,141	85,408
Prior Period Adjustments	(171)			(171)
Fund Balances (Deficits), June 30, 2005	\$ 42,841	\$ (426)	\$ 43,517	\$ 85,932

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUND DESCRIPTIONS

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

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

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

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

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

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

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

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

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

Planned Local Drainage – These funds account for Planned Drainage Areas established in 1976 to finance the construction of storm drain facilities.

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

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

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

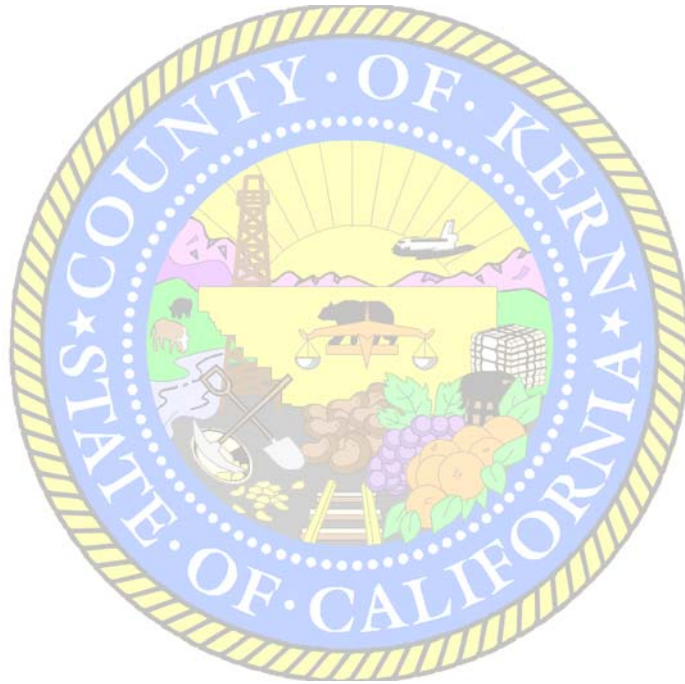
Sheriff Fingerprint Identification – This fund accounts for monies collected through a \$1 fee added to all vehicle registrations to the County with the cost of purchase and replacement of automated fingerprint equipment.

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

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS DESCRIPTION (Continued)

Other Special Revenue Funds – These funds account for revenues received for various activities and programs including: Automated County Warrant System, Criminal Justice Facility, Sheriff Training, Automated Fingerprint, Probation Training, Domestic Violence, Family Court Service, Records Fee, Micrographics, Range Improvement, Wildlife Resources, Off-Highway Motor Vehicle License, Alcohol Program, Alcohol Abuse, Drug Program, Litter Cleanup, Experimental Farm, Probation Clearing, Parking Ticket Clearing, Agricultural Commissioner Farm Advisory Agricultural Research, Animal Care, Animal Control Feline Carcasses, Beale Library, Library Rental Book, Kern Film Festival, Kern Products Dinner, Board of Trade Advertising, District Attorney - Non-Drug Related Forfeiture, District Attorney - H & S Code 11489, Health-Local Option, Health – State L.U.S.T. Program, Public Health Miscellaneous, Public Health – Fax Death Certificates, Kern Critical Incident Response Team, Foster Home Maintenance, Asset Forfeiture, Park-Derby Acres, Purchasing Agent Special Depository, Hazardous Waste Settlements, Sheriff - Rural Crime, Sheriff - Civil Subpoena, Sheriff – Drug Abuse Gang Diversion, Sheriff – Work Release, Sheriff – State Asset Forfeiture, Sheriff - Civil Automation, Sheriff – Sidearm Conversion, Sheriff – Judgment Debtors Fee, Sheriff – Drug Awareness Program, Sheriff – Controlled Substance, Retrieval/Archive Photos, Planning Commission, District Attorney – Federal Forfeiture Trust, Emergency Medical Services Week Donations, Disaster Mitigation Response & Recovery, Juvenile Inmate Welfare, Kern County Children, Kern County Library Book, Solid Waste Enforcement, Spay/Neuter, 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
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
JUNE 30, 2005 (IN THOUSANDS)**

Page 1 of 2

	<u>TOTAL</u>	<u>AGING AND ADULT SERVICES</u>	<u>BUILDING INSPECTION</u>	<u>COMMUNITY DEVELOPMENT PROGRAM</u>
<u>ASSETS</u>				
Pooled Cash and Investments	\$ 39,144	\$ 118	\$ 8,838	\$ 669
Revolving Fund Cash	2	2		
Interest Receivable	228	3	62	8
Taxes Receivable	587			
Accrued Revenue	10,182	2,025		255
Due from Other Funds	524			
Due from Other Agencies	18	18		
Total Assets	<u>\$ 50,685</u>	<u>\$ 2,166</u>	<u>\$ 8,900</u>	<u>\$ 932</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 793	\$ 472		\$ 39
Salaries and Employee Benefits Payable	442	273	169	
Advances from Other Funds	1,113	1,091		
Due to Other Funds	4,821	6		158
Loans Payable	113			
Deferred Revenue	562			
Total Liabilities	<u>7,844</u>	<u>1,842</u>	<u>169</u>	<u>197</u>
Fund Balances:				
Reserved	7,653	2	3,082	
Unreserved:				
Designated	7,673		2,115	
Undesignated	27,515	322	3,534	735
Total Fund Balances	<u>42,841</u>	<u>324</u>	<u>8,731</u>	<u>735</u>
Total Liabilities and Fund Balances	<u>\$ 50,685</u>	<u>\$ 2,166</u>	<u>\$ 8,900</u>	<u>\$ 932</u>

<u>COUNTY SERVICE AREAS</u>	<u>DISTRICT ATTORNEY EQUIPMENT AUTOMATION</u>	<u>DISTRICT ATTORNEY LOCAL FORFEITURES</u>	<u>EMERGENCY MEDICAL SERVICES</u>	
				ASSETS
\$ 5,864	\$ 523	\$ 337	\$ 469	Pooled Cash and Investments
43	4	6	6	Revolving Fund Cash
587				Interest Receivable
				Taxes Receivable
				Accrued Revenue
			151	Due from Other Funds
				Due from Other Agencies
<u>\$ 6,494</u>	<u>\$ 527</u>	<u>\$ 343</u>	<u>\$ 626</u>	Total Assets
				LIABILITIES AND FUND BALANCES
\$ 1	\$	\$	\$ 8	Liabilities:
				Accounts Payable
				Salaries and Employee Benefits Payable
34				Advances from Other Funds
113				Due to Other Funds
562				Loans Payable
				Deferred Revenue
<u>710</u>			<u>8</u>	Total Liabilities
				Fund Balances:
4,255				Reserved
				Unreserved:
205				Designated
<u>1,324</u>	<u>527</u>	<u>343</u>	<u>618</u>	Undesignated
<u>5,784</u>	<u>527</u>	<u>343</u>	<u>618</u>	Total Fund Balances
<u>\$ 6,494</u>	<u>\$ 527</u>	<u>\$ 343</u>	<u>\$ 626</u>	Total Liabilities and Fund Balances

**COUNTY OF KERN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
JUNE 30, 2005 (IN THOUSANDS)**

Page 2 of 2

	LOCAL PUBLIC SAFETY	PLANNED LOCAL DRAINAGE	PROPERTY TAX ADMINISTRATION	PUBLIC IMPROVEMENT DISTRICTS
ASSETS				
Pooled Cash and Investments	\$	\$ 733	\$ 1,043	\$ 6
Revolving Fund Cash				
Interest Receivable		5	6	
Taxes Receivable				
Accrued Revenue	7,738		40	
Due from Other Funds				
Due from Other Agencies				
Total Assets	<u>\$ 7,738</u>	<u>\$ 738</u>	<u>\$ 1,089</u>	<u>\$ 6</u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities:				
Accounts Payable	\$	\$	\$	\$
Salaries and Employee Benefits Payable				
Advances from Other Funds				22
Due to Other Funds	4,623			
Loans Payable				
Deferred Revenue				
Total Liabilities	<u>4,623</u>			<u>22</u>
Fund Balances (Deficits):				
Reserved		154		
Unreserved:				
Designated		577		
Undesignated	3,115	7	1,089	(16)
Total Fund Balances (Deficits)	<u>3,115</u>	<u>738</u>	<u>1,089</u>	<u>(16)</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 7,738</u>	<u>\$ 738</u>	<u>\$ 1,089</u>	<u>\$ 6</u>

<u>SHERIFF INMATE WELFARE</u>	<u>SHERIFF FINGERPRINT IDENTIFICATION</u>	<u>TOBACCO LITIGATION SETTLEMENT</u>	<u>OTHER SPECIAL REVENUE</u>	
				<u>ASSETS</u>
\$ 4,074	\$ 2,529	\$	\$ 13,941	Pooled Cash and Investments
26	18		41	Revolving Fund Cash
				Interest Receivable
			124	Taxes Receivable
			373	Accrued Revenue
				Due from Other Funds
				Due from Other Agencies
<u>\$ 4,100</u>	<u>\$ 2,547</u>	<u>\$</u>	<u>\$ 14,479</u>	Total Assets
				<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>
\$	\$	\$	\$ 273	Liabilities:
				Accounts Payable
				Salaries and Employee Benefits Payable
				Advances from Other Funds
				Due to Other Funds
				Loans Payable
				Deferred Revenue
			<u>273</u>	Total Liabilities
			160	Fund Balances (Deficits):
				Reserved
			4,776	Unreserved:
			9,270	Designated
<u>4,100</u>	<u>2,547</u>		<u>9,270</u>	Undesignated
<u>4,100</u>	<u>2,547</u>		<u>14,206</u>	Total Fund Balances (Deficits)
<u>\$ 4,100</u>	<u>\$ 2,547</u>	<u>\$</u>	<u>\$ 14,479</u>	Total Liabilities and Fund Balances (Deficits)

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICITS)
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

Page 1 of 2

	<u>TOTAL</u>	<u>AGING AND ADULT SERVICES</u>	<u>BUILDING INSPECTION</u>	<u>COMMUNITY DEVELOPMENT PROGRAM</u>
REVENUES:				
Taxes	\$ 2,219	\$	\$	\$
Licenses, Permits and Franchises	5,960		5,851	
Fines, Forfeitures and Penalties	6,803			
Revenues from Use of Money and Property	272	13	79	
Aid from Other Governmental Agencies	63,848	8,706		8,844
Charges for Current Services	3,934	767	29	
Other Revenues	4,679	171	28	1,010
Total Revenues	<u>87,715</u>	<u>9,657</u>	<u>5,987</u>	<u>9,854</u>
EXPENDITURES:				
Current:				
General Government	96			
Public Protection	5,209		4,077	
Health and Sanitation	2,274			
Public Assistance	25,955	10,404		9,326
Public Ways and Facilities	1,790			
Total Expenditures	<u>35,324</u>	<u>10,404</u>	<u>4,077</u>	<u>9,326</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>52,391</u>	<u>(747)</u>	<u>1,910</u>	<u>528</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	6,866	789		
Transfers Out	(49,582)			
Total Other Financing Sources (Uses)	<u>(42,716)</u>	<u>789</u>		
Net Changes in Fund Balances (Deficits)	9,675	42	1,910	528
Fund Balances (Deficits), July 1, 2004 (as previously reported)	33,337	282	6,821	207
Prior Period Adjustments	(171)			
Fund Balances (Deficits), June 30, 2005	<u>\$ 42,841</u>	<u>\$ 324</u>	<u>\$ 8,731</u>	<u>\$ 735</u>

<u>COUNTY SERVICE AREAS</u>	<u>DISTRICT ATTORNEY EQUIPMENT AUTOMATION</u>	<u>DISTRICT ATTORNEY LOCAL FORFEITURES</u>	<u>EMERGENCY MEDICAL SERVICES</u>	
\$ 2,203	\$	\$	\$	REVENUES:
46			2,310	Taxes
71	7	17	6	Licenses, Permits and Franchises
6			105	Fines, Forfeitures and Penalties
41			1	Revenues from Use of Money and Property
<u>2,367</u>	<u>7</u>	<u>17</u>	<u>2,422</u>	Aid from Other Governmental Agencies
				Charges for Current Services
				Other Revenues
				Total Revenues
				EXPENDITURES:
54				Current:
573			1,701	General Government
<u>1,771</u>				Public Protection
				Health and Sanitation
<u>2,398</u>			<u>1,701</u>	Public Assistance
				Public Ways and Facilities
				Total Expenditures
<u>(31)</u>	<u>7</u>	<u>17</u>	<u>721</u>	Excess (Deficiency) of Revenues Over Expenditures
				OTHER FINANCING SOURCES (USES):
		(111)	(505)	Transfers In
				Transfers Out
		(111)	(505)	Total Other Financing Sources (Uses)
(31)	7	(94)	216	Net Changes in Fund Balances (Deficits)
<u>5,815</u>	<u>520</u>	<u>437</u>	<u>402</u>	Fund Balances (Deficits), July 1, 2004 (as previously reported)
				Prior Period Adjustments
<u>\$ 5,784</u>	<u>\$ 527</u>	<u>\$ 343</u>	<u>\$ 618</u>	Fund Balances (Deficits), June 30, 2005

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (DEFICIT) (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

Page 2 of 2

	LOCAL PUBLIC SAFETY	PLANNED LOCAL DRAINAGE	PROPERTY TAX ADMINISTRATION	PUBLIC IMPROVEMENT DISTRICTS
REVENUES:				
Taxes	\$	\$	\$	\$ 16
Licenses, Permits and Franchises				
Fines, Forfeitures and Penalties				
Revenues from Use of Money and Property		9	7	
Aid from Other Governmental Agencies	44,900			
Charges for Current Services				
Other Revenues				
Total Revenues	<u>44,900</u>	<u>9</u>	<u>7</u>	<u>16</u>
EXPENDITURES:				
Current:				
General Government				
Public Protection				
Health and Sanitation				
Public Assistance				
Public Ways and Facilities				19
Total Expenditures				<u>19</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>44,900</u>	<u>9</u>	<u>7</u>	<u>(3)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out	<u>(43,408)</u>		<u>(1)</u>	
Total Other Financing Sources (Uses)	<u>(43,408)</u>		<u>(1)</u>	
Net Changes in Fund Balances (Deficits)	1,492	9	6	(3)
Fund Balances (Deficits), July 1, 2004 (as previously reported)	1,623	729	1,083	(13)
Prior Period Adjustments				
Fund Balances (Deficits), June 30, 2005	<u>\$ 3,115</u>	<u>\$ 738</u>	<u>\$ 1,089</u>	<u>\$ (16)</u>

<u>SHERIFF INMATE WELFARE</u>	<u>SHERIFF FINGERPRINT IDENTIFICATION</u>	<u>TOBACCO LITIGATION SETTLEMENT</u>	<u>OTHER SPECIAL REVENUE</u>	
\$	\$	\$	\$	REVENUES:
			109	Taxes
			4,447	Licenses, Permits and Franchises
25	23	2	13	Fines, Forfeitures and Penalties
			1,293	Revenues from Use of Money and Property
			3,132	Aid from Other Governmental Agencies
1,251	485		1,692	Charges for Current Services
				Other Revenues
<u>1,276</u>	<u>508</u>	<u>2</u>	<u>10,686</u>	Total Revenues
				EXPENDITURES:
				Current:
			96	General Government
			1,078	Public Protection
				Health and Sanitation
			6,225	Public Assistance
				Public Ways and Facilities
			<u>7,399</u>	Total Expenditures
<u>1,276</u>	<u>508</u>	<u>2</u>	<u>3,287</u>	Excess (Deficiency) of Revenues Over Expenditures
				OTHER FINANCING SOURCES (USES):
			6,077	Transfers In
		(101)	(5,456)	Transfers Out
		<u>(101)</u>	<u>621</u>	Total Other Financing Sources (Uses)
1,276	508	(99)	3,908	Net Changes in Fund Balances (Deficits)
2,824	2,039	99	10,469	Fund Balances (Deficits), July 1, 2004 (as previously reported)
			(171)	Prior Period Adjustments
<u>\$ 4,100</u>	<u>\$ 2,547</u>	<u>\$</u>	<u>\$ 14,206</u>	Fund Balances (Deficits), June 30, 2005

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	AGING AND ADULT SERVICES			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Revenues from Use of Money and Property	\$ 13	\$ 13	\$ 13	\$
Aid from Other Governmental Agencies	9,001	9,001	8,750	(251)
Charges for Current Services	639	639	767	128
Other Revenues	147	147	171	24
Total Revenues	9,800	9,800	9,701	(99)
EXPENDITURES:				
Current:				
Public Assistance				
Salaries & Benefits	6,063	6,127	5,939	188
Services & Supplies	3,975	4,440	4,263	177
Other Charges	336	354	201	153
Capital Assets			1	(1)
Total Expenditures	10,374	10,921	10,404	517
Excess (Deficiency) of Revenues Over Expenditures	(574)	(1,121)	(703)	418
OTHER FINANCING SOURCES (USES):				
Transfers In	789	789	789	
Total Other Financing Sources (Uses)	789	789	789	
Net Changes in Fund Balances (Deficits)	215	(332)	86	418
Fund Balances (Deficits), July 1, 2004	282	282	282	
Fund Balances (Deficits), June 30, 2005	\$ 497	\$ (50)	\$ 368	\$ 418

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 (Deficits) \$ 9,701

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 (Deficits) \$ 10,404

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
CERTAIN NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	BUILDING INSPECTION			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Licenses, Permits and Franchises	\$ 4,005	\$ 4,005	\$ 5,851	\$ 1,846
Revenues from Use of Money and Property	84	84	79	(5)
Charges for Current Services	12	12	29	17
Other Revenues	9	9	28	19
Total Revenues	4,110	4,110	5,987	1,877
EXPENDITURES:				
Current:				
Public Protection				
Salaries & Benefits	3,479	3,479	2,808	671
Services & Supplies	1,252	1,451	1,125	326
Other Charges	115	115	35	80
Capital Assets	160	211	109	102
Appropriation for Contingencies	468	468		468
Total Expenditures	5,474	5,724	4,077	1,647
Excess (Deficiency) of Revenues Over Expenditures	(1,364)	(1,614)	1,910	3,524
OTHER FINANCING SOURCES (USES):				
Operating Transfers Out	(53)	(53)		(53)
Total Other Financing Sources (Uses)	(53)	(53)		(53)
Net Changes in Fund Balances (Deficits)	(1,417)	(1,667)	1,910	3,471
Fund Balances (Deficits), July 1, 2004	6,821	6,821	6,821	
Fund Balances (Deficits), June 30, 2005	<u>\$ 5,404</u>	<u>\$ 5,154</u>	<u>\$ 8,731</u>	<u>\$ 3,471</u>

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

Revenues

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) \$ 5,987

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 (Deficits) \$ 4,077

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	COMMUNITY DEVELOPMENT			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Revenues from Use of Money and Property	\$	\$	\$	\$
Aid from Other Governmental Agencies	25,366	25,366	8,844	(16,522)
Charges for Current Services	3	16		(16)
Other Revenues	<u>830</u>	<u>830</u>	<u>1,010</u>	<u>180</u>
Total Revenues	<u>26,199</u>	<u>26,212</u>	<u>9,854</u>	<u>(16,358)</u>
EXPENDITURES:				
Current:				
Public Assistance				
Services & Supplies	15,675	23,481	9,326	14,155
Appropriation for Contingencies	<u>3,221</u>	<u>2,960</u>		<u>2,960</u>
Total Expenditures	<u>18,896</u>	<u>26,441</u>	<u>9,326</u>	<u>17,115</u>
Net Changes in Fund Balances (Deficits)	7,303	(229)	528	757
Fund Balances (Deficits), July 1, 2004	<u>207</u>	<u>207</u>	<u>207</u>	
Fund Balances (Deficits), June 30, 2005	<u>\$ 7,510</u>	<u>\$ (22)</u>	<u>\$ 735</u>	<u>\$ 757</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 (Deficits) \$ 9,854

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 (Deficits) \$ 9,326

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

COUNTY SERVICE AREAS				
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Taxes	\$ 1,999	\$ 1,999	\$ 2,203	\$ 204
Fines, Forfeitures and Penalties			46	46
Revenues from Use of Money and Property	153	153	71	(82)
Charges for Current Services			6	6
Other Revenues	<u>243</u>	<u>243</u>	<u>41</u>	<u>(202)</u>
Total Revenues	<u>2,395</u>	<u>2,395</u>	<u>2,367</u>	<u>(28)</u>
EXPENDITURES:				
Current:				
Public Protection				
Services & Supplies	61	54	54	
Other Charges	1	1	1	
Appropriation for Contingencies	<u>10</u>	<u>11</u>		<u>11</u>
Total Public Protection	<u>72</u>	<u>66</u>	<u>55</u>	<u>11</u>
Health and Sanitation				
Services & Supplies	747	557	557	
Other Charges	9	5	5	
Capital Assets	50			
Appropriation for Contingencies	<u>65</u>	<u>33</u>	<u>9</u>	<u>24</u>
Total Health and Sanitation	<u>871</u>	<u>595</u>	<u>571</u>	<u>24</u>
Public Ways and Facilities				
Services & Supplies	2,512	1,752	1,752	
Other Charges	34	20	20	
Appropriation for Contingencies	<u>251</u>	<u>233</u>		<u>233</u>
Total Public Ways and Facilities	<u>2,797</u>	<u>2,005</u>	<u>1,772</u>	<u>233</u>
Total Expenditures	<u>3,740</u>	<u>2,666</u>	<u>2,398</u>	<u>268</u>
Net Changes in Fund Balances (Deficits)	<u>(1,345)</u>	<u>(271)</u>	<u>(31)</u>	<u>240</u>
Fund Balances (Deficits), July 1, 2004	<u>5,815</u>	<u>5,815</u>	<u>5,815</u>	
Fund Balances (Deficits), June 30, 2005	<u>\$ 4,470</u>	<u>\$ 5,544</u>	<u>\$ 5,784</u>	<u>\$ 240</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 (Deficits) \$ 2,367

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 (Deficits) \$ 2,398

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2005 (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	\$ 1,725	\$ 1,725	\$ 2,310	\$ 585
Revenues from Use of Money and Property	17	17	6	(11)
Aid from Other Governmental Agencies	343	343	105	(238)
Other Revenues	<u> </u>	<u> </u>	<u>1</u>	<u>1</u>
Total Revenues	<u>2,085</u>	<u>2,085</u>	<u>2,422</u>	<u>337</u>
EXPENDITURES:				
Current:				
Health and Sanitation Services & Supplies	<u>1,982</u>	<u>1,982</u>	<u>1,701</u>	<u>281</u>
Total Expenditures	<u>1,982</u>	<u>1,982</u>	<u>1,701</u>	<u>281</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>103</u>	<u>103</u>	<u>721</u>	<u>618</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(505)</u>	<u>(505)</u>	<u>(505)</u>	<u> </u>
Total Other Financing Sources (Uses)	<u>(505)</u>	<u>(505)</u>	<u>(505)</u>	<u> </u>
Net Changes in Fund Balances (Deficits)	(402)	(402)	216	618
Fund Balances (Deficits), July 1, 2004	<u>402</u>	<u>402</u>	<u>402</u>	<u> </u>
Fund Balances (Deficits), June 30, 2005	<u>\$ </u>	<u>\$ </u>	<u>\$ 618</u>	<u>\$ 618</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 (Deficits) \$ 2,422

Expenditures

Actual amount budgetary basis as reported on the budgetary comparison schedule and on the Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (Deficits) \$ 1,701

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	LOCAL PUBLIC SAFETY			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Aid from Other Governmental Agencies	\$ 41,784	\$ 41,784	\$ 44,900	\$ 3,116
Total Revenues	<u>41,784</u>	<u>41,784</u>	<u>44,900</u>	<u>3,116</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>41,784</u>	<u>41,784</u>	<u>44,900</u>	<u>3,116</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(43,407)</u>	<u>(43,407)</u>	<u>(43,407)</u>	
Total Other Financing Sources (Uses)	<u>(43,407)</u>	<u>(43,407)</u>	<u>(43,407)</u>	
Net Changes in Fund Balances (Deficits)	(1,623)	(1,623)	1,493	1,493
Fund Balances (Deficits), July 1, 2004	<u>1,623</u>	<u>1,623</u>	<u>1,623</u>	
Fund Balances (Deficits), June 30, 2004	<u>\$</u>	<u>\$</u>	<u>\$ 3,116</u>	<u>\$ 1,493</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 (Deficits)	\$ <u>44,900</u>
--	------------------

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	PLANNED LOCAL DRAINAGE			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Revenues from Use of Money and Property	\$ _____	\$ _____	\$ _____ 8	\$ _____ 8
Total Revenues	_____	_____	_____ 8	_____ 8
Net Changes in Fund Balances (Deficits)			8	8
Fund Balances (Deficits), July 1, 2004	_____ 729	_____ 729	_____ 729	_____
Fund Balances (Deficits), June 30, 2005	\$ _____ 729	\$ _____ 729	\$ _____ 737	\$ _____ 8

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 (Deficits) \$ _____ 8

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NONMAJOR SPECIAL REVENUE FUNDS
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

TOBACCO LITIGATION SETTLEMENT

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Revenues from Use of Money and Property	\$ _____	\$ _____	\$ _____ 2	\$ _____ 2
Total Revenues	_____	_____	_____ 2	_____ 2
Excess (Deficiency) of Revenues Over Expenditures	_____	_____	_____ 2	_____ 2
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out	_____ (99)	_____ (99)	_____ (101)	_____ (2)
Total Other Financing Sources (Uses)	_____ (99)	_____ (99)	_____ (101)	_____ (2)
Net Changes in Fund Balances (Deficits)	_____ (99)	_____ (99)	_____ (99)	
Fund Balances (Deficits), July 1, 2004	_____ 99	_____ 99	_____ 99	
Fund Balances (Deficits), June 30, 2005	\$ _____	\$ _____	\$ _____	\$ _____

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 (Deficits) \$ _____ 2

**COUNTY OF KERN
BUDGETARY COMPARISON SCHEDULE
CERTAIN SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

OTHER SPECIAL REVENUE				
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Licenses, Permits and Franchises	\$ 96	\$ 96	\$ 109	\$ 13
Fines, Forfeitures and Penalties	3,709	3,709	3,913	204
Revenues from Use of Money and Property	4	4	(44)	(48)
Aid from Other Governmental Agencies	221	221	221	
Charges for Current Services	1,539	1,539	2,283	744
Total Revenues	5,569	5,569	6,482	913
EXPENDITURES:				
IHSS Public Authority				
Services and Supplies	283	378	250	128
Other Charges	6,524	5,975	5,975	
Total Public Assistance	6,807	6,353	6,225	128
Range Improvement				
Services & Supplies	75	75	12	63
Wildlife Resources				
Services & Supplies	7	7	6	1
Other Charges	18	32	27	5
	25	39	33	6
Total Public Protection	100	114	45	69
Total Expenditures	6,907	6,467	6,270	197
Excess (Deficiency) of Revenues Over Expenditures	(1,338)	(898)	212	1,110
OTHER FINANCING SOURCES (USES):				
Transfer In	6,353	6,353	6,054	(299)
Transfer Out	(5,137)	(5,137)	(4,897)	240
Total Other Financing Sources (Uses)	1,216	1,216	1,157	(59)
Net Changes in Fund Balances (Deficits)	(122)	318	1,369	1,051
Fund Balances (Deficits), July 1, 2004 (as previously reported)	10,469	10,469	10,469	
Prior Period Adjustments	(171)	(171)	(171)	
Fund Balances (Deficits), June 30, 2005	<u>\$ 10,347</u>	<u>\$ 10,616</u>	<u>\$ 11,667</u>	<u>\$ 1,051</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	\$ 6,482
Revenues for non-budgeted funds	4,204
Total revenues as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits) - Nonmajor Governmental Funds - Special Revenue Funds	<u>10,686</u>

Expenditures

Actual amount budgetary basis from the budgetary comparison schedule	\$ 6,270
Expenditures for non-budgeted funds	1,129
Total expenditures as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (Deficits)	<u>\$ 7,399</u>

NONMAJOR GOVERNMENTAL FUNDS

CAPITAL PROJECTS FUNDS DESCRIPTIONS

The Capital Projects Funds serve as depositories for revenues received from the sale of real property and such other revenue as designated by the Board of Supervisors. These funds are generally appropriated for capital outlay by the Board of Supervisors.

Master Lease - This fund accounts for proceeds from the Master Lease financing for the acquisition and installation of the emergency computer aided dispatch (CAD) system for the Sheriff and Fire departments, and the Sheriff's Lerdo Facility retrofitting 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
 NONMAJOR CAPITAL PROJECT FUNDS
 YEAR ENDED JUNE 30, 2005 (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	\$	\$	\$	\$
Cash and Investment Deposited with Trustee				
Interest Receivable				
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>				
Liabilities:				
Due to Other Funds	\$ 15	\$	\$ 15	\$
Advances from Other Funds	<u>411</u>	<u>411</u>	<u></u>	<u></u>
Total Liabilities	<u>426</u>	<u>411</u>	<u>15</u>	<u></u>
Fund Balances (Deficits):				
Reserved:				
Unreserved:				
Undesignated	<u>(426)</u>	<u>(411)</u>	<u>(15)</u>	<u></u>
Total Fund Balances (Deficits)	<u>(426)</u>	<u>(411)</u>	<u>(15)</u>	<u></u>
Total Liabilities and Fund Balances (Deficits)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

**COUNTY OF KERN
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES (DEFICITS)
 NONMAJOR CAPITAL PROJECT FUNDS
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

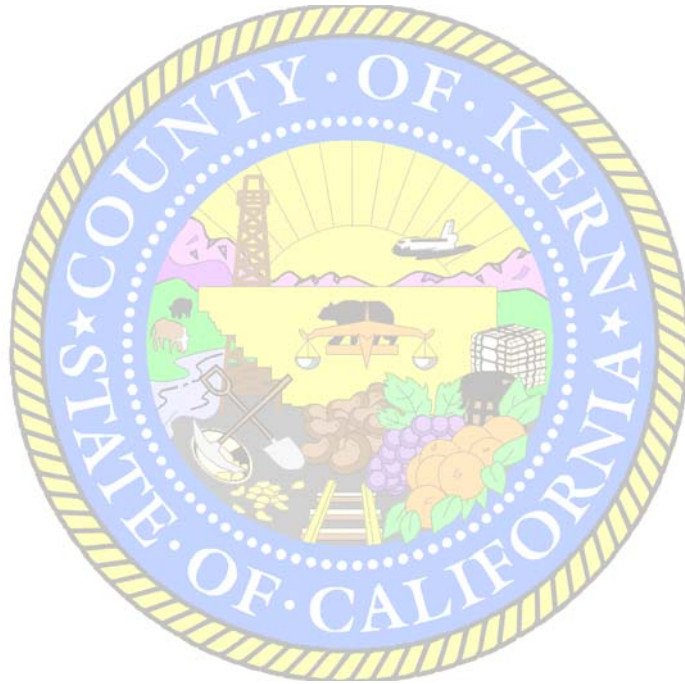
	<u>TOTAL</u>	<u>MASTER LEASE</u>	<u>CERTIFICATES OF PARTICIPATION</u>	<u>SEPARATION OF GRADE</u>
REVENUES:				
Revenues From Use of Money	\$ 30	\$ 15	\$	\$ 15
Aid From Other Governments	<u>2,009</u>	<u>1,791</u>	<u></u>	<u>218</u>
Total Revenues	<u>2,039</u>	<u>1,806</u>	<u></u>	<u>233</u>
EXPENDITURES:				
Capital Outlay	<u>221</u>	<u>39</u>	<u>2</u>	<u>180</u>
Total Expenditures	<u>221</u>	<u>39</u>	<u>2</u>	<u>180</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,818</u>	<u>1,767</u>	<u>(2)</u>	<u>53</u>
OTHER FINANCING (USES):				
Transfers Out	<u>(174)</u>	<u></u>	<u></u>	<u>(174)</u>
Total Other Financing Sources (Uses)	<u>(174)</u>	<u></u>	<u></u>	<u>(174)</u>
Net Changes In Fund Balances (Deficits)	1,644	1,767	(2)	(121)
Fund Balances (Deficits), July 1, 2004	<u>(2,070)</u>	<u>(2,178)</u>	<u>(13)</u>	<u>121</u>
Fund Balances (Deficits), June 30, 2005	<u>\$ (426)</u>	<u>\$ (411)</u>	<u>\$ (15)</u>	<u>\$</u>

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NONMAJOR CAPITAL PROJECT FUNDS
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	MASTER LEASE			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Revenues From Use of Money	\$ 15	\$ 15	\$ 15	\$
Aid From Other Governments	<u>1,791</u>	<u>1,791</u>	<u>1,791</u>	<u> </u>
Total Revenues	<u>1,806</u>	<u>1,806</u>	<u>1,806</u>	<u> </u>
EXPENDITURES:				
General Government				
Capital Outlay	<u>8,669</u>	<u>8,669</u>	<u>39</u>	<u>8,630</u>
Total Expenditures	<u>8,669</u>	<u>8,669</u>	<u>39</u>	<u>8,630</u>
Excess (Deficiency) of Revenues over Expenditures	(6,863)	(6,863)	1,767	8,630
OTHER FINANCING SOURCES (USES):				
Transfers Out				
Proceeds of Long Term Debt				
Total Other Financing Sources (Uses)				
Net Changes in Fund Balances (Deficits)	(6,863)	(6,863)	1,767	8,630
Fund Balances (Deficits), July 1, 2004	<u>(2,178)</u>	<u>(2,178)</u>	<u>(2,178)</u>	<u> </u>
Fund Balances (Deficits), June 30, 2005	<u>\$ (9,041)</u>	<u>\$ (9,041)</u>	<u>\$ (411)</u>	<u>\$ 8,630</u>

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NONMAJOR CAPITAL PROJECT FUNDS
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	SEPARATION OF GRADE			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUES:				
Revenues From Use of Money	\$	\$	\$	\$
Aid From Other Governments	44	44	218	174
Total Revenues	<u>44</u>	<u>44</u>	<u>233</u>	<u>189</u>
EXPENDITURES:				
General Government				
Capital Outlay			180	(180)
Total Expenditures			<u>180</u>	<u>(180)</u>
Excess (Deficiency) of Revenues over Expenditures	44	44	53	9
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(168)</u>	<u>(168)</u>	<u>(174)</u>	<u>(6)</u>
Total Other Financing Sources (Uses)	<u>(168)</u>	<u>(168)</u>	<u>(174)</u>	<u>(6)</u>
Net Changes in Fund Balances (Deficits)	(124)	(124)	(121)	3
Fund Balances (Deficits), July 1, 2004	<u>121</u>	<u>121</u>	<u>121</u>	
Fund Balances (Deficits), June 30, 2005	<u>\$ (3)</u>	<u>\$ (3)</u>	<u>\$ 0</u>	<u>\$ 3</u>



NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS DESCRIPTIONS

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

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

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

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

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

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

**COUNTY OF KERN
 COMBINING BALANCE SHEET
 NONMAJOR DEBT SERVICE FUNDS
 JUNE 30, 2005 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>ACCUMULATIVE CAPITAL OUTLAY GENERAL</u>	<u>ACCUMULATIVE CAPITAL OUTLAY FIRE</u>	<u>KERN COUNTY TOBACCO FUNDING CORP.</u>
ASSETS				
Pooled Cash and Investments	\$ 7,964	\$ 6,408	\$ 1,556	\$
Cash and Investments Deposited with Trustee	35,518			12,100
Interest Receivable	48	37	11	
Total Assets	<u>\$ 43,530</u>	<u>\$ 6,445</u>	<u>\$ 1,567</u>	<u>\$ 12,100</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 13	\$ 11	\$ 2	\$
Total Liabilities	<u>13</u>	<u>11</u>	<u>2</u>	
Fund Balances:				
Reserved	<u>43,517</u>	<u>6,434</u>	<u>1,565</u>	<u>12,100</u>
Total Fund Balances	<u>43,517</u>	<u>6,434</u>	<u>1,565</u>	<u>12,100</u>
Total Liabilities and Fund Balances	<u>\$ 43,530</u>	<u>\$ 6,445</u>	<u>\$ 1,567</u>	<u>\$ 12,100</u>

<u>KERN ASSET LEASING</u>	<u>PENSION OBLIGATION BOND TRUSTEE</u>	<u>PUBLIC HEALTH FACILITY LOAN TRUSTEE</u>
\$ 23,018	\$ 400	\$
<u>23,018</u>	<u>400</u>	<u>\$</u>
<u>\$ 23,018</u>	<u>\$ 400</u>	<u>\$</u>
<u>23,018</u>	<u>400</u>	<u>\$</u>
<u>23,018</u>	<u>400</u>	<u>\$</u>
<u>\$ 23,018</u>	<u>\$ 400</u>	<u>\$</u>

ASSETS

Pooled Cash and Investments
Cash and Investments Deposited with Trustee
Interest Receivable
Total Assets

LIABILITIES AND FUND BALANCES

Liabilities:
Due to Other Funds
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
NONMAJOR DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>ACCUMULATIVE CAPITAL OUTLAY GENERAL</u>	<u>ACCUMULATIVE CAPITAL OUTLAY FIRE</u>	<u>KERN COUNTY TOBACCO FUNDING CORP.</u>
REVENUES:				
Revenues from Use of Money or Property	\$ 2,140	\$ 396	\$ 34	\$ 527
Tobacco Settlement	7,155			7,155
Other Revenues	<u>24,194</u>			
Total Revenues	<u>33,489</u>	<u>396</u>	<u>34</u>	<u>7,682</u>
EXPENDITURES:				
General Government	568	520		48
Public Protection	84		84	
Debt Service:				
Principal	32,861			1,430
Interest	<u>28,648</u>			<u>6,440</u>
Total Expenditures	<u>62,161</u>	<u>520</u>	<u>84</u>	<u>7,918</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(28,672)</u>	<u>(124)</u>	<u>(50)</u>	<u>(236)</u>
OTHER FINANCING SOURCES (USES):				
Transfer In	28,846			
Transfer Out	<u>(10,798)</u>	<u>(9,116)</u>	<u>(1,484)</u>	
Total Other Financing Sources (Uses)	<u>18,048</u>	<u>(9,116)</u>	<u>(1,484)</u>	
Net Changes in Fund Balances	<u>(10,624)</u>	<u>(9,240)</u>	<u>(1,534)</u>	<u>(236)</u>
Fund Balances, July 1, 2004	<u>54,141</u>	<u>15,674</u>	<u>3,099</u>	<u>12,336</u>
Fund Balances, June 30, 2005	<u>\$ 43,517</u>	<u>\$ 6,434</u>	<u>\$ 1,565</u>	<u>\$ 12,100</u>

KERN ASSET LEASING	PENSION OBLIGATION BOND TRUSTEE	PUBLIC HEALTH FACILITY LOAN TRUSTEE
\$ 1,183	\$	\$
	24,194	
<u>1,183</u>	<u>24,194</u>	
26,544	3,932	955
1,428	20,332	448
<u>27,972</u>	<u>24,264</u>	<u>1,403</u>
<u>(26,789)</u>	<u>(70)</u>	<u>(1,403)</u>
27,443	(198)	1,403
<u>27,443</u>	<u>(198)</u>	<u>1,403</u>
654	(268)	
<u>22,364</u>	<u>668</u>	
<u>\$ 23,018</u>	<u>\$ 400</u>	<u>\$</u>

REVENUES:
 Revenues from Use of Money or Property
 Tobacco Settlement
 Other Revenues

Total Revenues

EXPENDITURES:
 General Government
 Public Protection
 Debt Service:
 Principal
 Interest

Total Expenditures

Excess (Deficiency) of Revenues over Expenditures

OTHER FINANCING SOURCES (USES):
 Transfer In
 Transfer Out

Total Other Financing Sources (Uses)

Net Changes in Fund Balances

Fund Balances, July 1, 2004

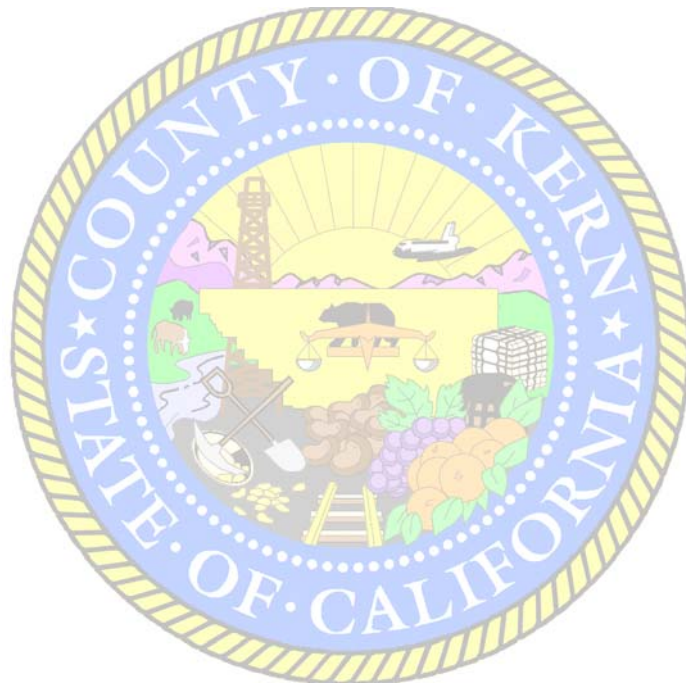
Fund Balances, June 30, 2005

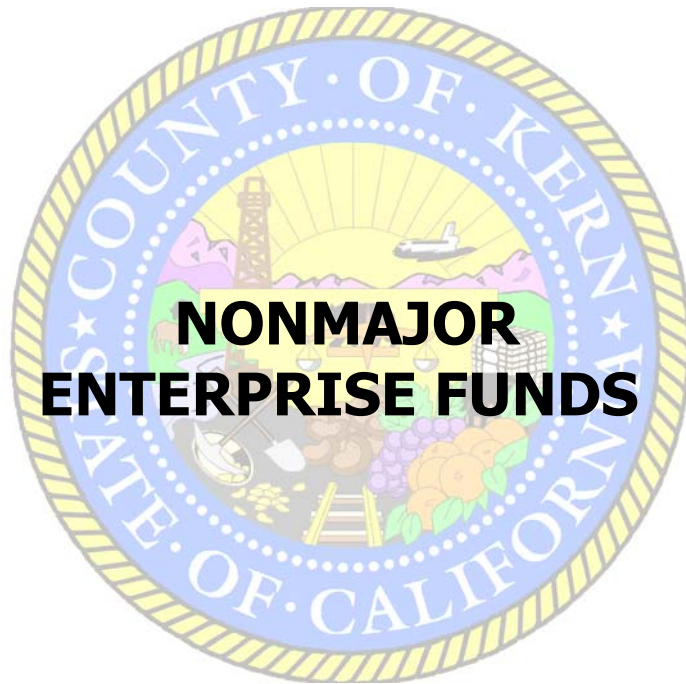
**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NONMAJOR DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	ACCUMULATIVE CAPITAL OUTLAY - GENERAL			
	Original Budget	Final Budget	Actual on Budgetary Basis	Variance with Final Budget
REVENUES:				
Revenues from Use of Money or Property	\$ 319	\$ 319	\$ 396	\$ 77
Total Revenues	<u>319</u>	<u>319</u>	<u>396</u>	<u>77</u>
EXPENDITURES:				
General Government				
Services and Supplies	677	677	520	157
Appropriation for Contingencies	1,500	1,500		1,500
Total Expenditures	<u>2,177</u>	<u>2,177</u>	<u>520</u>	<u>1,657</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,858)</u>	<u>(1,858)</u>	<u>(124)</u>	<u>1,734</u>
OTHER FINANCING SOURCES (USES):				
Transfers In				
Transfers Out	(9,946)	(9,946)	(9,116)	830
Total Other Financing Sources (Uses)	<u>(9,946)</u>	<u>(9,946)</u>	<u>(9,116)</u>	<u>830</u>
Net Changes in Fund Balances	(11,804)	(11,804)	(9,240)	2,564
Fund Balances, July 1, 2004	<u>15,674</u>	<u>15,674</u>	<u>15,674</u>	<u></u>
Fund Balances, June 30, 2005	<u>\$ 3,870</u>	<u>\$ 3,870</u>	<u>\$ 6,434</u>	<u>\$ 2,564</u>

**COUNTY OF KERN
 BUDGETARY COMPARISON SCHEDULE
 CERTAIN NONMAJOR DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2005 (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	\$ _____	\$ _____	\$ 34	\$ 34
Total Revenues	_____	_____	34	34
EXPENDITURES:				
Public Protection				
Services and Supplies	111	111	84	27
Appropriation for Contingencies	200	200	_____	200
Total Expenditures	311	311	84	227
Excess (Deficiency) of Revenues over Expenditures	(311)	(311)	(50)	261
OTHER FINANCING SOURCES (USES):				
Transfer In				
Transfers Out	(1,624)	(1,624)	(1,484)	140
Total Other Financing Sources (Uses)	(1,624)	(1,624)	(1,484)	140
Net Changes in Fund Balances	(1,935)	(1,935)	(1,534)	401
Fund Balances, July 1, 2004	3,099	3,099	3,099	_____
Fund Balances, June 30, 2005	<u>\$ 1,164</u>	<u>\$ 1,164</u>	<u>\$ 1,565</u>	<u>\$ 401</u>





**NONMAJOR
ENTERPRISE FUNDS**

NONMAJOR ENTERPRISE FUNDS

FUNDS DESCRIPTIONS

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

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 and South Taft.

**COUNTY OF KERN
COMBINING STATEMENT OF NET ASSETS
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2005 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SANITATION DISTRICTS</u>
ASSETS		
Current Assets:		
Pooled Cash and Investments	\$ 11,524	\$ 6,648
Interest Receivable	80	46
Accrued Revenue	199	4
	<u>11,803</u>	<u>6,698</u>
Total Current Assets		
Noncurrent Assets:		
Cash and Investments Deposited with Trustee	704	
Taxes Receivable - Net	1,454	369
Investment in Joint Venture	1,529	1,529
Capital Assets:		
Nondepreciable:		
Land	668	603
Construction in Progress	289	289
Depreciable:		
Structures and Improvements	14,899	8,309
Equipment and Intangibles	7,589	877
Subsurface Lines	6,723	6,723
Accumulated Depreciation and Amortization	(12,650)	(8,143)
	<u>21,205</u>	<u>10,556</u>
Total Noncurrent Assets		
	<u>33,008</u>	<u>17,254</u>
Total Assets		
LIABILITIES		
Current Liabilities:		
Accounts Payable	804	394
Salaries and Employee Benefits Payable	72	60
Due to Other Funds	26	
Current Portion of Long Term Debt	213	
Interest Payable - Current	48	
Current Portion of Compensated Absences	5	
Deferred Income	661	
	<u>1,829</u>	<u>454</u>
Total Current Liabilities		
Noncurrent Liabilities:		
Advances Payable	2,500	
Compensated Absences Payable	13	
Long Term Debt - Certificates of Participation	3,210	
Long Term Debt - Pension Obligation Bonds	109	
Interest Payable - Pension Obligation Bonds	27	
	<u>5,859</u>	
Total Noncurrent Liabilities		
	<u>7,688</u>	<u>454</u>
Total Liabilities		
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	14,095	8,658
Restricted	704	
Unrestricted	10,521	8,142
	<u>25,320</u>	<u>16,800</u>
Total Net Assets		
	\$ <u>25,320</u>	\$ <u>16,800</u>

<u>GOLF COURSE</u>	<u>PUBLIC TRANSPORTATION</u>	<u>UNIVERSAL COLLECTION</u>	
\$ 1,184	\$ 907	\$ 2,785	ASSETS
7	5	22	Current Assets:
	195		Pooled Cash and Investments
			Interest Receivable
			Accrued Revenue
<u>1,191</u>	<u>1,107</u>	<u>2,807</u>	Total Current Assets
704			Noncurrent Assets:
		1,085	Cash and Investments Deposited with Trustee
			Taxes Receivable - Net
			Investment in Joint Venture
			Capital Assets:
65			Nondepreciable:
			Land
			Construction in Progress
6,483	107		Depreciable:
	6,712		Structures and Improvements
			Equipment and Intangibles
			Subsurface Lines
<u>(1,592)</u>	<u>(2,915)</u>		Accumulated Depreciation and Amortization
<u>5,660</u>	<u>3,904</u>	<u>1,085</u>	Total Noncurrent Assets
<u>6,851</u>	<u>5,011</u>	<u>3,892</u>	Total Assets
			LIABILITIES
134	276		Current Liabilities:
	12		Accounts Payable
	26		Salaries and Employee Benefits Payable
210	3		Due to Other Funds
46	2		Current Portion of Long Term Debt
	5		Interest Payable - Current
	661		Current Portion of Compensated Absences
			Deferred Income
<u>390</u>	<u>985</u>		Total Current Liabilities
		2,500	Noncurrent Liabilities:
	13		Advances Payable
3,210	109		Compensated Absences Payable
	27		Long Term Debt - Certificates of Participation
			Long Term Debt - Pension Obligation Bonds
<u>3,210</u>	<u>149</u>	<u>2,500</u>	Interest Payable - Pension Obligation Bonds
<u>3,600</u>	<u>1,134</u>	<u>2,500</u>	Total Noncurrent Liabilities
			Total Liabilities
			NET ASSETS
1,536	3,901		Invested in Capital Assets, Net of Related Debt
704			Restricted
<u>1,011</u>	<u>(24)</u>	<u>1,392</u>	Unrestricted
\$ <u>3,251</u>	\$ <u>3,877</u>	\$ <u>1,392</u>	Total Net Assets

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	<u>TOTAL</u>	<u>COUNTY SANITATION DISTRICTS</u>
OPERATING REVENUES:		
Charges for Current Services	\$ 5,809	\$ 837
Revenues from Use of Property	129	92
Total Operating Revenues	<u>5,938</u>	<u>929</u>
OPERATING EXPENSES:		
Salaries and Employee Benefits	1,397	1,161
Services and Supplies	17,532	1,482
Other Charges	39	25
Depreciation	1,156	378
Total Operating Expenses	<u>20,124</u>	<u>3,046</u>
Operating Income (Loss)	<u>(14,186)</u>	<u>(2,117)</u>
NON-OPERATING REVENUES (EXPENSES):		
Taxes and Assessments	14,224	2,090
Fines, Forfeitures and Penalties	168	78
Licenses, Permits and Franchises	28	28
Interest on Bank Deposits and Investments	127	66
Aid from Other Governmental Agencies	522	
Interest Expense	(253)	
Other Non-Operating Revenues	46	29
Gain (Loss) on Sale of Fixed Assets	17	
Total Non-Operating Revenues (Expenses)	<u>14,879</u>	<u>2,291</u>
Income before transfers	693	174
Transfers Out	<u>(6)</u>	<u>(6)</u>
Change in Net Assets	687	168
Net Assets, July 1, 2004	<u>24,633</u>	<u>16,632</u>
Net Assets, June 30 , 2005	<u>\$ 25,320</u>	<u>\$ 16,800</u>

GOLF COURSE	PUBLIC TRANSPORTATION	UNIVERSAL COLLECTION	
\$ 4,368	\$ 604	\$	OPERATING REVENUES:
<u>4,368</u>	<u>37</u>	<u> </u>	Charges for Current Services
			Revenues from Use of Property
			Total Operating Revenues
	236		OPERATING EXPENSES:
4,064	4,484	7,502	Salaries and Employee Benefits
	14		Services and Supplies
<u>148</u>	<u>630</u>	<u> </u>	Other Charges
			Depreciation
<u>4,212</u>	<u>5,364</u>	<u>7,502</u>	Total Operating Expenses
<u>156</u>	<u>(4,723)</u>	<u>(7,502)</u>	Operating Income (Loss)
	4,369	7,765	NON-OPERATING REVENUES (EXPENSES):
		90	Taxes and Assessments
			Fines, Forfeitures and Penalties
37	(3)	27	Licenses, Permits and Franchises
	522		Interest on Bank Deposits and Investments
(187)	(10)	(56)	Aid from Other Governmental Agencies
	17		Interest Expense
	<u>17</u>	<u> </u>	Other Non-Operating Revenues
			Gain (Loss) on Sale of Fixed Assets
<u>(150)</u>	<u>4,912</u>	<u>7,826</u>	Total Non-Operating Revenues (Expenses)
6	189	324	Income before transfers
			Transfers Out
<u>6</u>	<u>189</u>	<u>324</u>	Change in Net Assets
<u>3,245</u>	<u>3,688</u>	<u>1,068</u>	Net Assets, July 1, 2004
\$ <u>3,251</u>	\$ <u>3,877</u>	\$ <u>1,392</u>	Net Assets, June 30 , 2005

**COUNTY OF KERN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

Page 1 of 2

	<u>TOTAL</u>	<u>COUNTY SANITATION DISTRICTS</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received for Current Services	\$ 5,915	\$ 905
Cash Received for Use of Property	92	92
Cash Received for Other Operations	46	29
Cash Received as Fines, Forfeitures, and Penalties	168	78
Cash Received as Licenses and Permits	28	28
Cash Paid for Salaries and Benefits	(1,334)	(1,101)
Cash Paid for Services and Supplies	(17,609)	(1,628)
Cash Paid for Interfund Services and Supplies	(212)	(181)
Cash Paid for Other Charges	(39)	(25)
Net Cash Provided (Used) by Operating Activities	<u>(12,945)</u>	<u>(1,803)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Cash Received From Other Funds		
Payment of Postclosure Liability		
Taxes and Special Assessments	14,076	2,105
Aid from Other Governmental Agencies	859	
Payment of Long Term Debt - Pension Obligation Bond	(3)	
Interest Paid	(61)	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>14,871</u>	<u>2,105</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition or Construction of Capital Assets	(601)	(253)
Proceeds from Disposal of Capital Assets	17	
Payment of Long Term Debt - Certificates of Participation	(200)	
Interest Paid on Long Term Debt	(190)	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(974)</u>	<u>(253)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash Collections From Loan Receivable	203	203
Interest on Bank Deposits and Investments	91	45
Net Cash Provided (Used) by Investing Activities	<u>294</u>	<u>248</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,246	297
Cash and Cash Equivalents, July 1, 2004	<u>10,982</u>	<u>6,351</u>
Cash and Cash Equivalents, June 30, 2005	<u>\$ 12,228</u>	<u>\$ 6,648</u>

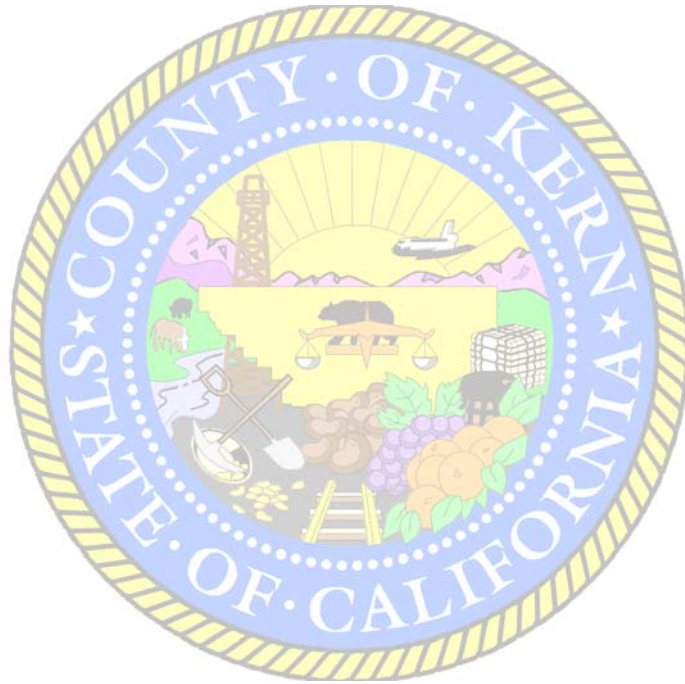
<u>GOLF COURSE</u>	<u>PUBLIC TRANSPORTATION</u>	<u>UNIVERSAL COLLECTION</u>	
\$ 4,369	\$ 641	\$	CASH FLOWS FROM OPERATING ACTIVITIES:
	17	90	Cash Received for Current Services
	(233)		Cash Received for Use of Property
(3,932)	(4,547)	(7,502)	Cash Received for Other Operations
	(31)		Cash Received as Fines, Forfeitures, and Penalties
	(14)		Cash Received as Licenses and Permits
			Cash Paid for Salaries and Benefits
			Cash Paid for Services and Supplies
			Cash Paid for Interfund Services and Supplies
			Cash Paid for Other Charges
<u>437</u>	<u>(4,167)</u>	<u>(7,412)</u>	Net Cash Provided (Used) by Operating Activities
			CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:
			Cash Received From Other Funds
	4,368	7,603	Payment of Postclosure Liability
	859		Taxes and Special Assessments
	(3)		Aid from Other Governmental Agencies
	(6)	(55)	Payment of Long Term Debt - Pension Obligation Bond
			Interest Paid
	<u>5,218</u>	<u>7,548</u>	Net Cash Provided (Used) by Non-Capital Financing Activities
			CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
	(348)		Acquisition or Construction of Capital Assets
	17		Proceeds from Disposal of Capital Assets
(200)			Payment of Long Term Debt - Certificates of Participation
<u>(190)</u>			Interest Paid on Long Term Debt
<u>(390)</u>	<u>(331)</u>		Net Cash Provided (Used) by Capital and Related Financing Activities
			CASH FLOWS FROM INVESTING ACTIVITIES:
			Cash Collections From Loan Receivable
35	(6)	17	Interest on Bank Deposits and Investments
<u>35</u>	<u>(6)</u>	<u>17</u>	Net Cash Provided (Used) by Investing Activities
82	714	153	Net Increase (Decrease) in Cash and Cash Equivalents
<u>1,806</u>	<u>193</u>	<u>2,632</u>	Cash and Cash Equivalents, July 1, 2004
<u>\$ 1,888</u>	<u>\$ 907</u>	<u>\$ 2,785</u>	Cash and Cash Equivalents, June 30, 2005

**COUNTY OF KERN
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
NONMAJOR ENTERPRISE FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

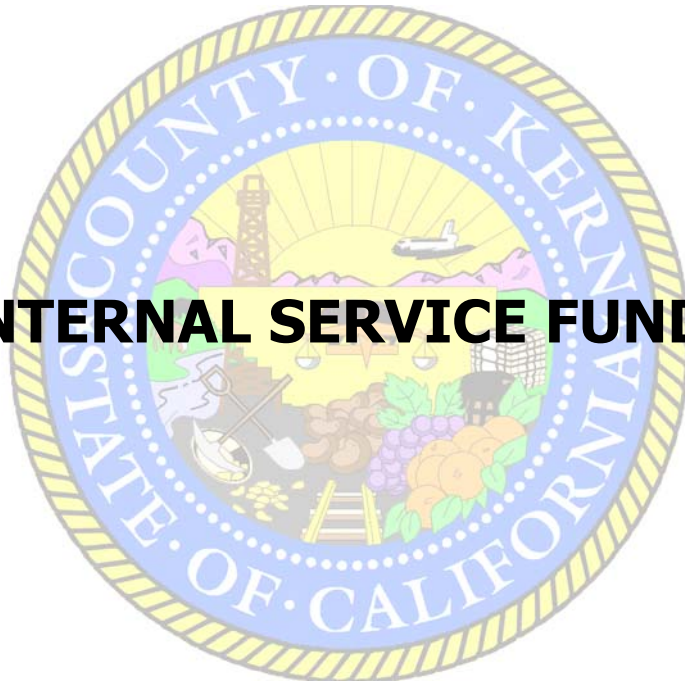
Page 2 of 2

	<u>TOTAL</u>	<u>COUNTY SANITATION DISTRICTS</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ <u>(14,186)</u>	\$ <u>(2,117)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Other Non-Operating Revenues	236	129
Depreciation	1,156	378
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	68	68
(Increase) Decrease in Inventory		
(Increase) Decrease in Prepaid Items	(4)	(4)
(Increase) Decrease in Investment in Joint Venture	(52)	(52)
Increase (Decrease) in Accounts Payable	133	
Increase (Decrease) in Accrued Expenses	(276)	(264)
Increase (Decrease) in Due to Others	(83)	(1)
Increase (Decrease) in Salaries & Benefits Payable	61	60
Increase (Decrease) in Compensated Absences Payable	<u>2</u>	<u> </u>
Total Adjustments	<u>1,241</u>	<u>314</u>
Net Cash Provided (Used) by Operating Activities	\$ <u><u>(12,945)</u></u>	\$ <u><u>(1,803)</u></u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:		
Net Transfers of Capital Assets (To) From Other Funds	\$ <u>(6)</u>	\$ <u>(6)</u>
Total Noncash Investing, Capital, and Financing Activities	\$ <u><u>(6)</u></u>	\$ <u><u>(6)</u></u>

<u>GOLF COURSE</u>	<u>PUBLIC TRANSPORTATION</u>	<u>UNIVERSAL COLLECTION</u>	
			RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES
\$ 156	\$ (4,723)	\$ (7,502)	Operating Income (Loss)
			Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
148	17 630	90	Other Non-Operating Revenues
			Depreciation
			Changes in Assets and Liabilities:
			(Increase) Decrease in Accounts Receivable
			(Increase) Decrease in Inventory
			(Increase) Decrease in Prepaid Items
			(Increase) Decrease in Investment in Joint Venture
133	(12)		Increase (Decrease) in Accounts Payable
	(82)		Increase (Decrease) in Accrued Expenses
	1		Increase (Decrease) in Due to Others
	2		Increase (Decrease) in Salaries & Benefits Payable
			Increase (Decrease) in Compensated Absences Payable
<u>281</u>	<u>556</u>	<u>90</u>	Total Adjustments
<u>\$ 437</u>	<u>\$ (4,167)</u>	<u>\$ (7,412)</u>	Net Cash Provided (Used) by Operating Activities
			NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:
\$ _____	\$ _____	\$ _____	Net Transfers of Capital Assets (To) From Other Funds
<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	Total Noncash Investing, Capital, and Financing Activities



INTERNAL SERVICE FUNDS



INTERNAL SERVICE FUNDS DESCRIPTIONS

Internal Service Funds account for services furnished to other County departments and are financed primarily by charges for such services. Because they are divorced from the regular County operation, they are free to employ commercial accounting techniques, and are often used in situations where a more accurate determination of costs is desired.

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

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

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

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

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

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

**COUNTY OF KERN
COMBINING STATEMENT OF NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS
JUNE 30, 2005 (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	\$ 38,208	\$ 2,405	\$ 2,255	\$ 6,301
Due from Other Funds	167		167	
Prepaid Items	8			
Accounts Receivable	1,393		213	1,180
Accrued Revenue	69			
Interest Receivable	297	21	17	52
Inventory- Materials and Supplies	60		60	
Total Current Assets	<u>40,202</u>	<u>2,426</u>	<u>2,712</u>	<u>7,533</u>
Noncurrent Assets:				
Deposits with Others	135			135
Equipment (Net of Accumulated Depreciation)	4,103		4,103	
Total Noncurrent Assets	<u>4,238</u>		<u>4,103</u>	<u>135</u>
Total Assets	<u>44,440</u>	<u>2,426</u>	<u>6,815</u>	<u>7,668</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	630		7	623
Salaries and Employee Benefits Payable	27		27	
Interest Payable - Current	11		11	
Current Portion of Long Term Debt	13		13	
Due to Other Funds	418			
Liability for Self-Insurance - Current	24,101	2,324		5,988
Total Current Liabilities	<u>25,200</u>	<u>2,324</u>	<u>58</u>	<u>6,611</u>
Noncurrent Liabilities				
Compensated Absences Payable	82		82	
Liability for Self-Insurance - Long Term	58,733	4,572		
Interest Payable - Long-term - Pension Obligation Bonds	130		130	
Long Term Debt - Pension Obligation Bonds	442		442	
Total Noncurrent Liabilities	<u>59,387</u>	<u>4,572</u>	<u>654</u>	
Total Liabilities	<u>84,587</u>	<u>6,896</u>	<u>712</u>	<u>6,611</u>
NET ASSETS (DEFICITS)				
Invested in Capital Assets, Net of Related Debt	4,103		4,103	
Restricted	135			135
Unrestricted	(44,385)	(4,470)	2,000	922
Total Net Assets (Deficits)	<u>\$ (40,147)</u>	<u>\$ (4,470)</u>	<u>\$ 6,103</u>	<u>\$ 1,057</u>

RETIREE GROUP HEALTH	UNEMPLOYMENT COMPENSATION	WORKERS' COMPENSATION	ASSETS		
\$ 16,393	\$ 1,853	\$ 9,001	Current Assets:		
			Pooled Cash and Investments		
			Due from Other Funds		
			8		
			Prepaid Items		
			Accounts Receivable		
69			Accrued Revenue		
115	14	78	Interest Receivable		
			Inventory- Materials and Supplies		
<u>16,577</u>	<u>1,867</u>	<u>9,087</u>	Total Current Assets		
			Noncurrent Assets:		
			Deposits with Others		
			Equipment (Net of Accumulated Depreciation)		
			Total Noncurrent Assets		
<u>16,577</u>	<u>1,867</u>	<u>9,087</u>	Total Assets		
			LIABILITIES		
			Current Liabilities:		
			Accounts Payable		
			Salaries and Employee Benefits Payable		
			Interest Payable - Current		
			Current Portion of Long Term Debt		
			418		
			Due to Other Funds		
			Liability for Self-Insurance- Current		
	1,103	14,686	Total Current Liabilities		
	<u>1,103</u>	<u>15,104</u>	Noncurrent Liabilities		
			Compensated Absences Payable		
			Liability for Self-Insurance- Long Term		
			54,161		
			Interest Payable - Long-term - Pension Obligation Bonds		
			Long Term Debt - Pension Obligation Bonds		
			Total Noncurrent Liabilities		
			<u>54,161</u>		
	<u>1,103</u>	<u>69,265</u>	Total Liabilities		
			NET ASSETS (DEFICITS)		
			Invested in Capital Assets, Net of Related Debt		
			Restricted		
			Unrestricted		
<u>16,577</u>	<u>764</u>	<u>(60,178)</u>	Total Net Assets (Deficits)		
<u>\$ 16,577</u>	<u>\$ 764</u>	<u>\$ (60,178)</u>			

**COUNTY OF KERN
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (DEFICITS)
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

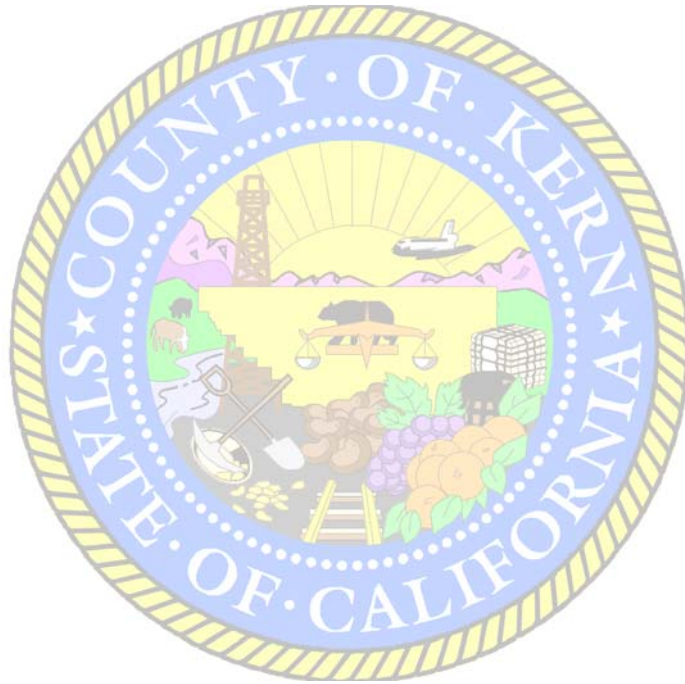
	<u>TOTAL</u>	<u>GENERAL LIABILITY</u>	<u>GENERAL SERVICES- GARAGE</u>	<u>GROUP HEALTH</u>
OPERATING REVENUES:				
Charges for Current Services	\$ 114,212	\$ 256	\$ 2,029	\$ 78,513
Total Operating Revenues	<u>114,212</u>	<u>256</u>	<u>2,029</u>	<u>78,513</u>
OPERATING EXPENSES:				
Salaries and Employee Benefits	3,961		559	
Services and Supplies	13,576	2,470	649	5,716
Claims Incurred	112,682	312		73,602
Other Charges	5,082	28	54	4,941
Depreciation Expense	572		572	
Total Operating Expenses	<u>135,873</u>	<u>2,810</u>	<u>1,834</u>	<u>84,259</u>
Operating Income (Loss)	<u>(21,661)</u>	<u>(2,554)</u>	<u>195</u>	<u>(5,746)</u>
NON-OPERATING REVENUES (EXPENSES):				
Interest on Bank Deposits and Investments	598	96	31	197
Other Revenues	799	28	49	13
Interest Expense	(51)		(51)	
Gain (Loss) on Sale of Fixed Assets	16		16	
Total Non-Operating Revenues (Expenses)	<u>1,362</u>	<u>124</u>	<u>45</u>	<u>210</u>
Income (Loss) before Transfers	(20,299)	(2,430)	240	(5,536)
Transfers	80		80	
Change in Net Assets (Deficits)	(20,219)	(2,430)	320	(5,536)
Net Assets (Deficits), July 1, 2004	<u>(19,928)</u>	<u>(2,040)</u>	<u>5,783</u>	<u>6,593</u>
Net Assets (Deficits), June 30, 2005	<u>\$ (40,147)</u>	<u>\$ (4,470)</u>	<u>\$ 6,103</u>	<u>\$ 1,057</u>

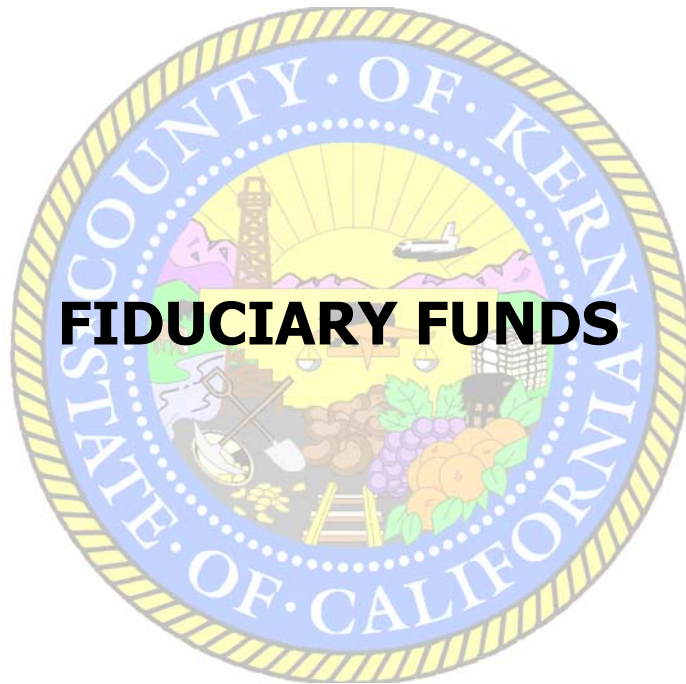
RETIREE GROUP HEALTH	UNEMPLOYMENT COMPENSATION	WORKERS' COMPENSATION	
\$ 4,221	\$ 3,063	\$ 26,130	OPERATING REVENUES:
			Charges for Current Services
<u>4,221</u>	<u>3,063</u>	<u>26,130</u>	Total Operating Revenues
			OPERATING EXPENSES:
3,402			Salaries and Employee Benefits
151	13	4,577	Services and Supplies
	2,544	36,224	Claims Incurred
80	(36)	15	Other Charges
			Depreciation Expense
<u>3,633</u>	<u>2,521</u>	<u>40,816</u>	Total Operating Expenses
<u>588</u>	<u>542</u>	<u>(14,686)</u>	Operating Income (Loss)
			NON-OPERATING REVENUES (EXPENSES):
188	36	50	Interest on Bank Deposits and Investments
		709	Other Revenues
			Interest Expense
			Gain (Loss) on Sale of Fixed Assets
<u>188</u>	<u>36</u>	<u>759</u>	Total Non-Operating Revenues (Expenses)
776	578	(13,927)	Income (Loss) before Transfers
			Transfers
776	578	(13,927)	Change in Net Assets (Deficits)
<u>15,801</u>	<u>186</u>	<u>(46,251)</u>	Net Assets (Deficits), July 1, 2004
<u>\$ 16,577</u>	<u>\$ 764</u>	<u>\$ (60,178)</u>	Net Assets (Deficits), June 30, 2005

**COUNTY OF KERN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2005 (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	\$ 114,077	\$ 256	\$ 2,002	\$ 78,405
Cash Received for Other Operations	799	28	49	13
Cash Paid for Salaries and Benefits	(3,952)		(550)	
Cash Paid for Services and Supplies	(14,102)	(2,470)	(645)	(6,246)
Cash Paid for Reported Claims	(93,575)	(1,527)		(75,702)
Cash Paid for Other Charges	(5,082)	(28)	(54)	(4,941)
Net Cash Provided (Used) by Operating Activities	<u>(1,835)</u>	<u>(3,741)</u>	<u>802</u>	<u>(8,471)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:				
Pension Obligation Bond Principal Paid	(10)		(10)	
Pension Obligation Bond Interest Paid	(26)		(26)	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(36)</u>		<u>(36)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition or Construction of Capital Assets	(809)		(809)	
Proceeds From Sale of Fixed Assets	49		49	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(760)</u>		<u>(760)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on Bank Deposits and Investments	397	100	22	207
Net Increase (Decrease) in Cash and Cash Equivalents	(2,234)	(3,641)	28	(8,264)
Cash and Cash Equivalents, July 1, 2004	40,442	6,046	2,227	14,565
Cash and Cash Equivalents, June 30, 2005	<u>\$ 38,208</u>	<u>\$ 2,405</u>	<u>\$ 2,255</u>	<u>\$ 6,301</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	\$ (21,661)	\$ (2,554)	\$ 195	\$ (5,746)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Other Non-Operating Revenues	799	28	49	13
Depreciation	572		572	
Changes in Assets and Liabilities:				
(Increase) Decrease in Inventory	(5)		(5)	
(Increase) Decrease in Accounts Receivable	(117)		(9)	(108)
(Increase) Decrease in Due from Others	(18)		(18)	
(Increase) Decrease in Deposits with Others	312			312
Increase (Decrease) in Accrued Expenses	(521)		9	(530)
Increase (Decrease) in Due to Others	106			
Increase (Decrease) in Salaries & Benefits Payable	5		5	
Increase (Decrease) in Compensated Absences Payable	4		4	
Increase (Decrease) in Provision for Liability Claims	18,689	(1,215)		(2,412)
Total Adjustments	<u>19,826</u>	<u>(1,187)</u>	<u>607</u>	<u>(2,725)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,835)</u>	<u>\$ (3,741)</u>	<u>\$ 802</u>	<u>\$ (8,471)</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Net Transfers of Fixed Assets (To) From Other Funds	\$ 287		\$ 287	
Total Noncash Investing, Capital, and Financing Activities	<u>\$ 287</u>		<u>\$ 287</u>	

RETIREE GROUP HEALTH	UNEMPLOYMENT COMPENSATION	WORKERS' COMPENSATION	
			CASH FLOWS FROM OPERATING ACTIVITIES:
\$ 4,221	\$ 3,063	\$ 26,130	Cash Received for Current Services
		709	Cash Received for Other Operations
(3,402)			Cash Paid for Salaries and Benefits
(151)	(13)	(4,577)	Cash Paid for Services and Supplies
	(2,491)	(13,855)	Cash Paid for Reported Claims
(80)	36	(15)	Cash Paid for Other Charges
<u>588</u>	<u>595</u>	<u>8,392</u>	Net Cash Provided (Used) by Operating Activities
			CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:
			Pension Obligation Bond Principal Paid
			Pension Obligation Bond Interest Paid
			Net Cash Provided (Used) by Non-Capital Financing Activities
			CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
			Acquisition or Construction of Capital Assets
			Proceeds From Sale of Fixed Assets
			Net Cash Provided (Used) by Capital and Related Financing Activities
			CASH FLOWS FROM INVESTING ACTIVITIES:
64	28	(24)	Interest on Bank Deposits and Investments
652	623	8,368	Net Increase (Decrease) in Cash and Cash Equivalents
15,741	1,230	633	Cash and Cash Equivalents, July 1, 2004
<u>\$ 16,393</u>	<u>\$ 1,853</u>	<u>\$ 9,001</u>	Cash and Cash Equivalents, June 30, 2005
			RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:
\$ 588	\$ 542	\$ (14,686)	Operating Income (Loss)
			Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:
		709	Other Non-Operating Revenues
			Depreciation
			Changes in Assets and Liabilities:
			(Increase) Decrease in Inventory
			(Increase) Decrease in Accounts Receivable
			(Increase) Decrease in Due from Others
			(Increase) Decrease in Deposits with Others
			Increase (Decrease) in Accrued Expenses
		106	Increase (Decrease) in Due to Others
			Increase (Decrease) in Salaries & Benefits Payable
			Increase (Decrease) in Compensated Absences Payable
			Increase (Decrease) in Provision for Liability Claims
	53	22,263	Total Adjustments
	53	23,078	Net Cash Provided (Used) by Operating Activities
<u>\$ 588</u>	<u>\$ 595</u>	<u>\$ 8,392</u>	
			NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:
\$	\$	\$	Net Transfers of Fixed Assets (To) From Other Funds
<u>\$</u>	<u>\$</u>	<u>\$</u>	Total Noncash Investing, Capital, and Financing Activities





FIDUCIARY FUNDS

FIDUCIARY FUNDS DESCRIPTIONS

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.

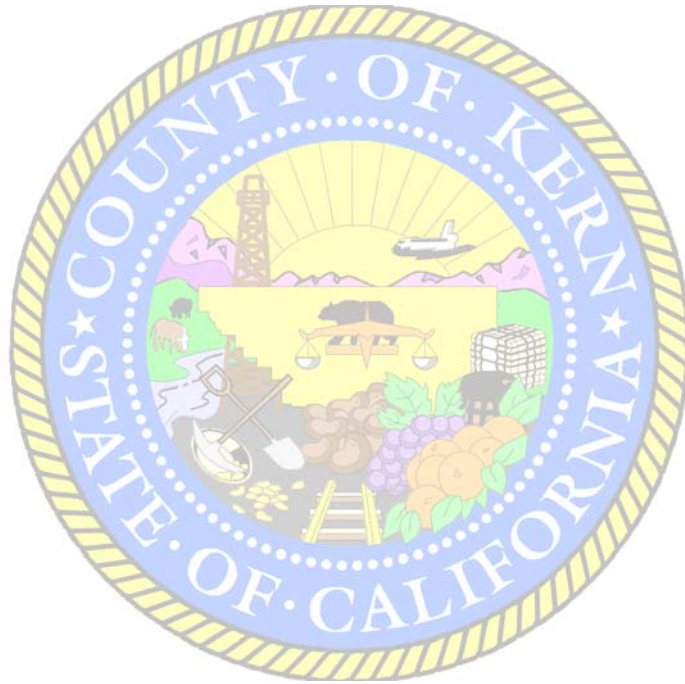
**COUNTY OF KERN
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

	BALANCE JULY 1, 2004	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2005
TOTAL AGENCY FUNDS				
ASSETS				
Pooled Cash and Investments	\$ 148,737	\$ 4,297,076	\$ 4,316,782	\$ 129,031
Interest Receivable	329	669	329	669
Due from Other Funds	204	13,062	13,218	48
Accounts Receivable	62	719	732	49
Loans Receivable	205		92	113
Taxes Receivable	41,784	1,366,585	1,364,940	43,429
Due from Other Agencies	2,993	7,808	7,010	3,791
Total Assets	<u>\$ 194,314</u>	<u>\$ 5,685,919</u>	<u>\$ 5,703,103</u>	<u>\$ 177,130</u>
LIABILITIES				
Warrants Payable	\$ 25,490	\$ 1,999,778	\$ 1,990,731	\$ 34,537
Accounts Payable		251	241	10
Due to Other Funds	666		666	
Due to Other Governments	167,838	2,827,304	2,852,879	142,263
Unapportioned Installment Redemptions	320			320
Total Liabilities	<u>\$ 194,314</u>	<u>\$ 4,827,333</u>	<u>\$ 4,844,517</u>	<u>\$ 177,130</u>
CLEARING FUNDS				
ASSETS				
Pooled Cash and Investments	\$ 679	\$ 932,963	\$ 931,985	\$ 1,657
Accounts Receivable	49	28	64	13
Total Assets	<u>\$ 728</u>	<u>\$ 932,991</u>	<u>\$ 932,049</u>	<u>\$ 1,670</u>
LIABILITIES				
Warrant Payable	\$ 389	\$ 96,841	\$ 96,707	\$ 523
Due to Other Governments	339	826,228	825,420	1,147
Total Liabilities	<u>\$ 728</u>	<u>\$ 923,069</u>	<u>\$ 922,127</u>	<u>\$ 1,670</u>
WARRANT CLEARANCE FUNDS				
ASSETS				
Pooled Cash and Investments	\$ 25,101	\$ 1,902,937	\$ 1,894,024	\$ 34,014
Total Assets	<u>\$ 25,101</u>	<u>\$ 1,902,937</u>	<u>\$ 1,894,024</u>	<u>\$ 34,014</u>
LIABILITIES				
Warrants Payable	\$ 25,101	\$ 1,902,937	\$ 1,894,024	\$ 34,014
Total Liabilities	<u>\$ 25,101</u>	<u>\$ 1,902,937</u>	<u>\$ 1,894,024</u>	<u>\$ 34,014</u>

**COUNTY OF KERN
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES (CONTINUED)
AGENCY FUNDS
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

Page 2 of 2

	<u>BALANCE</u> <u>JULY 1, 2004</u>	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2005</u>
STATE FUNDS				
ASSETS				
Pooled Cash and Investments	\$ 5,911	\$ 24,865	\$ 25,396	\$ 5,380
Interest Receivable	4	3	4	3
Total Assets	<u>\$ 5,915</u>	<u>\$ 24,868</u>	<u>\$ 25,400</u>	<u>\$ 5,383</u>
LIABILITIES				
Due to Other Governments	\$ 5,915	\$ 23,890	\$ 24,422	\$ 5,383
Total Liabilities	<u>\$ 5,915</u>	<u>\$ 23,890</u>	<u>\$ 24,422</u>	<u>\$ 5,383</u>
OTHER FUNDS				
ASSETS				
Pooled Cash and Investments	\$ 104,787	\$ 666,953	\$ 699,731	\$ 72,009
Interest Receivable	196	424	196	424
Due from Other Agencies	2,993	7,808	7,010	3,791
Accounts Receivable	13	691	668	36
Loans Receivable	205		92	113
Total Assets	<u>\$ 108,194</u>	<u>\$ 675,876</u>	<u>\$ 707,697</u>	<u>\$ 76,373</u>
LIABILITIES				
Accounts Payable	\$	\$ 251	\$ 241	\$ 10
Due to Other Government	108,194	551,200	583,031	76,363
Total Liabilities	<u>\$ 108,194</u>	<u>\$ 551,451</u>	<u>\$ 583,272</u>	<u>\$ 76,373</u>
UNAPPORTIONED FUNDS				
ASSETS				
Pooled Cash and Investments	\$ 12,259	\$ 769,358	\$ 765,646	\$ 15,971
Interest Receivable	129	242	129	242
Due From Other Funds	204	13,062	13,218	48
Due From Other Agencies				
Taxes Receivable	41,784	1,366,585	1,364,940	43,429
Total Assets	<u>\$ 54,376</u>	<u>\$ 2,149,247</u>	<u>\$ 2,143,933</u>	<u>\$ 59,690</u>
LIABILITIES				
Due to Other Funds	\$ 666	\$	\$ 666	\$
Due to Other Governments	53,390	1,425,986	1,420,006	59,370
Unapportioned Installment Redemptions	320			320
Total Liabilities	<u>\$ 54,376</u>	<u>\$ 1,425,986</u>	<u>\$ 1,420,672</u>	<u>\$ 59,690</u>



The seal of Kern County, California, is a circular emblem. It features a central scene with a sun rising over a landscape that includes a windmill, a plow, a sheaf of wheat, and a bunch of grapes. The seal is surrounded by a blue ring with the text "COUNTY OF KERN" at the top and "STATE OF CALIFORNIA" at the bottom, separated by dots. The entire seal is enclosed in a yellow and black striped border.

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

**COUNTY OF KERN
CAPITAL ASSETS USED IN THE OPERATIONS OF GOVERNMENTAL FUNDS
SCHEDULE OF FUNCTION AND ACTIVITY
YEAR ENDED JUNE 30, 2005 (IN THOUSANDS)**

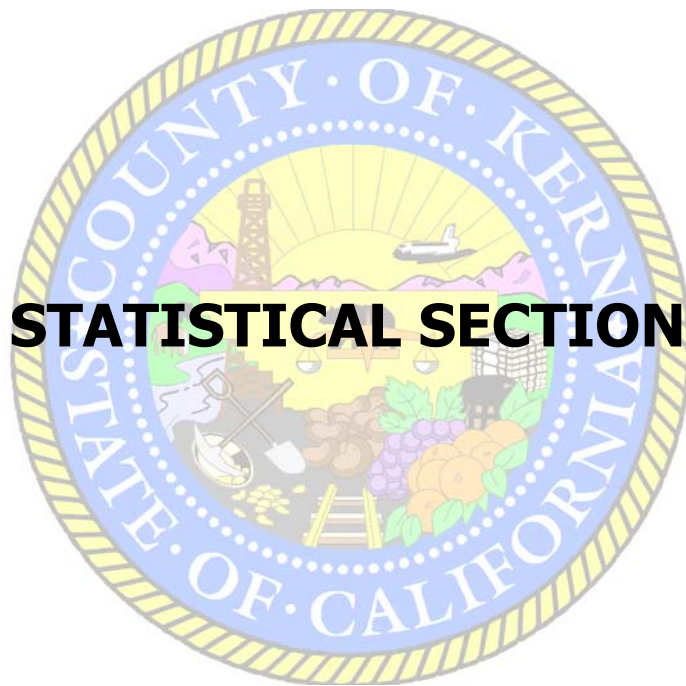
Function & Activity	Department #	Land	Structures & Improvements	Equipment	Construction in Progress	Infrastructure	Total
General Activity							
Board of Supervisors - Dist #1	1011	\$	\$	\$ 47	\$	\$	47
Board of Supervisors - Dist #2	1012			91			91
Board of Supervisors - Dist #5	1015			15			15
County Administrative Office	1020			85			85
Clerk of the Board	1030			70			70
Auditor-Controller	1110			169			169
Treasurer	1120			698			698
Assessor	1130	9	1,072	51			1,132
Assessor - Property Tax	1140			117			117
General Services - Mail Services	1151			57			57
Reprographics	1153			226			226
Information Systems	1160			2,770			2,770
County Counsel	1210		48	38	1		87
Personnel	1310			98			98
Elections - County Clerk	1420			6,128			6,128
Communications	1510		10,511	14,203	10,259		34,973
General Services**	1610	2,422	70,660	2,750	121		75,953
General Services - Construction	1640			18			18
Board of Trade	1812		139	43			182
Engineering & Survey Services	1900		1,028	611	85	13,304	15,028
Risk Management	1910			5			5
Total General Activity		2,431	83,458	28,290	10,466	13,304	137,949
Public Safety							
Superior Court	2115	401	40,986				41,387
District Attorney	2180			1,829			1,829
Children Support Services	2183			1,288			1,288
Public Defender	2190		3,809	305			4,114
DA Forensic	2200		139	2,193			2,332
Sheriff	2210	7,107	56,371	25,213			88,691
Probation	2340	219	20,289	2,959	20,164		43,631
Fire	2415	1,356	25,822	27,855	334		55,367
Dept. of Ag & Measure Standard	2610	317	2,563	408			3,288
Code Compliance	2620			127			127
Building Inspection	2625			714			714
Recorder	2705			994			994
Resource Management Agency	2730			108			108
Planning	2750			57			57
Animal Control	2760		1,850	101			1,951
LAFCO	2770						
Total Public Safety		9,400	151,829	64,151	20,498		245,878
Public Ways							
Road	3000	2,438	6,624	11,620	11	55,083	75,776
Total Public Ways		2,438	6,624	11,620	11	55,083	75,776
Health							
Public Health	4110	209	2,432	570	11,578		14,789
Environmental Health	4113			340			340
Mental Health	4120		2,481	819	1		3,301
Mental Health - Substance Abuse	4123			25			25
Emergency Medical Services	4200			120			120
California Children's Services	4300			17			17
Total Health		209	4,913	1,891	11,579		18,592
Public Assistance							
Human Services	5120	6	2,201	5,884			8,091
Veterans Services	5510		34				34
Aging & Adult Services	5610		240	175			415
Employers Training Resources	5923			1,109			1,109
Community Development Program Agency	5940			39			39
Total Public Assistance		6	2,475	7,207			9,688
Education							
Library	6210	2,108	25,362	4,304	6		31,780
Farm & Home Advisor	6310			19			19
Experimental Farm	6320		506				506
Total Education		2,108	25,868	4,323	6		32,305
Parks & Recreation							
Parks	7100	3,775	32,466	5,296	4,338		45,875
Total Parks & Recreation		3,775	32,466	5,296	4,338		45,875
Total Governmental Funds		\$ 20,367	\$ 307,633	\$ 122,778	\$ 46,898	\$ 68,387	\$ 566,063

**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, 2005 (IN THOUSANDS)**

Function & Activity	Department #	Governmental Funds Capital Assets			Governmental Funds Capital Assets	
		6/30/2004	Additions	Deductions	6/30/2005	
General Activity						
Board of Supervisors - Dist #1	1011	\$ 39	\$ 8	\$	\$	47
Board of Supervisors - Dist #2	1012	74	17			91
Board of Supervisors - Dist #5	1015		15			15
County Administrative Office	1020	162		77		85
Clerk of the Board	1030	31	39			70
Auditor-Controller	1110	169				169
Treasurer	1120	638	60			698
Assessor	1130	1,132				1,132
Assessor - Property Tax	1140	112	5			117
General Services - Mail Services	1151	58		1		57
Reprographics	1153	226				226
Information Systems	1160	2,502	268			2,770
County Counsel	1210	149	2	64		87
Personnel	1310	99		1		98
Elections - County Clerk	1420	5,129	999			6,128
Communications	1510	28,733	19,605	13,365		34,973
General Services	1610	76,886	296	1,229		75,953
General Services - Construction	1640	19		1		18
Board of Trade	1812	183		1		182
Engineering & Survey Services	1900	12,703	2,963	638		15,028
Risk Management	1910	28		23		5
Total General Activity		129,072	24,277	15,400		137,949
Public Safety						
Superior Court	2115	41,395		8		41,387
District Attorney	2180	986	843			1,829
Children Support Services	2183	1,275	13			1,288
Public Defender	2190	4,114				4,114
DA Forensic	2200	2,164	168			2,332
Sheriff	2210	86,157	2,673	139		88,691
Probation	2340	41,820	1,877	66		43,631
Fire	2415	51,959	3,408			55,367
Agricultural Commissioner	2610	3,288				3,288
Code Compliance	2620	111	16			127
Building Inspection	2625	633	81			714
Recorder	2705	973	21			994
Resource Management Agency	2730	123		15		108
Planning	2750	57				57
Animal Control	2760	1,909	42			1,951
LAFCO	2770	7		7		
Total Public Safety		236,971	9,142	235		245,878
Public Ways						
Road	3000	53,527	22,625	376		75,776
Total Public Ways		53,527	22,625	376		75,776
Health						
Public Health	4110	14,202	1,779	1,192		14,789
Environmental Health	4113	185	155			340
Mental Health	4120	3,148	153			3,301
Mental Health - Substance Abuse	4123	13	12			25
Emergency Medical Services	4200		120			120
California Children's Services	4300	17				17
Total Health		17,565	2,219	1,192		18,592
Public Assistance						
Human Services	5120	7,682	409			8,091
Veterans Services	5510	34				34
Aging & Adult Services	5610	438	18	41		415
Employers Training Resources	5923	1,109				1,109
Community Deveopment Program Ager	5940	136		97		39
Total Public Assistance		9,399	427	138		9,688
Education						
Library	6210	31,722	58			31,780
Farm & Home Advisor	6310	19				19
Experimental Farm	6320	506				506
Total Education		32,247	58	-		32,305
Parks & Recreation						
Parks	7100	47,704	2,111	3,940		45,875
Total Parks & Recreation		47,704	2,111	3,940		45,875
Total Governmental Funds		\$ 526,485	\$ 60,859	\$ 21,281		\$ 566,063

O:\EXCEL\F5\Fund Stmt\Captial Assets\Operation of Govtal Funds (rounded).xls>Add_Delete



STATISTICAL SECTION

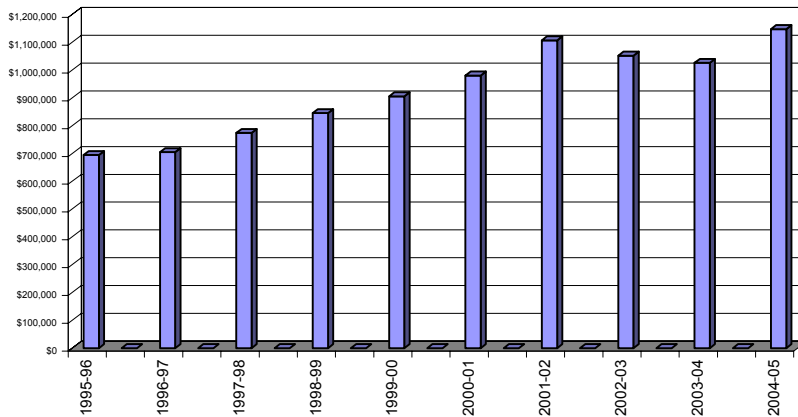


**COUNTY OF KERN
GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS (IN THOUSANDS)**

<u>SOURCE</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>	<u>1999-00</u>
Taxes	\$ 119,228	\$ 124,323	\$ 138,034	\$ 132,131	\$ 139,328
Licenses, Permits and Franchises	8,189	8,453	8,582	9,710	9,492
Fines, Forfeitures and Penalties	8,701	7,669	12,697	13,926	17,248
Revenue from Use of Money and Property	10,687	10,315	11,840	12,061	13,038
Aid from Other Governmental Agencies	428,170	421,008	440,414	464,590	521,590
Charges for Current Services	77,447	80,267	88,679	105,232	116,471
Other Revenue	<u>42,084</u>	<u>52,987</u>	<u>73,467</u>	<u>107,422</u>	<u>88,256</u>
Total	<u>694,506</u>	<u>\$ 705,022</u>	<u>\$ 773,713</u>	<u>\$ 845,072</u>	<u>\$ 905,423</u>

(1) Total General Revenues include all Governmental Activities.

REVENUE TRENDS



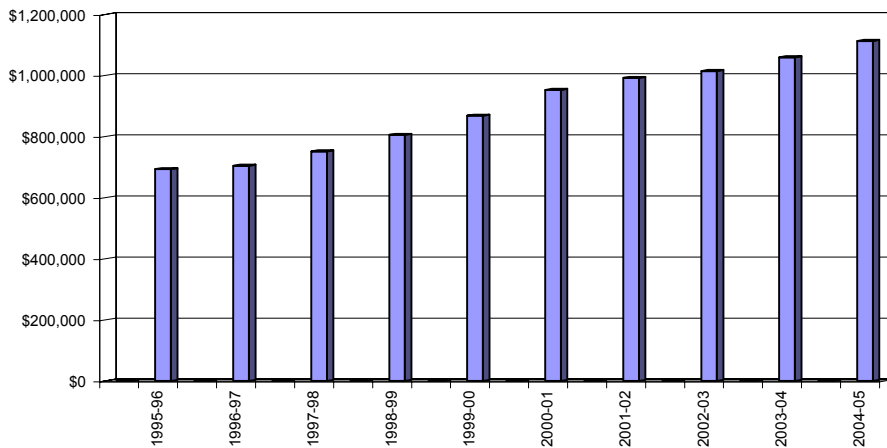
<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>SOURCE</u>
\$ 143,060	\$ 158,277	\$ 168,142	\$ 138,075	\$ 226,259	Taxes
12,293	13,609	11,988	13,276	15,084	Licenses, Permits and Franchises
17,618	23,787	17,878	21,009	23,026	Fines, Forfeitures and Penalties
19,543	13,466	13,246	8,540	10,549	Revenue from Use of Money and Property
577,078	621,690	624,447	603,631	609,511	Aid from Other Governmental Agencies
132,038	129,066	124,171	135,431	142,872	Charges for Current Services
<u>78,482</u>	<u>146,829</u>	<u>91,856</u>	<u>105,810</u>	<u>119,878</u>	Other Revenue
<u>\$ 980,112</u>	<u>\$ 1,106,724</u>	<u>\$ 1,051,728</u>	<u>\$ 1,025,772</u>	<u>\$ 1,147,179</u>	Total

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

FUNCTION	1995-96	1996-97	1997-98	1998-99	1999-00
General Government	\$ 53,100	\$ 52,337	\$ 57,246	\$ 66,343	\$ 66,461
Public Protection	220,899	227,549	245,748	251,602	264,142
Health and Sanitation	88,878	97,355	120,616	136,385	157,362
Public Assistance	279,640	262,503	251,601	281,877	309,570
Education	6,758	7,064	7,663	7,365	7,449
Recreation and Cultural Services	9,377	8,769	9,010	9,397	9,440
Public Ways and Facilities	22,075	20,806	24,295	24,138	24,194
Capital Outlay	4,839	8,966	14,038	7,411	8,478
Debt Service - Principal	4,300	5,300	6,962	7,406	8,079
Debt Service - Interest	4,185	14,223	14,759	13,620	13,590
Total	\$ 694,051	\$ 704,872	\$ 751,938	\$ 805,544	\$ 868,765

(1) Total General Expenditures include all Governmental Activities.

EXPENDITURE TRENDS



<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>FUNCTION</u>
\$ 69,040	\$ 76,860	\$ 87,676	\$ 85,318	\$ 77,566	General Government
300,742	316,154	321,502	327,726	347,724	Public Protection
152,334	144,518	161,553	180,341	196,003	Health and Sanitation
334,562	370,226	355,787	350,059	368,630	Public Assistance
8,377	8,909	10,258	8,055	8,313	Education
9,843	10,591	10,268	11,231	12,489	Recreation and Cultural Services
36,632	27,533	28,380	29,337	30,649	Public Ways and Facilities
17,455	10,363	11,808	24,264	7,284	Capital Outlay
9,816	11,724	13,277	16,197	32,933	Debt Service - Principal
14,139	15,215	14,356	27,290	31,905	Debt Service - Interest
<u>\$ 952,940</u>	<u>\$ 992,093</u>	<u>\$ 1,014,865</u>	<u>\$ 1,059,818</u>	<u>\$ 1,113,496</u>	Total

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

<u>FISCAL YEAR</u>	<u>DESCRIPTION</u>	<u>TAXES LEVIED</u>	<u>TAXES COLLECTED*</u>	<u>AMOUNT DELINQUENT (JUNE 30)</u>	<u>PERCENTAGE OF DELINQUENCY</u>
1995-96	Secured	423,449	404,437	19,012	4.469%
	Unsecured	19,031	18,271	760	
	Total	442,480	422,708	19,772	
1996-97	Secured	447,890	429,474	18,416	4.080%
	Unsecured	19,204	18,564	640	
	Total	467,094	448,038	19,056	
1997-98	Secured	467,784	449,604	18,180	3.880%
	Unsecured	18,796	18,099	697	
	Total	486,580	467,703	18,877	
1998-99	Secured	455,527	436,345	19,182	4.147%
	Unsecured	21,502	20,900	602	
	Total	477,029	457,245	19,784	
1999-00	Secured	497,571	480,111	17,460	3.460%
	Unsecured	22,847	22,303	544	
	Total	520,418	502,414	18,004	
2000-01	Secured	518,583	500,720	17,863	3.375%
	Unsecured	23,736	23,295	441	
	Total	542,319	524,015	18,304	
2001-02	Secured	551,988	534,278	17,710	3.152%
	Unsecured	23,805	23,369	436	
	Total	575,793	557,647	18,146	
2002-03	Secured	552,471	538,096	14,375	2.583%
	Unsecured	24,208	23,689	519	
	Total	576,679	561,785	14,894	
2003-04	Secured	581,097	565,237	15,860	2.693%
	Unsecured	26,512	26,010	502	
	Total	607,609	591,247	16,362	
2004-05	Secured	629,659	614,352	15,307	2.429%
	Unsecured	26,213	25,589	624	
	Total	655,872	639,941	15,931	

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

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

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

FISCAL YEAR	COUNTYWIDE	SPECIAL DISTRICTS	SCHOOLS	TOTAL
1995-96	1.0	0.084461	0.078741	1.163202
1996-97	1.0	0.080662	0.088116	1.168778
1997-98	1.0	0.076735	0.095754	1.172489
1998-99	1.0	0.075166	0.064374	1.139540
1999-00	1.0	0.074314	0.087712	1.162026
2000-01	1.0	0.068755	0.087712	1.156467
2001-02	1.0	0.061936	0.055685	1.117621
2002-03	1.0	0.060665	0.099861	1.160526
2003-04	1.0	0.063662	0.082729	1.146391
2004-05	1.0	0.063200	0.086924	1.150124

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

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

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

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

FISCAL YEAR	REAL ESTATE INSIDE	REAL ESTATE OUTSIDE	IMPROVEMENTS INSIDE	IMPROVEMENTS OUTSIDE	PERSONAL PROPERTY INSIDE
1995-96	3,092,515	10,791,556	8,371,689	10,427,513	550,462
1996-97	3,135,975	11,800,346	8,546,839	10,563,722	550,479
1997-98	3,202,950	13,706,174	8,737,682	10,860,330	565,488
1998-99	3,257,755	12,192,527	9,005,070	10,217,692	653,895
1999-00	3,411,557	14,645,217	9,692,268	10,830,481	634,079
2000-01	3,549,682	16,163,965	10,244,613	11,027,657	760,543
2001-02	3,691,765	17,697,552	10,599,854	11,783,305	784,787
2002-03	3,892,717	14,169,623	11,320,839	13,200,573	798,871
2003-04	4,224,299	13,578,934	12,441,700	14,618,761	828,664
2004-05	4,674,839	14,953,058	13,909,230	14,756,424	829,022

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

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

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

PERSONAL PROPERTY OUTSIDE	COUNTYWIDE UNITARY AND OPERATING NON-UNITARY**	TOTAL COUNTY VALUATION	LESS NON-SUBVENTED EXEMPTIONS	NET TOTAL COUNTY VALUATIONS*	FISCAL YEAR
960,068	1,717,325	35,911,128	670,985	35,240,143	1995-96
912,295	1,709,893	37,219,549	711,575	36,507,974	1996-97
922,785	1,622,220	39,617,629	733,440	38,884,189	1997-98
958,951	1,619,550	37,905,440	781,115	37,124,325	1998-99
1,040,266	1,556,419	41,810,287	816,531	40,993,756	1999-00
1,167,124	1,525,556	44,439,140	873,551	43,565,589	2000-01
1,133,795	1,419,551	47,110,609	927,025	46,183,584	2001-02
1,122,234	1,501,357	46,006,214	1,003,827	45,002,387	2002-03
1,138,086	1,433,776	48,264,220	1,031,002	47,233,218	2003-04
1,332,606	1,442,283	51,897,461	1,097,445	50,800,016	2004-05

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

COUNTY OF KERN BUILDING PERMITS		
<u>Fiscal Year</u>	<u>Permits Issued (1)</u>	<u>Value of Buildings (in thousands) (2)</u>
1995-96	6,750	448,664
1996-97	6,001	426,811
1997-98	6,674	525,390
1998-99	6,719	644,182
1999-00	6,556	537,434
2000-01	6,795	712,214
2001-02	8,124	937,147
2002-03	8,390	986,885
2003-04	10,280	1,267,032
2004-05	11,122	1,544,860

(1) Source: Building Inspection, County of Kern

(2) Source: Board of Trade, County of Kern

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

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

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

FISCAL YEAR	PRINCIPAL	INTEREST	TOTAL DEBT SERVICE	TOTAL GENERAL EXPENDITURES (1)	RATIO OF DEBT SERVICE TO TOTAL GENERAL EXPENDITURES
1995-96	4,300	4,185	8,485	694,051	1.22%
1996-97	5,300	14,224	19,524	704,872	2.77%
1997-98	6,962	14,759	21,721	751,938	2.89%
1998-99	7,406	13,620	21,026	805,544	2.61%
1999-00	8,079	13,591	21,670	868,765	2.49%
2000-01	9,816	14,139	23,955	952,940	2.51%
2001-02	11,724	15,215	26,939	992,093	2.72%
2002-03	13,277	14,356	27,633	1,014,865	2.72%
2003-04	16,197	27,290	43,487	1,059,818	4.10%
2004-05	32,933	31,905	64,838	1,113,496	5.82%

Notes:

(1) Total General Expenditures include all Governmental Activities.

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

**COUNTY OF KERN
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2005 (IN THOUSANDS)**

2004-05 Assessed Valuation: \$49,200,708 (After deducting \$1,509,100 Redevelopment Incremental Valuation; Includes unitary utility valuation)

	Percentage Applicable	Debt 05/01/05
<u>Overlapping Tax and Assessment Debt:</u>		
Kern Community College School Facilities Improvement District	91.36%	\$ 66,996
West Kern Community College District	100	14,999
Mojave Unified School District School Facilities Improvement District No. 1	100	15,650
Tehachapi Unified School District	100	22,140
Other Unified School Districts	100	20,701
Kern County Union High School District	100	85,115
Other Union High School District	69.70	17,624
Bakersfield School District	100	24,889
Delano Union School District	100	27,483
Fruitvale School District	100	12,400
Greenfield Union School District	100	11,100
Taft School District	100	11,220
Other School Districts	100	83,577
City of Bakersfield	100	2,070
Kern County Water Agency I.D. #4	100	1,135
Other Water Districts	Various	6,705
Water Storage Districts	100	21,293
Tehachapi Valley Healthcare District	100	9,725
Bear Valley Community Services District, I.D. No. 2	100	6,510
Community Facilities Districts	100	61,335
1915 Act bonds (Estimated)	100	101,312
		<u>\$ 623,979</u>
Total Gross Overlapping Tax and Assessment Debt		\$ 623,979
Less:		
City of Bakersfield Water Bonds (100% self-supporting)		2,070
Water Storage Districts (100% self-supporting)		9,578
Cawelo Water District (100% self-supporting)		2,015
		<u>13,663</u>
Total Net Overlapping Tax and Assessment Debt		<u>\$ 610,316</u>
<u>Overlapping General Fund Obligation Debt:</u>		
	Percentage Applicable	Debt 05/01/05
Kern County Board of Education Certificates of Participation	100	\$ 96,590
Community College District Certificates of Participation	Various	91,238
Kern County Union High School District Certificates of Participation	100	95,300
Other High School Certificates of Participation	Various	1,383
Unified School District General Fund Obligations	Various	24,022
School District General Fund Obligations	100	27,695
City of Bakersfield General Fund Obligations	100	33,465
City of Ridgecrest Certificates of Participation	100	9,250
Other City General Fund Obligations	100	1,662
		<u>\$ 380,605</u>
Total Overlapping General Fund Obligation Debt		\$ 380,605
Total Net Overlapping General Fund Obligation Debt		<u>380,605</u>
TOTAL NET OVERLAPPING DEBT		<u>\$ 990,921</u>
<u>Direct General Fund Obligation Debt:</u>		
	Percentage Applicable	Debt 05/01/05
Kern County Certificates of Participation	100	\$ 91,239 (1)
Kern County Pension Obligations	100	495,979 (1)
		<u>587,218</u>
Total Net Direct General Fund Obligation Debt		587,218
TOTAL DIRECT AND OVERLAPPING DEBT		\$ 1,578,139 (2)

NOTES:

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

Ratios to Assessed Valuation:

Total Gross Overlapping Tax and Assessment Debt	1.23%
Total Net Overlapping Tax and Assessment Debt	1.20%

Ratios to Adjusted Assess Valuation:

Combined Direct Debt (\$587,218)	1.19%
Gross Combined Total Debt	3.24%
Net Combined Total Debt	3.21%

Source: California Municipal Statistics, Inc.

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

FISCAL YEAR	POPULATION (1)	ASSESSED VALUE (2)	BONDED DEBT (3)	RATIO OF NET BONDED DEBT	NET BONDED DEBT PER CAPITA
1995-96	625	34,145,028	193,095	0.006	309
1996-97	628	36,507,975	193,187	0.005	308
1997-98	640	37,784,760	193,187	0.005	302
1998-99	648	36,127,467	185,462	0.005	286
1999-00	659	39,958,881	185,462	0.005	281
2000-01	686	42,545,294	185,140	0.004	270
2001-02	688	45,025,587	184,070	0.004	268
2002-03	703	43,797,242	182,152	0.004	259
2003-04	725	45,862,203	179,287	0.004	247
2004-05	753	49,200,706	175,355	0.004	233

(1) California Department of Finance

(2) Valuations exclude redevelopment tax allocations.

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

**COUNTY OF KERN
 ASSESSED VALUATION OF REDEVELOPMENT AGENCY INCREMENT
 JUNE 30, 2005 (IN THOUSANDS)**

	BOND RATE	COUNTY ASSESSMENT SECURED	COUNTY ASSESSMENT UNSECURED	STATE ASSESSMENT UTILITIES	TOTAL
<u>ASSESSED VALUATION OF INSIDE PROPERTY</u>					
Arvin		\$ 172,489	\$ 15,541	\$ 299	\$ 188,329
Bakersfield		13,441,150	512,720	16,542	13,970,412
California City		322,189	1,655	150	323,994
Delano		650,260	11,544	1,874	663,678
Maricopa		16,869	1,958	3	18,830
McFarland		181,622	2,319	154	184,095
Ridgecrest		453,510	22,717	11	476,238
Shafter		386,737	19,843	1,496	408,076
Taft		215,465	14,179	415	230,059
Tehachapi		242,769	12,035	2,435	257,239
Wasco		275,141	13,443	1,395	289,979
Total Assessed Value of Inside Property		<u>16,358,201</u>	<u>627,954</u>	<u>24,774</u>	<u>17,010,929</u>
<u>ASSESSED VALUE OF OUTSIDE PROPERTY</u>					
Road Fund - Outside		<u>27,598,504</u>	<u>1,360,191</u>	<u>1,663,515</u>	<u>30,622,210</u>
<u>ASSESSED VALUATION OF COUNTYWIDE PROPERTY</u>					
Unitary and Operating Non-Unitary (GENERAL LEVY =1.000000)	0.211499			<u>1,442,283</u>	<u>1,442,283</u>
Pipeline Right of Way (GENERAL LEVY =1.000000)	0.199513		<u>124,110</u>	<u>1,174</u>	<u>125,284</u>
Total Inside and Outside (Excluding Aircraft and Redevelopment)		<u>43,956,705</u>	<u>2,112,255</u>	<u>3,131,746</u>	<u>49,200,706</u>
Arvin		58,095	(10,933)	(4)	47,158
Bakersfield - Downtown		117,042	21,545	(86)	138,501
Bakersfield - Old Town		40,124	18,084	(4,020)	54,188
Bakersfield - Southeast		87,745	7,951	363	96,059
California City		224,388	3,946	(13)	228,321
California City Amendment 2 & 3		(4,597)	(94)	-	(4,691)
Delano #1		22,080	346	-	22,426
Delano		161,920	18,025	(292)	179,653
Ridgecrest		467,856	5,909	832	474,597
Shafter #1		67,287	409	394	68,090
Shafter #2		76,664	7,933	-	84,597
Taft		16,968	2,749	2,218	21,935
Tehachapi		36,791	6,035	(811)	42,015
Wasco		60,867	(4,220)	(100)	56,547
Wasco #1		(297)	-	-	(297)
Total Redevelopment Agency		<u>1,432,933</u>	<u>77,685</u>	<u>(1,519)</u>	<u>1,509,099</u>
Grand Total - Countywide Taxable Value		<u>\$ 45,389,638</u>	<u>\$ 2,189,940</u>	<u>\$ 3,130,227</u>	<u>\$ 50,709,805</u>

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

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

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Valuations:(1)					
Residential	\$ 290,196	\$ 274,743	\$ 360,455	\$ 361,140	\$ 399,392
Non-Residential	<u>136,615</u>	<u>144,408</u>	<u>202,899</u>	<u>164,388</u>	<u>155,276</u>
Total	<u>\$ 426,811</u>	<u>\$ 419,151</u>	<u>\$ 563,354</u>	<u>\$ 525,528</u>	<u>\$ 554,668</u>
New Dwelling Units:(1)					
Single Family	\$ 245,186	\$ 244,134	\$ 314,658	\$ 320,811	\$ 357,260
Multiple Family	<u>22,089</u>	<u>11,132</u>	<u>28,770</u>	<u>17,953</u>	<u>12,947</u>
Total	<u>\$ 267,275</u>	<u>\$ 255,266</u>	<u>\$ 343,428</u>	<u>\$ 338,764</u>	<u>\$ 370,207</u>
Bank Deposits:(2)	<u>\$ 3,058,000</u>	<u>\$ 3,092,000</u>	<u>\$ 3,179,000</u>	<u>\$ 3,268,000</u>	<u>\$ 3,265,000</u>

(1) Source: Construction Industry Research Board.

(2) Source: Federal Deposit Insurance Corporation.

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	
					Valuations:(1)
\$ 480,294	\$ 624,316	\$ 842,396	\$ 251,120	\$ 166,766	Residential
<u>327,804</u>	<u>296,909</u>	<u>304,641</u>	<u>54,567</u>	<u>35,354</u>	Non-Residential
<u>\$ 808,098</u>	<u>\$ 921,225</u>	<u>\$ 1,147,037</u>	<u>\$ 305,687</u>	<u>\$ 202,120</u>	Total
					New Dwelling Units:(1)
\$ 445,556	\$ 578,454	\$ 776,323	\$ 224,736	\$ 147,432	Single Family
<u>10,042</u>	<u>17,897</u>	<u>31,539</u>	<u>17,102</u>	<u>11,855</u>	Multiple Family
<u>\$ 455,598</u>	<u>\$ 596,351</u>	<u>\$ 807,862</u>	<u>\$ 241,838</u>	<u>\$ 159,287</u>	Total
<u>\$ 3,545,000</u>	<u>\$ 3,752,000</u>	<u>\$ 4,047,000</u>	<u>\$ 4,272,000</u>	<u>\$ 5,064</u>	Bank Deposits:(2)

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

FISCAL YEAR	POPULATION COUNTY OF KERN (1)	POPULATION STATE OF CALIFORNIA (1)	POPULATION UNITED STATES (2)	SCHOOL ENROLLMENT COUNTY OF KERN (3)	UNEMPLOYMENT RATE COUNTY OF KERN (4)
1995-96	625	31,558	264,023	137	12.8%
1996-97	628	31,857	267,636	140	13.4%
1997-98	640	32,268	268,790	139	13.1%
1998-99	648	32,667	270,299	139	12.2%
1999-00	659	33,145	272,691	142	10.8%
2000-01	686	34,818	276,059	144	11.4%
2001-02	688	35,037	286,943	146	10.8%
2002-03	703	35,591	291,384	150	12.2%
2003-04	725	36,144	293,623	160	12.4%
2004-05	753	36,810	296,767	153	9.1%

(1) Source: California Department of Finance

(2) Source: U.S. Census Bureau

(3) Source: California Department of Education

(4) Source: State of California Employment Development Department

**COUNTY OF KERN
MISCELLANEOUS STATISTICAL DATA
JUNE 30, 2005**

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

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

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

COUNTY SEAT: Bakersfield, California

FORM OF GOVERNMENT: General Law County

DATE OF FORMATION: April 2, 1866

FISCAL YEAR: July 1 - June 30

REGISTERED VOTERS: 299,322 as of June 15, 2005

ESTIMATED POPULATION OF THE COUNTY OF KERN AS OF JANUARY 1, 2005

INCORPORATED CITIES (1):

Arvin	14,966
Bakersfield	295,893
California City	11,504
Delano	45,056
Maricopa	1,147
McFarland	12,179
Ridgecrest	26,493
Shafter	14,113
Taft	9,052
Tehachapi	11,907
Wasco	23,708
Unincorporated	<u>287,052</u>
Total Population	<u><u>753,070</u></u>

COUNTY EMPLOYEES (2)(3):

1995-96	7,597
1996-97	7,727
1997-98	7,542
1998-99	7,913
1999-00	8,287
2000-01	9,262
2001-02	9,059
2002-03	9,140
2003-04	8,545
2004-05	8,749

Notes:

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

**PRINCIPAL TAXPAYERS
JUNE 30, 2005 (IN THOUSANDS)**

<u>TAXPAYER</u>	<u>TYPE OF BUSINESS</u>	<u>NET ASSESSED VALUATION</u>	<u>TOTAL TAX</u>	<u>PERCENTAGE OF TOTAL ASSESSED VALUATION</u>
Chevron USA, Inc.	Oil	\$ 3,689,675	\$ 39,419	8.39%
Occidental of Elk Hills Inc.	Oil	3,427,306	36,492	7.80%
Aera Energy Co.	Oil	3,214,334	33,351	7.31%
Nuevo Energy Co.	Oil	490,011	5,136	1.11%
La Paloma Generating Trust Ltd.	Utility	485,006	5,038	1.10%
Pastoria Energy Facility, LLC	Utility	432,500	4,915	0.98%
Pacific Gas & Electric Co.	Utility	404,037	4,894	0.92%
Sunrise Power Company, LLC	Utility	375,100	3,962	0.85%
Elk Hills Power, LLC	Utility	335,200	3,581	0.76%
U S Borax, Inc.	Mining	322,171	3,479	0.73%
Total		\$ <u>13,175,340</u>	\$ <u>140,267</u>	<u>29.97%</u>