

COUNTY OF KERN

ANNUAL DISCLOSURE REPORT

FISCAL YEAR 2022-23



COUNTY OF KERN
COUNTY ADMINISTRATIVE OFFICE
1115 TRUXTUN AVENUE FIFTH FLOOR
BAKERSFIELD, CALIFORNIA
DATED: APRIL 15, 2024

COUNTY OF KERN, STATE OF CALIFORNIA

BOARD OF SUPERVISORS

Phillip Peters
Zack Scrivner
Jeff Flores
David Couch
Leticia Perez

First District
Second District
Third District
Fourth District
Fifth District

COUNTY OFFICIALS

Elsa T. Martinez, Interim Chief Administrative Officer
Jordan Kaufman, Treasurer-Tax Collector
Aimee Espinoza, Auditor-Controller-County Clerk
Margo Raison, County Counsel

TABLE OF CONTENTS

INTRODUCTION

Introduction.....	1
Applicable Issuances.....	2
County Contacts.....	4

COUNTY INFORMATION

Table 1 - Governmental Funds Budgets	5
Table 2 - General Fund Revenues and Expenditures.....	6
Table 3 - General Fund Balance Sheet	7
Table 4 - Breakdown of Revenue Sources.....	8
Table 5 - Summary of Tax Levies and Collections	9
Table 6 - Assessed Valuation.....	10
Table 7 - Principal Taxpayers	11
Table 8 - County Employment Levels	12
Table 9 - Bargaining Units.....	13
Table 10 - Membership in Employees Retirement Association	14
Table 11 - Retirement Association Annual Employer Contributions.....	15
Table 12 - Retirement Association Schedule of Funding Progress	16
Table 13 - Retirement Association Unrecognized Gains and Losses	17
Table 14 - Retirement Association Actuarial Assumptions.....	18
Table 15 - Retirement Association Market Value Investment Results.....	19
Outstanding Indebtedness	20
Table 16 - Certificates of Participation and Pension Obligation Bonds Outstanding.....	22
Table 17 - Lease Obligations	23
Table 18 - Investment Portfolio Statistics.....	24
Table 19 - Aging of Maturing Investments.....	25
Table 20 - Major Employers	26
Table 21 - Total Agricultural Production.....	27
Kern Medical Center – Kern County Hospital Authority.....	28
Table 22 - Kern Medical Center General Fund/Realignment Cash.....	29
EXHIBIT A – Continuing Disclosure Requirements Matrix	30

**COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
COUNTY ADMINISTRATIVE OFFICE
FISCAL YEAR 2022-23**

INTRODUCTION

This Annual Disclosure Report (“Report”) is designed to meet the continuing disclosure requirements of the Securities and Exchange Commission (SEC) rule 15c2-12. The County has covenanted, within the Continuing Disclosure Agreements (“Agreements”) related to the Applicable Issuances as outlined in the section below, to provide the following financial information and operating data relating to the County not later than 195 days following the end of the County’s 2022-23 fiscal year. In accordance with the disclosure regulations and the Agreements, the unaudited Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2023, and the FY 2023-24 County Adopted Budget were provided on January 11, 2024. The audited ACFR for the Fiscal Year Ended June 30, 2023 is provided with this report. Tables 2, 3, and 17 source information from the ACFR. Tables 2 and 3 contain revisions from the January 11, 2024 unaudited versions to reflect corrections to the classifications of lease and debt expenditures.

This report along with the audited ACFR will be filed with the Municipal Securities Rulemaking Board (MSRB). Notices of material events will be filed by the County with the MSRB. The County is fully committed to annually updating information and disclosing material events when they occur. The County has never failed to comply in any material respects with any previous undertakings with regard to said Rule to provide annual reports. No material events as defined in Rule 15c2-12 have occurred within the County during the period beginning July 1, 2023 through the date of this report.

The information herein is subject to change without notice and delivery of this Report shall not, under any circumstances, create any implication that there has been no change in the affairs of the County.

COUNTY OF KERN
 ANNUAL DISCLOSURE REPORT
 COUNTY ADMINISTRATIVE OFFICE
 FISCAL YEAR 2022-23

APPLICABLE ISSUANCES

County of Kern Taxable Pension Obligation Refunding Bonds, Series 2003A. Bonds issued to offset unfunded accrued actuarial liability.

Par Amount	\$238,177,066.85
Dated Date	May 28, 2003
Final Maturity	August 15, 2026

<u>CUSIP</u>	<u>Maturity</u>	<u>Principal at Issuance</u>
492279CN2*	8/15/2023	\$123,175,000
492279CP7*	8/15/2023	\$5,468,431
492279CQ5	8/15/2024	\$9,848,899
492279CR3	8/15/2025	\$9,810,901
492279CS1	8/15/2026	\$6,488,836

*This security was active during the reporting period and was paid prior to the issuance of this report.

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
COUNTY ADMINISTRATIVE OFFICE
FISCAL YEAR 2022-23

APPLICABLE ISSUANCES (Cont'd)

County of Kern 2016 Refunding Certificates of Participation, Series A (Capital Improvement Projects). Certificates refunded the 2009 Certificates of Participation (Capital Improvement Projects). The 2009 certificates were originally issued for the construction of County Fire Station 65, Pine Mountain Fire Station, the 7th Standard Road Corridor, the Information Technology Services Building, and the Hageman Road at Santa Fe Way Separation of Grade. In addition, there were various Local Transportation Projects including reconstruction, and installation of roads, installation of bike paths, construction of curbs and gutters, and other activities related to a number of roadways throughout the County.

Par Amount	\$80,350,000
Dated Date	December 28, 2016
Final Maturity	November 1, 2034

<u>CUSIP</u>	<u>Maturity</u>	<u>Principal at Issuance</u>
49225HKU1*	11/1/2023	\$3,965,000
49225HKV9	11/1/2024	\$4,160,000
49225HKW7	11/1/2025	\$4,380,000
49225HKX5	11/1/2026	\$4,600,000
49225HKY3	11/1/2027	\$4,785,000
49225HKZ0	11/1/2028	\$4,935,000
49225HLA4	11/1/2029	\$5,095,000
49225HLB2	11/1/2030	\$5,275,000
49225HLC0	11/1/2031	\$5,465,000
49225HLD8	11/1/2032	\$5,665,000
49225HLE6	11/1/2034	\$12,020,000

*This security was active during the reporting period and was paid prior to the issuance of this report.

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
COUNTY ADMINISTRATIVE OFFICE
FISCAL YEAR 2022-23

APPLICABLE ISSUANCES (Cont'd)

COUNTY CONTACTS

To obtain additional information regarding the above referenced issuances or any other issuances by the County of Kern or to request County financial, statistical, or operational information please contact the following person:

Elsa T. Martinez, Interim Chief Administrative Officer (661) 868-3162

Fax Machine (661) 868-3190

Kern County Homepage www.kerncounty.com

**COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23**

**TABLE 1
GOVERNMENTAL FUNDS BUDGETS**

	<i>Actual</i> 2021-22 <i>Uses/Sources</i> ⁽¹⁾	<i>Actual</i> 2022-23 <i>Uses/Sources</i>	<i>Adopted</i> 2023-24 <i>Budget</i>
REQUIREMENTS:			
General Government	\$230,628,930	\$275,497,186	\$444,684,095
Public Protection	852,227,447	923,096,685	1,143,328,029
Public Ways and Facilities	69,232,225	81,550,411	234,588,229
Health and Sanitation	464,628,567	466,944,795	713,316,238
Public Assistance	760,815,021	858,650,642	945,389,155
Education	8,762,091	8,588,463	13,500,165
Recreation and Cultural	116,907	50,930	113,001
Debt Service	9,618,536	11,728,042	13,817,687
Contingencies and Reserves			249,415,329
Total Requirements	\$2,396,029,724	\$2,626,107,154	\$3,758,151,928
AVAILABLE FUNDS:			
Current Property Taxes	\$284,989,383	\$320,750,256	\$329,343,053
Other Taxes	199,441,640	234,369,349	262,702,593
Licenses, Permits and Franchises	34,318,056	42,671,751	30,439,668
Fines, Forfeitures and Penalties	23,095,369	23,146,822	19,106,604
Use of Money and Property	11,845,190	29,712,739	14,010,511
Aid from Other Governmental Agencies	1,170,740,547	1,203,483,317	1,437,975,469
Charges for Current Services	263,760,759	281,023,702	304,981,106
Miscellaneous Revenue	25,690,734	17,080,898	16,417,044
Other Financing Sources (Uses)	614,084,303	745,028,920	877,854,032
Use of Available Fund Balance			465,321,848
Total Available Funds	\$2,627,965,981	\$2,897,267,754	\$3,758,151,928

⁽¹⁾ Actual 2021-22 Uses/Sources differ from those published in the Fiscal Year 2021-22 Annual Report due an adjustment to the classification of revenue related to Airport reserve funds.

Source: County of Kern Fiscal Year 2023-24 Adopted Budget

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 2
STATEMENT OF GENERAL FUND REVENUE AND EXPENDITURES
FISCAL YEARS ENDED JUNE 30, 2020, 2021, 2022, and 2023
(Dollars in thousands)

	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022 ⁽²⁾</u>	<u>June 30, 2023</u>
<u>Revenue:</u>				
Taxes	\$330,423	\$348,856	\$372,977	\$435,177
Licenses, Permits and Franchises	11,985	12,149	13,358	21,959
Fines, Forfeitures and Penalties	11,876	17,008	16,191	16,157
Use of Money and Property	12,340	4,095	(8,882)	17,690
Intergovernmental Revenue	172,084	176,576	249,061	236,155
Charges for Current Services	94,319	101,966	94,085	96,194
Other Revenue	26,756	16,330	7,697	8,092
Total Revenue	\$659,783	\$676,980	\$744,487	\$831,424
<u>Expenditures:</u>				
General Government	\$120,457	\$117,583	\$135,310	\$138,237
Public Protection	395,132	405,840	425,149	449,747
Health and Sanitation	99,928	86,426	87,198	80,108
Public Assistance	16,758	17,409	16,886	18,975
Education	6,964	6,331	8,212	8,124
Capital Outlay	4,635	9,000	18,983	58,457
Debt Service	5,887	5,574	9,925	18,865
Total Expenditures	\$649,761	\$648,163	\$701,663	\$772,513
Excess Revenues Over (Under) Expenditures	\$10,022	\$28,817	\$42,824	\$58,911
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	\$186,599	\$213,233	\$192,078	\$211,486
Operating Transfers Out	(190,796)	(199,446)	(204,605)	(308,042)
Inception of Capital Leases	4,635	9,000	18,983	42,522
Total Other Financing Sources (Uses)	\$438	\$22,787	\$6,456	(\$54,034)
Net Changes in Fund Balances	10,460	51,604	49,280	4,877
Fund Balance at Beginning of Year	\$317,603	\$328,063	\$409,670	\$441,843
Prior Period Adjustments ⁽¹⁾⁽³⁾		30,003	(17,107)	
Fund Balance at End of Year	\$328,063	\$409,670	\$441,843	\$446,720

Source: County of Kern Annual Comprehensive Financial Reports for Fiscal Years Ended June 30, 2020, 2021, 2022, and 2023.

⁽¹⁾ Prior period adjustment for the the fiscal year ending June 30, 2021 is due to the implementation of GASB 84.

⁽²⁾ The debit balance in Use of Money and Property is due to fair market value adjustments.

⁽³⁾ Prior period adjustment for the fiscal year ending June 30, 2022 is due to timing of revenue recognition.

**COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23**

**TABLE 3
GENERAL FUND BALANCE SHEET
AT JUNE 30, 2020, 2021, 2022, and 2023
(Dollars in Thousands)**

	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Assets:				
Pooled Cash and Investments	\$258,879	\$397,210	\$400,887	\$420,168
Revolving Fund Cash	1,304	349	335	336
Interest Receivable	2,212	1,488	1,723	6,107
Taxes Receivable	37,735	33,895	29,449	28,632
Lease Receivables	0	0	4,472	4,232
Accounts Receivable	1,785	1,949	759	2,043
Accrued Revenue	24,511	22,761	51,204	47,171
Due from Other Funds	29,638	4,000	4,475	20,161
Due from Other Agencies	776	660	515	553
Deposits with Others	136	136	136	0
Prepaid Items	0	0	0	136
Inventory Materials and Supplies	1,080	1,126	1,228	1,154
Total Assets	<u><u>\$358,056</u></u>	<u><u>\$463,574</u></u>	<u><u>\$495,183</u></u>	<u><u>\$530,693</u></u>
Liabilities, Deferred Inflows of Resources, and Fund Balance:				
Liabilities:				
Accounts Payable	\$10,586	\$14,609	\$11,193	\$23,419
Salaries and Employee Benefits Payable	11,510	12,702	14,029	16,763
Due to Other Funds	1,096	11,638	1,038	0
Unearned Revenue	0	0	0	14,164
Due to Other Agencies	0	0	7,566	9,025
Advances from Grantors and Third Parties	168	7,242	419	0
Total Liabilities	<u><u>\$23,360</u></u>	<u><u>\$46,191</u></u>	<u><u>\$34,245</u></u>	<u><u>\$63,371</u></u>
Deferred Inflows of Resources:				
Deferred Lease Revenue	\$0	\$0	\$4,472	\$4,183
Unavailable Revenue - Property Taxes	4,574	5,346	5,814	7,177
Unavailable Revenue - Other	2,059	2,367	8,812	9,242
Total Deferred Inflows of Resources	<u><u>\$6,633</u></u>	<u><u>\$7,713</u></u>	<u><u>\$19,098</u></u>	<u><u>\$20,602</u></u>
Fund Balance				
Nonspendable	\$18,416	\$16,734	\$11,628	\$10,045
Restricted	13,892	41,898	21,318	32,044
Committed	32,896	34,891	39,056	44,562
Assigned	154,507	191,965	243,190	254,817
Unassigned	108,352	124,182	126,651	105,252
Total Fund Balance	<u><u>\$328,063</u></u>	<u><u>\$409,670</u></u>	<u><u>\$441,843</u></u>	<u><u>\$446,720</u></u>
Total Liabilities and Fund Balance	<u><u>\$358,056</u></u>	<u><u>\$463,574</u></u>	<u><u>\$495,186</u></u>	<u><u>\$530,693</u></u>

Source: County of Kern Annual Comprehensive Financial Reports for Fiscal Years Ended June 30, 2020, 2021, 2022, and 2023

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 4

BREAKDOWN OF BUDGETED REVENUE SOURCES
FOR FISCAL YEAR 2023-24

Taxes	15.75%
Licenses, Permits and Franchises	0.81%
Fines, Forfeitures and Penalties	0.51%
Use of County Property and Money	0.37%
Aid from Other Governmental Agencies	38.26%
Charges for Services	8.12%
Miscellaneous Revenues ⁽¹⁾	<u>36.18%</u>
Total	100.00%

⁽¹⁾ Includes Other Financing Sources, Balances carried forward from prior year and cancelation of prior year reserves and designations

Source: County of Kern Fiscal Year 2023-24 Adopted Budget

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 5

SUMMARY OF TAX LEVIES AND COLLECTIONS FOR THE SECURED TAX ROLL
FISCAL YEARS 2013-14 THROUGH 2022-23

(Dollars in Thousands)

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Total Collected</u> ⁽¹⁾	<u>Total Collected at Fiscal Year-End as Percent of Tax Levy</u>
2013-14	1,106,614	1,086,941	98.2%
2014-15	1,163,968	1,142,410	98.1%
2015-16	1,093,665	1,073,935	98.2%
2016-17	1,147,342	1,114,915	97.2%
2017-18	1,222,353	1,187,530	97.2%
2018-19	1,274,112	1,241,308	97.4%
2019-20	1,341,716	1,267,537	94.5%
2020-21	1,387,181	1,344,500	96.9%
2021-22	1,412,254	1,369,129	96.9%
2022-23	1,550,059	1,502,556	96.9%

⁽¹⁾Figures do not include redemptions of delinquent taxes or delinquency penalties.

Source: County of Kern Treasurer-Tax Collector

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 6

ASSESSED VALUATION
FISCAL YEARS 2014-15 THROUGH 2023-24

(Dollars in Thousands)

<i>Fiscal Year</i>	<i>Secured Assessed Valuation</i> ⁽¹⁾	<i>Unsecured Assessed Valuation</i>	<i>Less Exemptions</i> ⁽²⁾	<i>Net Assessed Valuation</i>	<i>Redevelopment Agency Exemptions</i>
2014-15	92,603,386	8,154,380	2,977,287	97,780,479	3,434,656
2015-16 ⁽³⁾	84,028,730	8,328,464	3,113,532	89,243,662	3,621,861
2016-17	81,052,885	7,625,479	3,246,813	85,431,551	3,877,795
2017-18	86,561,074	7,502,991	3,308,268	90,755,798	4,168,002
2018-19	90,451,552	7,645,705	3,422,003	94,675,253	4,451,875
2019-20	94,490,103	7,804,057	3,553,772	98,740,388	4,742,441
2020-21	97,537,762	8,089,462	3,748,907	101,878,317	5,046,342
2021-22	97,715,898	8,984,041	3,713,433	102,986,506	5,357,765
2022-23	108,282,242	10,221,897	3,691,188	114,812,950	5,928,776
2023-24	116,133,104	10,915,329	3,961,086	123,087,347	6,661,964

⁽¹⁾ Includes Aircraft and Public Utilities.

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

⁽³⁾ Value reflects decrease in oil and gas property values resulting from a decline in market price for a barrel of oil as of January 1, 2015. (For purposes of oil and gas property valuation for a fiscal year, the price of oil on the preceding January 1 is used.)

Source: County of Kern Tax Rates and Assessed Valuations Book, FY 2014-15 through FY 2023-24

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 7

PRINCIPAL TAXPAYERS
2023-24 SECURED TAX ROLL

<u><i>Company</i></u>	<u><i>Net Secured Assessed Value</i></u>	<u><i>Total Tax on Secured Property</i></u> ⁽¹⁾
Chevron USA, Inc.	\$4,945,110,733	\$55,536,944
California Resources Elk Hills	3,943,900,662	43,892,084
Aera Energy, LLC	2,566,354,305	27,528,780
Southern California Edison Co.	1,600,276,978	27,163,517
Pacific Gas & Electric Co.	1,524,037,863	25,864,430
Berry Petroleum Company	1,333,513,746	14,579,163
Sentinel Peak Resources	1,251,562,807	13,347,528
Southern California Gas Co.	599,409,714	10,170,799
California Resources Petroleum Corp.	851,158,226	9,635,981
US Borax Inc	709,592,652	8,569,281

⁽¹⁾ Property Tax is allocated to County, Cities and Other Districts

Source: County of Kern Tax Rates and Assessed Valuations Book, FY 2023-24

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 8

COUNTY OF KERN EMPLOYMENT LEVELS
FISCAL YEARS 2014-15 THROUGH 2023-24

<i>Fiscal Year</i>	<i>Permanent Full-time</i>	<i>Permanent Part-time</i>	<i>Authorized Positions as of</i>
2014-15	9,032	255	12/5/14
2015-16	9,123	262	12/18/15
2016-17 ⁽¹⁾	7,592	133	1/5/17
2017-18	7,608	139	12/7/17
2018-19	7,755	138	12/4/18
2019-20	8,029	138	12/18/19
2020-21	8,098	109	12/29/20
2021-22	8,286	103	12/28/21
2022-23	8,671	106	12/15/22
2023-24	8,791	122	12/27/23

⁽¹⁾ Does not include employees transferred to the Kern County Hospital Authority on July 1, 2017.

Source: Kern County Administrative Office - Human Resources Division

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 9
BARGAINING UNITS

<i>Bargaining Unit</i>	<i>Number of Employees ⁽¹⁾</i>	<i>Ending Term of Labor Agreement</i>
Service Employees' International, Local 521 (SEIU 521)	5,070	June 30, 2024
SEIU 521 - Extra Help	607	June 30, 2024
Kern Law Enforcement Association (KLEA)	514	June 30, 2026
Kern County Fire Fighters Union (KCFFU)	535	June 30, 2026
Kern County Probation Officers' Association (KCPOA)	417	June 30, 2024
Kern County Probation Managers' Association (KCPMA)	17	June 30, 2024
Kern County Detention Officers' Association (KCDOA)	264	June 30, 2024
Kern County Prosecutors' Association (KCPA)	74	June 30, 2025
Kern County Sheriff's Command Association (KCSCA)	26	June 30, 2026
Kern County Sheriff's Command Association II (KCSCA II)	8	June 30, 2026
Kern County Sheriff's Command Association III (KCSCA III)	7	June 30, 2026
SEIU 521 - Criminal Justice Unit	0	June 30, 2024

⁽¹⁾ Filled positions as of January 5, 2024. Does not include Courts, Air Pollution Control District, or rehired retirees.

Source: Kern County Administrative Office - Human Resources Division

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 10

MEMBERSHIP IN KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
AT JUNE 30, 2019 THROUGH JUNE 30, 2023

	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Retirees and Beneficiaries ⁽¹⁾	9,946	11,087	11,645	13,030	13,547
Active Plan Participants	<u>9,265</u>	<u>9,326</u>	<u>9,072</u>	<u>9,076</u>	<u>9,557</u>
Total	19,211	20,413	20,717	22,106	23,104

⁽¹⁾Includes those currently receiving benefits and terminated employees entitled to benefits but not yet receiving them.

Source: KCERA Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023.

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 11

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF ANNUAL EMPLOYER CONTRIBUTIONS
AND PERCENTAGE CONTRIBUTED

<i><u>Fiscal Year</u></i> <i><u>Ended June 30</u></i>	<i><u>Annual Required</u></i> <i><u>Contributions ⁽¹⁾</u></i> <i><u>(in thousands)</u></i>	<i><u>Percentage</u></i> <i><u>Contributed</u></i>
2018	242,534	100%
2019	229,120	100%
2020	273,909	100%
2021	268,626	100%
2022	287,063	100%
2023	316,838	100%
2024	306,698 ⁽²⁾	N/A

⁽¹⁾ Contributions include all plan sponsors.

⁽²⁾ Estimate includes the Courts, Hospital Authority, and County only.

Source: KCERA Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023.

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 12

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
SCHEDULE OF FUNDING PROGRESS

(Dollars in Thousands)

<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets ⁽¹⁾</i>	<i>Actuarial Accrued Liability (AAL) ⁽²⁾</i>	<i>Unfunded (Overfunded) AAL</i>	<i>Funded Ratio</i>	<i>Annual Covered</i>	<i>Unfunded (Overfunded) AAL Percentage of Annual Covered Payroll</i>
06/30/17	3,913,073	6,191,433	2,278,360	63.20%	572,081	398.26%
06/30/18	4,163,476	6,398,814	2,235,338	65.07%	584,180	382.65%
06/30/19	4,291,573	6,622,495	2,330,922	64.80%	612,277	380.70%
06/30/20	4,508,548	7,005,589	2,497,041	64.36%	634,570	393.50%
06/30/21	4,806,026	7,164,225	2,358,199	67.08%	623,295	378.34%
06/30/22	5,102,402	7,372,653	2,270,251	69.21%	633,103	358.59%
06/30/23	5,436,078	7,918,848	2,482,770	68.65%	716,116	346.70%

⁽¹⁾ Excludes assets for SRBR Reserves Unallocated to 0.5% COLA benefits and COLA Contribution Reserve. Excludes assets for Contingency Reserve (unless the Contingency Reserve is negative).

⁽²⁾ Excludes liabilities held for SRBR Reserves Unallocated to 0.5% COLA benefits.

Source: KCERA Actuarial Valuation as of June 30, 2023

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 13

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
DEVELOPMENT OF UNRECOGNIZED GAIN (LOSS)

<i>Six-Month Period Ended</i>	<i>Investment Gain (Loss)</i>	<i>Deferred Factor</i>	<i>Deferred Return (Loss)</i>
6/30/2023	\$112,258,586	90%	\$101,032,727
12/31/2022	(183,660,837)	80%	(146,928,670)
6/30/2022	(636,311,240)	70%	(445,417,868)
12/31/2021	18,163,696	60%	10,898,218
6/30/2021	281,595,379	50%	140,797,690
12/31/2020	420,965,246	40%	168,386,098
6/30/2020	(238,356,644)	30%	(71,506,993)
12/31/2019	44,531,558	20%	8,906,312
6/30/2019	202,202,941	10%	20,220,294
Total Deferred Loss			(213,612,192)

Source: KCERA Actuarial Valuation as of June 30, 2023

COUNTY OF KERN
 ANNUAL DISCLOSURE REPORT
 FISCAL YEAR 2022-23

TABLE 14

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
 ACTUARIAL ASSUMPTIONS

<i>Actuarial Assumption</i>	<i>2021</i>	<i>2022</i>	<i>2023</i>
Interest	7.25%	7.25%	7.00%
Inflation	2.75%	2.75%	2.50%
Salary Increase ⁽¹⁾	varies	varies	varies

⁽¹⁾Varies by service, including inflation. General: 3.70% to 8.00%. Safety: 4.00% to 10.00%.

Source: KCERA Annual Comprehensive Financial Report for the Fiscal Years Ended June 30, 2022 and June 30, 2023

TABLE 15

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
INVESTMENT RESULTS BASED ON MARKET VALUE (NET OF FEES)

<i>Year Ended</i> <u>June 30</u>	<i>Annualized</i> <i>Rate of</i> <i>Return</i>
2016	-0.50%
2017	11.80%
2018	6.50%
2019	5.30%
2020	3.00%
2021	23.90%
2022	-4.20%
2023	6.70%

Source: KCERA Annual Comprehensive Financial Report for Fiscal Year ended
June 30, 2023.

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

OUTSTANDING INDEBTEDNESS

This section contains information on outstanding debt obligations, separated by major category. Table 16 of this report contains information on outstanding principal balances as of June 30, 2023 and Fiscal Year 2023-24 payment obligations for all issuances.

Short-Term Financing. The County has instituted a cash management program for its General Fund through the issuance of tax and revenue anticipation notes that are a General Fund Obligation of the County. The notes provide cash flow to meet General Fund expenditures during the period prior to collection of property taxes. No Tax Revenue Anticipation Notes were issued in Fiscal Years 2022-23 or 2023-24.

Certificates of Participation. The proceeds of certificates of participation were used for the acquisition of equipment and the acquisition, construction, and renovation of certain public facilities within the County.

On December 28, 2016, the County issued the 2016 Refunding Certificates of Participation, Series A in the principal amount of \$80,350,000 to advance refund the 2009 Certificates of Participation, Series A. Debt service payments are made from the General Fund and the certificates will fully mature on August 1, 2035. As of June 30, 2023, the County has outstanding certificates of participation in the aggregate principal amount of \$60,345,000.

Pension Obligation Bonds. On May 28, 2003, the County issued \$288,177,066 in aggregate principal amount of its Taxable Pension Obligation Bonds, Series 2003A and 2003B (the "2003 Pension Bonds"). On August 27, 2008, the County refunded the Series 2003B bonds in the principal amount of \$50,000,000 through a private placement. On March 10, 2014, the County converted the 2008A Pension Obligation Refunding Bonds from an index rate to a fixed rate of 4.19%. The 2003A and the 2008A Pension Bonds constitute a liability across various operating funds within the County, therefore, the annual debt service is payable from several sources, including the General Fund.

The 2003 POB par amount outstanding as of June 30, 2023 was \$44,617,067. The County began paying Capital Appreciation Bonds (CABs) on the 2003A pension obligation bonds in Fiscal Year 2023-24. The total interest cost of the CABs will be \$72,347,933. The final maturity of the 2003A Pension Bonds is August 15, 2027. The first principal payment on the 2008A Pension Bonds is due on August 15, 2026 and the final maturity of the bonds is August 15, 2027.

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

OUTSTANDING INDEBTEDNESS (Cont'd)

Privately Placed and Other Obligations. The County's outstanding principal on privately placed and other obligations is \$58,395,090 as of June 30, 2023.

On April 12, 2011, the County entered into a private placement lease/purchase agreement in connection with a project consisting of the acquisition of solar panels and related equipment to be installed on the parking garage adjacent to the County Administrative Center, and other property of the County. The project qualifies as a "qualified conservation purpose" and the County received an allocation for subsidized financing pursuant to the American Recovery and Reinvestment Act. Debt service payments on Qualified Energy Conservation Bonds are made from the General Fund, which have an outstanding principal balance of \$1,016,812, as of June 30, 2023.

In 2017 a private placement agreement was entered into to refund the 2011 Terminal Refunding for the William Thomas Terminal at Meadows Field Airport in Bakersfield, California. Revenue from operations of the Airport is used to fulfill this debt service obligation. The original principal amount of the obligation was \$5,377,124, with a final maturity of February 1, 2027. The principal outstanding as of June 30, 2023 is \$2,405,872.

On June 26, 2019, the County entered into a private placement agreement in connection with a project consisting of the acquisition of solar panels and related equipment to be installed near the Lerdo correctional complex. The outstanding principal as of June 30, 2023 is \$9,880,000. Payments are made from the General Fund. It is anticipated that debt service payments will be offset by long-term utility cost savings.

On December 1, 2019 a private placement obligation was entered into to refund the 2010 Kern Public Services Financing Authority Lease Revenue Refund Bonds. Revenue from rental payments of the connected facility is used to fulfill this debt service obligation. The original principal amount of the new obligation is \$6,885,000, with a final maturity of March 1, 2031. The principal outstanding as of June 30, 2023 is \$4,795,000.

On December 1, 2021 a private placement obligation was entered into to fund the construction of two new psychiatric health facilities. The original principal balance is \$27,611,722. Payments are made from the General Fund and charged to the Behavioral Health Department through the State-approved Countywide Cost Allocation Plan.

In addition to bonds, the County has outstanding principal balances on equipment capital leases and an Economic Development Bank Loan in the amounts of \$11,961,104 and \$1,815,474, respectively.

**COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23**

**TABLE 16
CERTIFICATES OF PARTICIPATION, PRIVATELY PLACED OBLIGATIONS AND PENSION OBLIGATION BONDS
OUTSTANDING
AS OF JUNE 30, 2023**

<i>Description of Issue</i>	<i>Source of Payment</i>	<i>Principal Outstanding</i>	<i>Final Maturity</i>	<i>2023-24 Payment Obligation</i>
Certificates of Participation				
2016 Certificates of Participation (Capital Improvement Projects)	General Fund	\$60,345,000	November 1, 2034	\$6,260,450
Subtotal Certificates of Participation		\$60,345,000		\$6,260,450
Privately Placed and Other Obligations				
Qualified Energy Conservation Bonds (Installment Purchase)	General Fund	\$1,016,812	January 12, 2026	\$387,182
Economic Development Bank Loan (5th District Curb & Gutter Project)	Community Development Block Grant	1,815,474	August 1, 2026	484,093
2017 Airport Terminal Refunding Lease/Leaseback	Airport Enterprise Fund	2,405,872	February 1, 2027	632,732
2019 Solar Equipment Capital Lease	General Fund	9,880,000	June 1, 2039	500,568
2019 Kern Public Services Financing Authority Facility Refunding	Various Funds ⁽¹⁾	4,795,000	March 1, 2031	660,011
2020 Public Safety Vehicles Capital Lease A	General Fund	1,419,529	October 3, 2024	962,307
2020 Public Safety Vehicles Capital Lease B	General Fund	1,816,651	May 17, 2025	918,915
2020 Public Safety Vehicles Capital Lease C	General Fund	3,189,088	May 17, 2030	477,604
2021 Psychiatric Health Facilities Financing	Behavioral Health & Recovery Dept	26,520,828	November 1, 2041	1,735,072
2022 Public Safety Helicopter Capital Lease	General Fund	5,535,836	May 18, 2029	979,515
Subtotal Privately Placed and Other Obligations		\$58,395,090		\$7,737,999
Pension Obligation Bonds⁽²⁾				
2003 Taxable Pension Obligation Bonds	Various Funds	\$44,617,067	August 15, 2027	\$29,692,200
2008 Taxable Pension Obligation Refunding Bonds Series 2008A	Various Funds	50,000,000	August 15, 2027	2,092,500
Subtotal Pension Obligation Bonds		\$94,617,067		\$31,784,700
Total Long-Term Debt		\$213,357,157		\$45,783,149

⁽¹⁾ The debt service payments for the 2019 Kern Public Services Financing Authority Facility Refunding are made with the lease payments from the entities occupying the facility.

⁽²⁾ The debt service payments for the 2003 and 2008 Pension Obligation Bonds are made on pro rata between various County Funds proportional to the amount of salary cost incurred in those funds.

Source: Kern County Administrative Office

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 17
LEASE OBLIGATIONS
AS OF JUNE 30, 2023
(Dollars in Thousands)

<u>Year Ending June 30,</u>	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$12,214	\$1,752	\$13,966
2025	10,846	1,622	12,468
2026	10,601	1,497	12,098
2027	9,640	1,372	11,012
2028	7,488	1,262	8,750
2029-2033	25,387	4,907	30,294
2034-2038	17,301	3,350	20,651
2039-2043	19,337	1,979	21,316
2044-2048	16,336	497	16,833
Government Activities Total	<u>\$129,150</u>	<u>\$18,238</u>	<u>\$147,388</u>
<u>Year Ending June 30,</u>	Business-Type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$41	\$0	\$41
2025	9	-	9
Business-Type Activities Total	<u>\$50</u>	<u>\$0</u>	<u>\$50</u>
Government-Wide Total	<u>\$129,200</u>	<u>\$18,238</u>	<u>\$147,438</u>

Source: County of Kern Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2023

Beginning July 1, 2021, Governmental Accounting Standards Board (GASB) Statement 87 on leases changed lease recognition, measurement, and related disclosures. Leases are now classified as short-term, contracts that transfer ownership, and others. The table above represents the future lease payments to be made. The former Table 17 and Table 18 were consolidated and revised to comply with the requirements of GASB 87.

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 18
COUNTY OF KERN PORTFOLIO STATISTICS
AS OF NOVEMBER 30, 2023

<u>Investments</u>	<u>Original Cost</u>	<u>Market Value</u>	<u>Original Yield to Maturity at Book Value</u>
Pooled Funds	\$405,719,596	\$405,719,596	0.42%
U.S. Treasuries	3,177,143,398	3,072,367,910	0.73%
Federal Agency Issues	2,191,429,750	2,172,714,779	1.19%
Municipal Bonds	30,000,000	28,316,100	1.77%
Supranationals	179,794,300	174,947,218	1.08%
Negotiable CDs	0	0	0.18%
Commercial Paper	0	0	0.16%
Corporate Notes	307,116,127	292,357,459	2.05%
Total Securities	\$6,291,203,171	\$6,146,423,062	0.93%
Cash, Accruals and Payables	89,744,194	89,744,194	
Total Portfolio	\$6,380,947,365	\$6,236,167,256	

Source: County of Kern Treasurer-Tax Collector Pooled Cash Portfolio Report

COUNTY OF KERN
 ANNUAL DISCLOSURE REPORT
 FISCAL YEAR 2022-23

TABLE 19

COUNTY OF KERN
 AGING OF MATURING INVESTMENTS
 AS OF NOVEMBER 1, 2023

<u><i>Aging Interval</i></u>	<u><i>Par Value (In Thousands)</i></u>	<u><i>Percent of Portfolio</i></u>
0 - 366 days	\$2,644,721	42.41%
1 - 3 years	2,464,164	39.51%
3 - 5 years	1,127,481	18.08%
<u>Over 5 years</u>	<u>0</u>	<u>0.00%</u>
Total	\$6,236,366	100.00%

Source: County of Kern Treasurer-Tax Collector

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

TABLE 20

COUNTY OF KERN
MAJOR EMPLOYERS
AS OF DECEMBER 2023

<i>Employer</i>	<i>Type of Business</i>	Estimated Number of Employees ⁽¹⁾
Adventist Health Bakersfield	Healthcare Services	1,000-4,999
Bakersfield Memorial Hospital	Healthcare Services	1,000-4,999
Bolthouse Farms LLC	Agriculture	1,000-4,999
California Correctional Institution	Public Safety	1,000-4,999
Chevron	Energy	1,000-4,999
Community Action Partnership	Community Centers	500-999
Dignity Health	Healthcare Services	1,000-4,999
Edwards Air Force Base	Military	10,000+
Ensign United States Drilling	Energy	500-999
Frito-Lay Inc	Food Producton	500-999
Grimmway Farms	Agriculture	1,000-4,999
Kern County	Government	5,000-9,999
Marko Zaninovich Inc.	Agriculture	1,000-4,999
Nabors Completion-Production	Energy	1,000-4,999
Naval Air Weapons Station China Lake	Military	5,000-9,999
Paramount Farms	Agriculture	500-999
Ridgecrest Regional Hospital	Healthcare Services	500-999
Sierra Sands Unified School District	Education	500-999
Sun Pacific	Agriculture	500-999
Vasinda Investments, Inc	Healthcare Services	500-999
Wonderful Citrus LLC	Agriculture	500-999

Source: State of California - Employment Development Department

⁽¹⁾ EDD data is based on headquarters location, and in some cases may include employees located outside of Kern County.

**COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23**

TABLE 21

**TOTAL AGRICULTURAL PRODUCTION VALUES
FOR YEARS 2017 THROUGH 2022
(Dollars in Thousands)**

	2017	2018	2019	2020	2021	2022
Fruit and Nut Crops	\$4,802,164	\$5,147,712	\$5,269,632	\$5,163,324	\$5,889,683	\$4,464,472
Field Crops and Rangeland	303,075	331,573	402,756	306,414	329,890	397,032
Vegetable Crops	916,636	770,301	758,802	920,715	846,901	1,141,127
Nursery Crops	113,705	122,473	121,540	129,963	122,229	141,298
Industrial and Wood Crops	10,764	14,925	13,824	13,840	17,970	34,853
Seed Crops	14,932	7,876	6,773	3,453	4,769	8,428
Livestock and Poultry	332,978	272,181	286,634	262,605	233,757	340,526
Livestock and Poultry Products	666,421	687,292	653,505	763,278	788,733	1,092,651
Apiary Products	93,493	111,819	107,233	105,817	107,363	103,779
Totals	\$7,254,168	\$7,466,152	\$7,620,699	\$7,669,409	\$8,341,295	\$7,724,166

Source: Kern County Agricultural Crop Reports 2017 through 2022

**COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23**

KERN MEDICAL CENTER - KERN COUNTY HOSPITAL AUTHORITY

Kern Medical Center was the County-owned and operated teaching hospital. On July 1, 2016, the hospital was transferred to the Kern County Hospital Authority (The Authority). The Authority was created after the California Governor approved Assembly Bill 2546 which gave the County the authority to establish by ordinance, the Authority to manage, administer and control Kern Medical Center. As part of the transfer all employees, facilities, certain liabilities and resources were transferred by the County to the Authority. The County will continue to retain ultimate responsibility for indigent medical care under Section 17000 of the Welfare and Institutions Code. The County and the Authority have contracted with each other with respect to certain health care, administrative, and financial services under separate agreements. These agreements contemplate certain financial relationships between the County and the Authority, including the County's financial support in the form of loans and/or grants, the Authority assumption of certain liabilities of the County incurred in connection with prior operations of the hospital, the continued provision of certain health care services to residents of the County and inmates and the County's consent for the Authority to participate in and receive, certain County general purpose funds and local revenue funds (1991 Realignment) identified or earmarked for health care services to the indigent, including Medi-Cal beneficiaries and uninsured patients. As part of these agreements and in connection with prior operations of Kern Medical Center, the County agreed to pay up to \$19 million for settlements of cost reports. This obligation was tied to specific cost reports which were outstanding and awaiting final review at the time of the original agreement. Over the past few years the majority of the outstanding cost reports have been finalized and audited. The cost report liability of the County was reduced from \$19 million to the current amount of \$8.57 million.

The following table details County contributions to the operations of Kern Medical Center prior to the transfer, and the County cost for certain indigent and inmate healthcare after the transfer.

**COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23**

**TABLE 22
KERN MEDICAL CENTER
GENERAL FUND / REALIGNMENT CASH
(As of June 30)**

	Kern Medical Center	Kern County Hospital Authority						
	2016	2017	2018	2019	2020	2021	2022	2023
Advances Payable - Year End Balance ⁽¹⁾	\$0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
County Contribution:								
Realignment and Contribution for Indigent Care	\$2,310,769	\$5,508,147	\$3,422,532	\$3,974,917	\$3,422,531	\$3,422,531	\$3,422,531	\$3,422,531
Other Contracted Services	0	165,000	108,600	87,800	3,199,006	0	0	0
Juvenile Facility ⁽²⁾	3,951,504	3,951,503	3,952,495	2,687,395	3,676,614	3,477,646	3,908,910	3,876,951
Adult Inmate ⁽²⁾	19,292,637	19,761,033	24,236,502	27,614,663	27,026,481	26,760,144	26,669,234	27,562,766
County Contribution for Operations	7,147,774	0	0	0	0	0	0	0
Other Capital Projects	453,017	2,090,345	0	0	0	0	0	0
Other - Cost Report Settlements ⁽³⁾	0	0	0	0	12,946,862	0	0	0
Total County Contribution	\$33,155,701	\$31,476,028	\$31,720,129	\$34,364,775	\$50,271,494	\$33,660,321	\$34,000,675	\$34,862,248
Write-off of General Fund Loans at June 30	0	0	0	0	0	0	0	0
Total Advances & County Contribution	\$33,155,701	\$31,476,028	\$31,720,129	\$34,364,775	\$50,271,494	\$33,660,321	\$34,000,675	\$34,862,248

⁽¹⁾ Year-end balance reflects General Fund loans outstanding at June 30.

⁽²⁾ General Fund obligation

⁽³⁾ The 2020 payment was made by the County for cost report liabilities. A refund in the amount of \$12,428,671 was received by the County during Fiscal Year 2020-21.

COUNTY OF KERN
ANNUAL DISCLOSURE REPORT
FISCAL YEAR 2022-23

EXHIBIT A
S.E.C. Rule 15c2-12
Continuing Disclosure Requirements - MATRIX

	Requirement of:			
	1995 Pension Obligation Bond	2003 Pension Obligation Bond, Series 2003A	2008 Pension Obligation Bond, Series 2003B Refunding	2016 Capital Improvement Projects Refunding
Governmental Funds Budgets	x	x		x
General Fund Revenues and Expenditures	x	x		x
General Fund Balance Sheet		x		x
Breakdown of Revenue Sources	x	x		x
Summary of Tax Levies and Collections	x	x		x
Assessed Valuation	x	x		x
Principal Taxpayers	x	x		x
County Employment Levels	x	x		x
Bargaining Units		x		x
Membership in Employees Retirement Association	x	x		x
Retirement Association Annual Employer Contributions				x
Retirement Association Schedule of Funding Progress		x		x
Retirement Association Unrecognized Gains and Losses				x
Retirement Association Actuarial Assumptions				x
Retirement Association Market Value Investment Results				x
Outstanding Indebtedness	x	x		x
Certificates of Participation and Pensions Obligation Bonds Outstanding	x	x		x
Capital lease Obligations	x	x		x
Operating Lease Obligations	x	x		x
Investment Portfolio Statistics	x	x		x
Aging of Maturing Investments	x			
Major Employers				
Total Agricultural Production				
Kern Medical Center General Fund/Realignment Cash				x
Estimated Direct and Overlapping Bonded Debt	x	x		

Disclosure requirements related to private placement transactions have not been included on this table.