

STATE OF CALIFORNIA

County of Kings

Comprehensive Annual
Financial Report

*For the Fiscal Year
Ended June 30, 2009*



Doil O'Steen

Director of Finance

**COUNTY OF KINGS, CALIFORNIA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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INTRODUCTORY SECTION

DOIL O'STEEN, DIRECTOR OF FINANCE



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August 18, 2010

To the Honorable Members of the Board of Supervisors and Citizens of
the County of Kings:

General-purpose local governments publish a complete set of annual financial statements presented in conformity with generally accepted accounting principles in the United States of America. The financial statements are independently audited by a firm of licensed certified public accountants authorized to conduct audits in accordance with generally accepted auditing standards. The Department of Finance hereby issues the comprehensive annual financial report (CAFR) of the County of Kings for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances for the County. Therefore, management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management of the County relies on internal controls established to present sufficient reliable information for the preparation of the County's financial statements. Because the cost of internal control should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

An independent audit conducted by the firm Brown Armstrong Accountancy Corporation, issued an unqualified ("clean") opinion on the County of Kings' financial statements for the year ended June 30, 2009. The independent auditor's report is located at the front 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 standard governing Single Audit engagement requires 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 over compliance involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic

financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government:

The County of Kings, incorporated in 1897, is positioned midway between Los Angeles and the Bay Area, in the heart of California's San Joaquin Valley. The County covers 1,390 square miles with four incorporated cities within the County: Hanford, Lemoore, Corcoran and Avenal. The City of Hanford is the County seat. Located seven miles West of Lemoore is Naval Air Station Lemoore, the home of the west coast fighter squadrons with a military and civilian workforce exceeding 9,000. Kings County is home for two major State Prisons at Corcoran and Avenal with a total population in excess of 20,000. The County of Kings is bordered by Fresno County to the North, Kern County to the South, Tulare County to the East, Monterey County to the Northwest and San Luis Obispo County to the Southwest. Los Angeles and San Francisco International Airports are each about 3 ½ hours away. Fresno Yosemite International Airport is 35 miles North and Visalia Municipal Airport is 15 miles West from the County's population centers.

The County is governed by a five-member Board of Supervisors Board that are elected by district. Members serve staggered four-year terms with elections held every two years and the Chair is elected by the Board members. Other elected officials include the Assessor/Clerk-Recorder, Sheriff-Coroner and District Attorney. The County Administrative Officer is appointed by the Board. County administration consists of appointed and elected officials, boards, commissions and committees that assist the Board of Supervisors.

As the governing body for the County, the Board is responsible for the planning and providing of services related to public needs, as required by State and Federal law, including adopting the annual budget, adopting County ordinances, setting policies, confirming appointments of most non-elected officials, and assisting citizens in solving problems and addressing local concerns. The County is specifically charged by the State with providing services to the most at risk: children, the elderly, the poor, those with health problems and those involved in the criminal justice system. As a countywide government, we also facilitate and coordinate the work of school districts, special districts, cities and other organizations.

The County provides a wide range of services to its residents including Public and Behavioral Health Services, Child Protection and Social Services, Public Assistance, Family Support Collections, Criminal Prosecution, Public Defender, Law Enforcement, Jails and Juvenile Facilities, Veterans Services, Maintenance of Roads & Bridges, Land Use Issues, Building and Safety, Libraries, Parks, Elections, Coroner, and Agricultural Weights & Measures.

The operations of some component units are so intertwined with those of the County of Kings that they function, for all practical purposes, as an integral part of the County despite their separate legal status and should be 'blended' with the financial statement reports in accordance with generally accepted accounting principles. Blended component units of the County include the Kings County Finance Authority for jail facility construction, First 5 Children and Families Commission for early childhood development services, I.H.S.S. Public Authority Fund for

providing in-house care for indigents and the Redevelopment Agency for improving a 473-acre area in Kettleman City.

Kings County is strategically located between Interstate 5 and Highway 99, providing excellent access to all of California. Over 200 major carriers provide interstate trucking services to area businesses. Burlington Northern Santa Fe and Union Pacific Railroads provide freight service, including refrigerated shipping, piggyback service and reciprocal switching. San Joaquin Valley Railroad provides east-west "short line" services. Amtrak meets passenger needs at the Hanford and Corcoran stations.

Local Economy:

Kings County's current population is 154,734 and is projected for expansion to 205,700 by 2020, and to 352,750 by 2050. Kings County has a civilian workforce of 62,100 and the average annual unemployment rate is 14.9 percent for the 2009 fiscal year. As of March 2010, the unemployment rate jumped to 18.6 percent with pockets of communities with 30 to 40 percent or more.

Even more serious than the economic downturn affecting unemployment rates is the Central Valley "Water Wars". During February 2009, West Valley farmers were informed that their Federal water allocations had been cut to zero, representing 600k acres within the Westlands Water District. Valley farmers would not be able to plant in about two-thirds of the Westland Water District representing about 400k acres in western Fresno County and Kings County. In addition, State water allocations were 10 percent of normal during 2009. Projected water related losses Statewide are between \$1.6 to \$2.2 billion with related job losses amounting to 60k-80k that are likely to rise by 30 percent if the water issues continue. As of June 2010, water allocations were bumped back up to 45 percent.

California law makers passed an \$11 billion Infrastructure Bond to overhaul the antiquated water system by passing a package of water bills and a bond measure to provide funding for the new dam, groundwater cleanup, conservation and habitat restoration. It still has to be approved by voters in November 2012. This Assembly Bill 934 was introduced in March 2009 to increase pressure on the Legislature for more surface water storage and a conveyance system that would bring Northern California water to the thirsty San Joaquin Valley without going through the environmentally sensitive Sacramento-San Joaquin River Delta. Three years of restrictions on water have caused farmers to pump increasing amounts of groundwater that are depleting supplies. Locally, many are still pushing for Temperance Flat, a proposed second dam on the San Joaquin River above the existing one at Millerton Lake in Fresno County. Millerton Lake is inadequate to capture the runoff from the San Joaquin River in wet years. Even the wetter Kings River farms in northeastern Kings County that don't rely on Northern California water are expecting a nearly 50 percent reduction in water supplies.

Westlands Water District, the nations largest agricultural water supplier, has filed a lawsuit to protest a Federal decision during June 2009 that seeks additional protection for threatened fish species by cutting back further on water deliveries. Westland Water District's lawsuit was

joined by 29 other public water agencies. Thirty thousand acres of Kings County land depend solely on Westland Water District's water deliveries coming almost exclusively from the Delta.

Governor Arnold Schwarzenegger asked the Federal Emergency Management Agency to declare Fresno County a major disaster area as a result of drought, crop loss and high unemployment. The Governor sent a letter of appeal to the President after the White House rejected the disaster petition. Water shortages cost the San Joaquin Valley an estimated 21,000 jobs in 2009. A wide range of Federal help was requested by saying that the State's fiscal crisis left it unable to properly assist food banks and non-profit organizations in efforts to meet drought-related needs. For example, after several months of food drives, the Central Valley Food Bank has run out of funds. Kings County, along with other neighboring counties, would be included if Fresno County got the Federal designation. The U.S. Agriculture Department has declared Kings County and 20 other California counties disaster areas. Farmers in the listed counties qualify for assistance in the form of low interest loans.

During 2008, commodities prices had exploded for grain, corn, tomatoes and alfalfa hay, representing about one-fourth of the total \$1.76 billion value of all crops in Kings County. Export demand also played a role due to a weak dollar and generally healthy economics overseas. The dairy industry was able to pay the higher feed prices thanks to high milk prices. But during the middle of the 2008 year, milk prices began a long slide that has cut the value of milk by 40 percent. During 2009, overall crop values dropped 25 percent to \$1.3 billion. When lines of credit were harmed worldwide and the market crashed, the industry lost half its exports causing a glut that subsequently led to a dramatic drop in domestic milk prices. Milk has been selling for \$11 or less for each 100 pounds, which is about \$6 less than it costs farmers to produce. As many as 25 dairies in Kings County could face bankruptcy in the near future. California is ranked number one in the nation for dairy production, generating more than \$7 billion with Kings County producing nearly 10 percent of all milk and cream in the State, making it the fourth largest producer in the State.

Local proposals and developments within Kings County are highlighted as follows: 1) Construction is halfway through for Hanford's newest hospital being built on a 31-acre site costing \$112 million. The 175,000 square foot hospital will more than double the number of hospital beds and will be three stories tall with a helipad. Hanford Community Medical Center promises to be state of the art including \$14 million for new medical equipment that has already help recruit 35 to 40 new physicians. 2) Chemical Waste Management's proposal to expand the existing hazardous waste landfill by 11 acres and to build a new 64-acre landfill in Kettleman City. 3) Fast Federal Credit Union landed its first sizable tenant for its soon-to-be complete Fast Plaza in downtown Hanford. The pending deal, worth \$20,000/month, involves a 10-year lease with the Kings County Child Support Services Department. 4) Construction of the Corcoran Technology Learning Center to provide vocational high school courses, College of the Sequoias courses and adult school courses with a total project cost of \$6 million. 5) Official groundbreaking of the Burris Park Outdoor Education Center. 6) A four-story Holiday Inn Express is being constructed on a 4-acre parcel development that is a 90-room mid-priced hotel chain offering a venue for conferences and business meetings. 7) The first solar farm is now expected to be built in 2 or 4 years within Corcoran. A land lease agreement was signed with Enxco to construct solar panels at a City-owned 144-acre parcel. The City will collect

more than \$3 million in revenues over the next 3 decades. 8) The historical theater in Avenal, considered a landmark, is set for restoration costing \$3.8 million. 9) A \$530 million Avenal Power Plant project to develop a 600 megawatt natural gas-fired power plant by a Houston-based company. The project will reduce greenhouse gas emissions, use treated wastewater and recycle water within the system. Output from the plant is planned to be sold to PG&E. 10) Expansions at Leprino Foods added 240 employees and a new JG Boswell Company tomato processing plant that employs 130 people. 11) West Hills College Lemoore broke ground for a new \$20 million multi-use sports complex with 55,000 square feet including both upper and lower levels seating 2,200; additional 1,000 seats at the floor level.

Two popular regional retail department store chains, Mervyns and Gottschalks, that were long time local mainstays, filed bankruptcy and closed their doors permanently due to the struggling economy. Kohl's has submitted plans to take over the Mervyns space at the Hanford Mall with a target opening date in the fall of 2010. Forever 21 replaced Gottschalks. SK Foods, a large food processor with a tomato packing plant in Lemoore, had filed for Chapter 11 Bankruptcy. SK Foods was sold in bankruptcy court to a New York processor. The SK plant has approximately 300 year-round and 650 seasonal workers that continues to operate and was originally put up for sale mainly due to internal struggles.

The good news about California is its diverse resources and economy. The large labor force helps preserve a relatively even mix of different and vast industries with high wage sectors leading the State economy. Driven primarily by affordability, State growth will be concentrated in the Central Valley, benefitting Kings County.

The government sector in Kings County accounts for 33% of all jobs and represents the largest source of employment in the County. Other sectors, such as Agriculture (19%), Trade, Transportation and Utilities (13%), Manufacturing (9%), Educational and Health Services (8%), Leisure and Hospitality (8%), Professional Business Services and Financial Activities (6%), and Natural Resources, Mining and Construction (3%) represent the other major contributors of jobs to the local economy.

Factors Affecting Financial Condition:

The annual budget serves as the foundation for the County's financial planning and control. All agencies under the control of the Board of Supervisors are required to submit budget requests to the County Administrator for review. The Administrator recommends a proposed budget to the Board for consideration and approval. The Board is required to hold public hearings on the proposed budget and to adopt a final budget by September 30th of each year.

The budget is prepared by fund, function (e.g., public safety) and department (e.g., Sheriff). Board action is required to approve new funding sources and new appropriations for expenditures. Transfers of appropriations between funds, as well as transfers between departments of the same fund, require the Board's approval.

The State's severe fiscal crisis included a \$42 billion deficit that was resolved by cuts to expenditures of \$15.1 billion (mainly from education and payroll), raising sales and income

taxes, doubling of license fees, additional borrowing of \$11.4 billion, plus Federal stimulus funds of \$8 billion. Soon thereafter, California faced an additional \$26.0 billion deficit prompting the Governor to declare a fiscal emergency. With the emergency declaration the State began issuing IOU's, requested 15% discounts from vendors. Meanwhile State workers are now faced with a third furlough day each month. The Governor currently insists on resolving this fiscal crisis with further cuts to expenditures without further tax increases. The State has limited borrowing power and faces the worst credit rating in the nation causing higher interest rates charged on bonds issued.

To address the State's current \$26 billion fiscal crisis, the Governor and State legislature cut spending by \$15 billion – including \$9 billion from education, \$4 billion from cities and counties and \$1.4 billion from the State prison system. State employees continued with three unpaid days a month. These budget revisions bring total spending back to 2005 levels.

Moving forward, the current anticipated deficit in 2010-2011 is \$14.4 billion. The largest shortfall is projected to be \$23 billion in the 2013 fiscal year. Because of these continuing deficits, Proposition 1A was suspended to reallocate 8 percent of property tax revenues to the State from local governments. In addition, accelerated withholdings of 10 percent more in State income taxes from employees amounting to a \$1.7 billion advance, \$2 billion for local redevelopment funds reallocated to school operations. The California Department of Education received nearly \$7 billion from Federal stimulus funds.

The Governor wants \$8 billion from the Federal government in 2010. If not, he will eliminate several key safety net programs from health and human services programs. Among other proposed program cuts include the following: Medi-Cal, higher education, judicial branches, removing 25,000 people from prison, shifts of offenders to County jails, send 19,000 undocumented prisoners to Mexico, and Williamson Act Funding cuts. Budget proposals also call for a 5 percent reduction in the State workforce, 5 percent across-the-board salary cuts and a 5 percent increase in employees' contributions to their retirement funds. So far, the Governor is not receiving as much Federal funds as planned with the State slated for just \$1.5 billion.

The national recession has led to a steep plunge in tax receipts on property, sales and capital gains. Downward pressure on real estate and investments should lead to higher contribution rates to CalPERS. California State and local public employee pension funds lost more than \$52.6 billion dollars in investments. National foreclosure rates jumped 32 percent. Kings County has reduced costs and continues a hiring freeze. Proposed reductions include layoffs, union negotiations to seek reductions and changes to CalPERS contracts for new hires.

The County's General Purpose Fund had revenues that exceeded expenditures by \$1.3 million. A total of \$4.5 million was transferred-out including the Capital Projects Fund (\$3.4 million) mainly for construction costs of the Human Services Expansion Project and the Special Revenue Fund (\$1.1 million) supporting the ongoing operations of the Fire Department (\$900k) that had been received from Tribal Mitigation Fees and the In-House Supportive Services (IHSS) Department (\$226k). This resulted in a \$2.9 million draw down of existing fund balance leaving a residual General Fund balance of \$26.6 million as of June 30, 2009.

Major Initiatives:

Kings County has applied for \$30 million in State funding for the second phase of the new Main Jail Facility to expand its overcrowded jail. This \$42 million dollar project would include 170 additional beds for inmates to avoid early releases. Funding from the State is dependent on the County securing an acceptable location for a State Prisoner Re-Entry Facility to allow inmates to spend the last 12 months of their sentences getting job training, education, and counseling to ready for civilian life. Currently, efforts by the County to secure a re-entry site for the State have been unsuccessful.

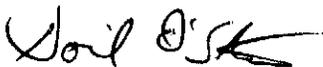
The largest capital project underway for the County is the construction of the Human Services Department to build another structure connected to its existing building with a projected budget of \$10,550,000 to be funded by Tobacco Securitization II funds of \$7,470,702 and transfers from General Fund revenues of \$4,554,186. Other major capital projects include: 1) Kettleman City water project (\$3,000,000) to be ultimately repaid by redevelopment proceeds. 2) WIC Administration Building (\$2,461,400) relocating the WIC Program to a single 4,500 sq. ft. building to free up space in the existing Health Department for other programs and is entirely funded from the Health Realignment Trust. 3) Thermal Storage East of Central Plant (\$1,800,000) to replace the existing thermal storage unit that is experiencing problems with a new ice storage technology. 4) Burris Park Museum expansion (\$1,000,000) funded by private donations and grant applications. 5) Morgue (\$1,000,000) that is located in the Old Kings Building presents safety issues and must be relocated.

The California Transportation Commission awarded \$78 million to Tulare and Kings Counties to widen Highway 198 in order to expand from a two-lane highway to four lanes. The funds for this project will come from Proposition 1B, a bond measure approved by California voters in November 2006. The project's total estimated cost is \$111 million which will require officials to work together in order to find other monies such as Federal funding sources that Kings County is currently pursuing. Estimated completion date is early 2012.

Acknowledgements:

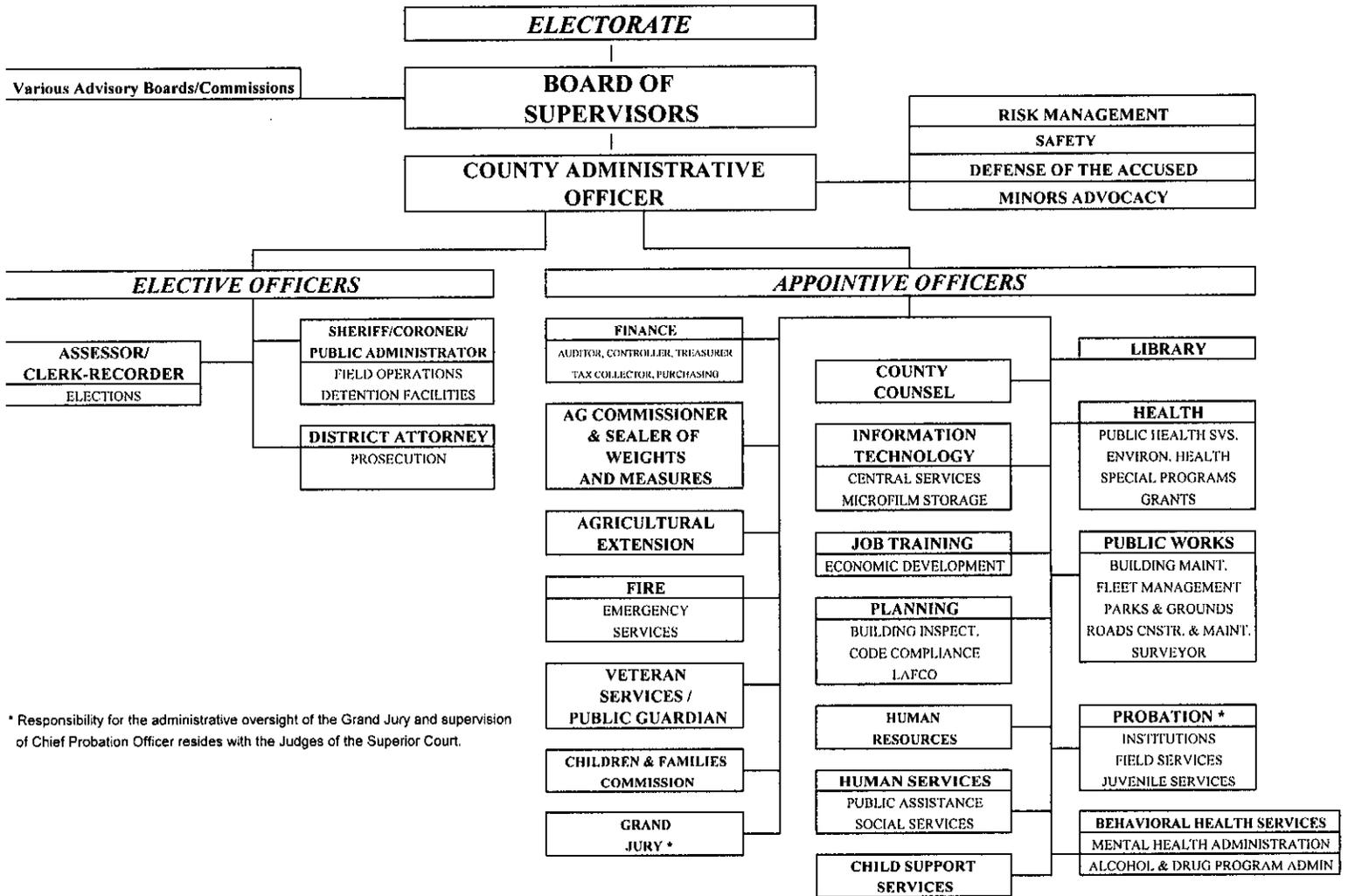
The preparation of the Comprehensive Annual Financial Report was made possible by the dedicated services of the staff of the Department of Finance. I would like to express my appreciation to all members of the department who assisted and contributed to its preparation. I acknowledge the leadership and support provided by the Board of Supervisors and the County Administrator which have made the preparation of this report possible.

Respectfully submitted,



Doil O'Steen
Director of Finance

ORGANIZATION OF KINGS COUNTY GOVERNMENT



* Responsibility for the administrative oversight of the Grand Jury and supervision of Chief Probation Officer resides with the Judges of the Superior Court.

County of Kings
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2009

ELECTED OFFICIALS

Supervisor – District 1	Joe Neves
Supervisor – District 2	Richard Valle
Supervisor – District 3	Tony Oliveira
Supervisor – District 4	Tony Barba
Supervisor – District 5	Richard Fagundes
Assessor/Clerk Recorder	Ken Baird
District Attorney	Ronald Calhoun
Sheriff/Coroner/Public Administrator	Chris Jordan

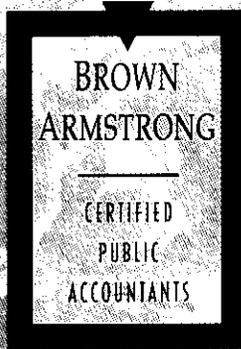
APPOINTED OFFICIALS

County Administrative Officer	Larry Spikes
Director of Finance	Doil O'Steen
County Counsel	Peter Moock
Clerk to the Board	Catherine Venturella
Agriculture Commissioner/Sealer	Tim Niswander
Agricultural Extension	Peggy Gregory
Veterans Services/Public Guardian	Joe Wright
First 5 Children & Families Director	Lisa Watson
Information Technology Director	Jim Hamersley
Job Training Office Director	John Lehn
Library Director	Louise Hodges
Human Resources Director	Allison Picard
Human Services Department Director	Peggy Montgomery
Child Support Services Department Director	Barbara Curry
Public Health Director	Keith Winkler
Public Works Director	Harry Verheul
Planning Director	Bill Zumwalt
Fire Chief	Jim Kilner
Chief Probation Officer	Steve Brum
Behavioral Health Services Director	MaryAnn Ford-Sherman



FINANCIAL SECTION

Peter C. Brown, CPA
Burton H. Armstrong, CPA, MST
Andrew J. Paulden, CPA
Steven R. Starbuck, CPA
Chris M. Thornburgh, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
County of Kings
Hanford, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Kings, California, as of and for the year ended June 30, 2009, which collectively comprise the County of Kings' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County of Kings' management. Our responsibility is to express opinions 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 the standards applicable to financial audits contained in *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 financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Kings as of June 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2010, on our consideration of the County of Kings' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and budgetary comparison information for major funds be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis and schedule of funding progress in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison schedules for major funds have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Kings' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
August 16, 2010

Management's Discussion and Analysis (2009)

As management of the County of Kings (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of Kings for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii to ix of this report. Readers should also review the notes that pertain to the basic financial statements to enhance their understanding of the County's financial performance. All amounts, unless otherwise indicated, are expressed in whole dollars.

Financial Highlights

- The assets of the County of Kings exceeded its liabilities at the close of the most recent fiscal year by \$135,824,142 (net assets) and, from this amount, \$36,383,358 (unrestricted net assets) may be used to meet the County's on-going obligations to citizens and creditors.
- The County's total net assets increased by \$7,710,448 or 6.02% in FY 2009 compared to FY 2008. The amount invested by the County in capital assets (net of related debt) increased by 6.76% or \$6,084,359.
- Restricted assets set aside for debt increased to \$1,122,173 in FY 2009 compared to \$1,057,243 in FY 2008. Construction, a new line item listed under Restricted Net Assets in FY 2009 was set aside at \$2,234,938. In FY 2008 no funds were set aside for construction work-in-progress.
- Cash, investments and receivables in FY 2009 declined from FY 2008 by \$5.05M, \$772K and \$3.75M, respectively.
- The County of Kings' total liabilities decreased by \$6,787,539 (8.99%) during the current fiscal year. The decrease was mostly due to the drawdowns of \$5,689,530 of tobacco securitization proceeds earmarked for capital projects. These funds are considered unearned revenue and are reported as a liability on the financial statements. The proceeds are not recognized as revenue until the funds are actually spent for future construction projects.
- As of the close of the current fiscal year, the County of Kings governmental funds balance sheet (p.16) reported combined ending fund balance of \$55,569,524, an increase of \$4,178,978 or 8.1% in comparison with the prior year.
- Approximately half of the additional funds from taxes and fees were used within the Capital Projects Fund for 2009 construction expenditures, mainly for the Ag Warehouse Relocation (\$243k), Human Services Building Expansion (\$6.4 million) and the Remodel/Reroofing of the existing Branch Jail (\$1.3 million) now called the Juvenile Academy. Tobacco securitization proceeds are being recognized as revenue amounting to \$1.5 million (including \$481k of interest income earned on these proceeds) that are mitigating approximately 70% of the costs for the Human Services Building Expansion. The First 5 Children and Families Fund used \$1.1 million of its fund balance mainly for the expansion and scope of services offered with the School Readiness Program and restructuring of the Family Resource Center Initiative. Approximately \$24,944,509 of the total combined ending fund balance amount is available for spending at the government's discretion (unreserved undesignated fund balance).
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$9,949,379, or 6.7 percent of total General Fund expenditures.
- The statement of activities (p.15) shows program expenditures for primary government programs in FY 2009 to be \$181,373,555. Program revenues of \$152,262,124 derived from charges for services (\$9,172,050) and operating grants/contributions (\$143,090,074). The remaining balance of \$29,11,431 represents the net expense to the County for these programs.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County of Kings' basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County of Kings finances, in a manner similar to 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 or 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 giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues related to uncollected taxes.

Both of the government-wide financial statements distinguish functions of the County of Kings that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public assistance, health and sanitation, public ways and facilities, recreation and cultural services, and education. The business-type activities of the County include the following Internal Service Funds: Workers Compensation, Self-Insurance, Fleet Management, Data Processing and Health Self-Insurance Fund. The government-wide financial statements can be found on pages 14-15 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County of Kings, like all other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds 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 useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds financial statements 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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County of Kings maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, First 5 Children and Families Fund (a special revenue fund), all of which are considered major funds. Data from the remaining governmental funds, which represent special revenue 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 elsewhere in this report.

The County of Kings adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The basic governmental funds financial statements can be found on pages 16-19 of this report.

Proprietary funds. The County of Kings maintains internal service funds as an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet of vehicles, management information systems, public works department, worker compensation and health self-insurance funds. Because these services predominantly reflect and benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements combine the internal service funds into a single, aggregated presentation. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary funds financial statements can be found on pages 20-23 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County of Kings' own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on pages 24-25 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26-46 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County of Kings' progress in funding its obligation to provide pension benefits to its employees. In addition, a budgetary comparison schedule for the General Fund and for the First 5 Children's and Families Fund is required in order to demonstrate compliance with the annual adopted budget. Required supplementary information can be found on pages 47-50 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the required supplementary information on pensions and budget comparisons. Combining and individual fund statements and schedules can be found on pages 55-88 of this report.

Government-wide Financial Analysis

As noted earlier and shown below, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County of Kings, assets exceed liabilities by \$135,824,142 at the close of the most recent fiscal year.

	County of Kings' Net Assets	
	Governmental Activities	
	2009	2008
Assets:		
Current and other assets	\$94,024,664	\$101,382,233
Capital assets	<u>110,503,581</u>	<u>102,223,103</u>
Total assets	<u>\$204,528,245</u>	<u>\$203,605,336</u>
Liabilities:		
Long-term liabilities outstanding	36,975,461	30,237,700
Other liabilities	<u>31,728,642</u>	<u>45,253,942</u>
Total liabilities	<u>\$68,704,103</u>	<u>\$75,491,642</u>

**County of Kings' Net Assets
Governmental Activities**

	2009	2008
Net assets:		
Invested in capital assets, net of related debt	\$96,083,673	\$89,999,314
Restricted	3,357,111	1,057,243
Unrestricted	<u>36,383,358</u>	<u>37,057,137</u>
Total net assets	<u>\$135,824,142</u>	<u>\$128,113,694</u>

The largest portion of the County's net assets (\$96,083,673 or 70.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, construction in progress and infrastructure), less any related outstanding debt used to acquire those assets that is still outstanding. The County of Kings 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 of Kings' net assets amounting to \$3,357,111 (2.47 percent) represents resources subject to external restrictions on how they may be used. These restricted net assets amounting to \$1,122,173 are to be used only for debt service payments related to the lease revenue bonds. Restricted funds due to ongoing construction amount to \$2,234,938. The remaining balance of unrestricted net assets of \$36,383,358 may be used to meet the County's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$7,710,448 or 6.02 percent. Following the logic of the statement of activities, this increase can be explained as the difference between total general revenues of \$36,821,879 and the net expense of the primary government functions of \$29,111,431. In other words, a governmental function such as Public Safety cost the citizens of Kings County \$58,485,454 in FY 2009. The financial resources to cover this expense derived from 'Charges for Services' (\$3,560,999) and 'operating grants/contributions' (\$20,933,319), the shortfall of \$33,991,136 must be met by other resources with the principal source coming from taxes. Government Accounting Standards Board Statement 34 dictates that ten principal categories constitute 'Governmental Activities,' as shown on page 15. The 'General Revenue' sources are listed on page 15 and shown below.

Total liabilities decreased \$6,787,539 mainly due to the drawdown of \$6,883,176 of tobacco securitization funds considered unearned revenue that are set aside for future capital projects and are reported as a liability on the financial statements. The proceeds are not recognized as revenue until the funds are actually spent for future construction projects. The decrease in liabilities is mainly net of impact fees that are considered property tax revenues for government-wide reporting purposes rather than as an unearned liability for governmental funds, as well as continued debt service payments for the pension obligation bonds of \$738,580, lease revenue bonds of \$375,000 and capital lease payments of \$320,995.

Governmental activities. Governmental activities increased the County of Kings' net assets by \$7,710,448. Key elements of the increase in net assets are as follows:

	2009	2008
County of Kings' Changes in Net Assets Governmental Activities		
Revenues:		
Program revenues:		
Charges for services	\$9,172,050	\$8,738,052
Operating grants and contributions	143,090,074	134,893,349
General revenues:		
Property taxes	24,210,795	24,443,834
Other taxes	4,939,564	5,295,768
Other	<u>7,671,520</u>	<u>12,433,064</u>
Total revenues	<u>189,084,003</u>	<u>185,804,067</u>

County of Kings' Changes in Net Assets

Governmental Activities

	2009	2008
Expenses:		
General government	17,124,268	18,020,019
Public safety	58,485,454	53,976,918
Public ways and facilities	35,292	143,796
Highways and streets	3,703,924	4,692,733
Health and sanitation	27,687,327	25,662,068
Public assistance	65,086,192	64,589,252
Education	1,987,354	1,957,212
Culture and recreation	1,602,774	1,593,474
Unallocated depreciation	4,235,005	4,194,569
Interest on long-term debt	<u>1,425,965</u>	<u>1,408,271</u>
Total expenses	<u>181,373,555</u>	<u>176,238,312</u>
Increase in net assets	7,710,448	9,565,755
Net assets – beginning	<u>128,113,694</u>	<u>118,547,939</u>
Net assets – ending	<u>\$135,824,142</u>	<u>\$128,113,694</u>

- Property tax revenues decreased by approximately \$233k or 0.95 percent during the 2009 year. Assessed values of properties increased 12.9 percent from the prior year. However, delinquencies increased approximately 34.6% from the prior year due to foreclosures and taxpayers' inability to make the payments. These revenues have also been impacted from the major drop in construction projects due to the current economic conditions.
- Sales taxes increased approximately \$190k or 11 percent. We believe that the Federal government's "Cash for Clunkers" program that was designed to stimulate new car sales may have contributed as much as \$89K to the County's sales tax revenues.
- Franchise taxes decreased approximately \$525k or 15.7%. Estimates for 2009 indicated sales taxes would remain stagnant or decline based on current economic conditions and the State's economy. Franchise taxes are derived from companies with telephone poles, lines and other equipment throughout the County that pay franchise taxes based on their incomes from contracted agreements in-lieu of paying property taxes.
- Rents and concessions revenue decreased by \$138K due to Kings Community Action Organization (KCAO) moving out of the former Hospital Building. KCAO had been paying \$10,900 per month to rent this facility.
- Revenues from land conservation decreased by \$402K after the State reduced its support for the Williamson Act by 10%. The County received \$2,278,928 in FY 2009 from the Williamson Act as opposed to the \$2,681,127 received in FY 2008.
- Tribal gaming revenues were \$650K less in FY 2009 as there was no additional State funding above the \$900K contributed by the Tachi Palace Hotel and Casino as there had been in FY 2008.
- The \$8.2 million (net) increase in operating grants and contributions can be mostly attributed to \$1.27M coming to general government, \$4.33M to public ways and facilities, \$1.17M for health and sanitation and \$1.04M to public assistance.

- Investment earnings decreased by \$926K as historically low interest rates continue unabated. Average investment returns dropped from 4.65% in FY 2008 to 2.52% in FY 2009.
- Miscellaneous revenues, the catch all category on the statement of activities, witnessed a decline of \$3.83M or 41.6%. This was primarily the result of the County's Self-Insurance Fund decreasing by \$4M in FY 2009 compared to FY 2008. A reimbursement of \$4M for a large individual claim against a County Department, including costs for settlement, medical payments and legal fees was received in FY 2008. The County has coverage limits for excess liability for individual claims in excess of \$500k.

Financial Analysis of the County's Funds

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

Governmental funds. The focus of the County of Kings 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.

As of the end of the current fiscal year, the County's governmental funds reported a combined ending fund balance of \$55,569,524, an increase of \$4,178,978 (8.1 percent) in comparison with the prior year. Approximately 45 percent of this total amount (\$24,944,509) constitutes unreserved, undesignated fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed, (1) to liquidate existing construction contracts and purchase orders (\$7,157,584); (2) investments (\$836,782); (3) self-insurance and economic uncertainties (\$21,140,756); (4) pay debt service (\$1,226,432); (5) advances to other governmental funds (\$156,527); and (6) for a variety of other restricted purposes (\$106,934).

The General Fund is the chief operating fund of the County of Kings. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$9,949,379, while the total fund balance for the General Fund reached \$26,629,951. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The General Fund's unreserved, undesignated fund balance represents 6.69 percent of total General Fund expenditures (\$148,817,159). The General Fund's total fund balance represents 17.89 percent of that same amount.

General Fund. The County's General Fund had revenues that exceeded expenditures by \$1,325,697. A total of \$3.3 million was mainly transferred out to the Capital Projects Fund (\$2.4 million) and the Special Revenue Fund (\$900k). The Capital Projects Fund contributions are for the costs of completion of the Human Services Building Expansion project (\$6.4 million) and the Ag Warehouse Relocation (\$243k) as well as other smaller projects. The Special Revenue Fund contributions are used to support the ongoing operations of the Fire Department (\$750k). This resulted in a \$3.1 million draw down of existing fund balance, leaving a residual General Fund balance of \$26.6 million.

Total expenditures increased in the General Fund by approximately \$2.4 million (2009 \$148.8M vs. 2008 \$146.4M). The following factors contributed to the additional operating expenditures:

- General expenditures increased approximately \$2.4 million due mainly to an increase in contributions to the Accumulated Capital Outlay Fund (\$515k), the reduction of purchases of fixed assets (\$261k) as well as an increase in the amount of costs applied to other funds (\$1.79 million) such as Employee Benefits, Unemployment Insurance and Workers' Compensation.
- Public Safety expenditures (net) increased approximately \$4.5 million mainly due to salaries and benefits of \$1.1 million that includes an additional (net) 6.25 positions for daily operations mainly in the Animal Shelter division (2.25) for upgrading the program and the Child Support Services (3.0) due to an increase in stabilization funding which can only be used for staffing. In addition, rising costs for kitchen foods and supplies (\$685k) located within the Main Jail Facility. Also, increased rates of 8.75 percent for contracted prices with the County's 24-hour-a-day Medical Group Provider for the jails increased (\$151k) due to costs and additional staff required that are related to the

Main Jail expansion. Expenditures increased (\$175k) for contract services provided to the cities for law enforcement and Animal Services.

- Health and Sanitation expenditures increased approximately \$2.03 million. Salaries and benefits increased \$561k including 9.2 (net) new hires. Approximately one-half of the increased salary costs can be split evenly between the Health Department and Behavior Health Services. Overall increases in Health were to provide more efficient and better service to patients, case load increases, and a new program for the development of the Child Health Initiative for children who do not qualify for other programs and are not covered by private insurance. In addition to salary costs, Behavioral Health's operational costs increased by \$171k for the required expansion of mental health services pursuant to the plan approved by the State under Proposition 36 for those trying to live and recover from serious mental illness.
- Public Assistance expenditures increased approximately \$497,000. Salaries and benefits increased \$400k mainly for continuing a pattern that started 3 years ago to increase staff in order to fully utilize State allocations. Additional aid went to the following recipients because of caseload increases and shifts to higher level placements for foster care: ADFC (CalWorks) (\$663k), Adoptions (\$56k) and Foster Care (\$241k). Reductions occurred in First 5 Children and Families (\$559k) and Job Training Office (\$84k).

Debt Service Fund. The County of Kings Debt Service Fund had a total fund balance of \$1,261,317 that is comparable to the prior fiscal year, all of which is reserved for the payment of debt service. The County issued lease revenue bonds for the main jail facility construction project with revenues derived from the Criminal Justice Facilities Fund, which represent a portion of the penalty assessments by the Judicial Courts, that have been pledged to pay the debt service.

Capital Project Fund. The County of Kings Capital Projects Fund increased \$4.44 million in FY 2009. Although capital outlay expenditures exceeding revenues by \$3.6 million, the fund received \$3.5 million in transferred funds from the General Fund in order to complete current construction in progress as well as for the commencement of new projects. Major capital outlays included \$243k for the Ag Warehouse Relocation, and \$6.4 million for the Human Services Building expansion. The Human Services Building was budgeted for \$10.55 million with 70 percent being paid with tobacco securitization proceeds. The Human Service building was completed in July 2009. New projects include the replacement of the Morgue budgeted for \$1.0 million, the Kettleman City Water Treatment Project budgeted for \$3.0 million and the Burris Park Museum Expansion budgeted for \$1.0 million. The Energy Conservation Project received \$7.2 million.

First 5 Children and Families Fund. This fund decreased \$1.03 million mainly due to the expansion and scope for services related to the Family Resource Center Initiative (\$108k), School Readiness Program (\$589k) and the Community Capacity Building (\$103k) as part of the 2007-2010 Strategic Plan. However, funding for the program decreased by \$208k due in part to the reduction in State funding (\$26k) and the loss of interest on current deposits (\$143k).

Nonmajor funds. These funds represent special revenue funds that account for proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The non-major fund balance increased by \$3.54M (net) due to the following: 1) Special revenue funds received \$914K more in property tax in FY 2009 than they had in FY 2008. 2) The Road Fund shares revenue with KART and received almost \$109K more in FY 2009 from sales tax where it had received less than \$19K in FY 2008. The Road Fund is last on the allocation list for sales tax; therefore, it actually receives a higher share of the sales tax when KART requires less. 3) Intergovernmental revenues increased almost 6% by \$1.11M with Public Transportation (State Highway Users Tax) increasing \$986K and State aid due to AB2928 increased by \$1.24M. In FY 2008 no funds were received under this line item. 4) The County's Fire Department dispatched more than twenty-five Strike Teams in FY 2009 and reflected the number of large fires that occurred within the State. The State reimburses the County for its assistance and the Fire Department's miscellaneous revenue increased by \$712K. A Homeland Security grant of \$437K and a FEMA grant for \$243K were also received in FY 2009. The FEMA funds represented a one-time grant that enabled the County to purchase a new water tender vehicle. 5) Public safety expenditures increased by \$1.55M due to a 5 percent salary increase within the Fire Department, large purchases of coats and pants, property tax administration fees and helicopter expenses. 6) Culture and recreation saw a decrease of \$4.17M with the principal cause of the decrease coming from a decrease in capital outlay by a corresponding amount of \$4.17M.

Proprietary funds. The County of Kings proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the internal service funds at the end of

the year amounted to \$6,805,851. Changes in net assets increased \$2.5 million mainly due to the following: 1) An increase to the Workers Compensation Fund of \$880k to help restore the negative asset balance from a prior year deficit of \$1.5 million resulting from an Actuarial Review. Current deficit balance is \$618k as of year-end. 2) Increases in the Health Insurance Fund of \$1.0 million due to a 7.3% increase in health insurance rates as recommended by the Health Advisory Committee.

General Fund Budgetary Highlights

The County's final budget of the General Fund differs from the original budget in that it contains carry-forward appropriations for various programs and projects and supplemental appropriations approved during the fiscal year. Differences between the original budget and the final amended budget of \$2,240,489 net decrease in appropriations are briefly summarized as follows:

- The Public Safety department decreased appropriations by \$5,871,784.
- The Health and Sanitation department increased appropriations by \$1,499,113.
- Capital Outlay appropriations increased by \$1,418,192.

Overall, the County's actual General Fund revenues were less than budgeted during fiscal year 2009 by \$10,438,625 or 6.5 percent. Revenues that had significant variances include the following:

- Reclassed State payments recorded within property tax revenues for in-lieu sales taxes and license fees of \$17.9 million to intergovernmental revenues for financial reporting purposes. Per the Budget, this amount is included within property tax revenues.
- Comparison of the property tax revenues shows \$16,817,015 (Actual) vs. \$33,729,000 (Budget) noting actual receipts less than budgeted by \$16.9 million or 50 percent. Actual comparison of intergovernmental revenue is \$107,597,621 (Budget) vs. \$115,214,394 (Actual) showing more program revenues than budgeted of \$7.6 million or 7 percent.
- Franchise tax revenues of \$2.3 million from the General Fund were budgeted directly within the Capital Projects Fund. Sales and use taxes were more than budgeted by \$297k or 19.8 percent. License and permits were less than budget by \$985k or 72.7 percent.
- Charges for services were less than budgeted by \$1.6 million or 15.5 percent.
- Investment earnings were less than budgeted by \$242k or 16.9 percent.
- Miscellaneous revenues were less than budgeted by \$1.14 million or 31.6 percent.

Actual expenditures in the General Fund were less than the final budget by \$22.9 million or 13.3 percent.

Capital Assets and Debt Administration

Capital Assets. The County of Kings investment in capital assets for its governmental activities as of June 30, 2009, amounts to \$110,503,581 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, roads, bridges, water and sewer systems. The total increase in the County's investment in capital assets for the current fiscal year was 8.1 percent for governmental activities.

Major capital asset events during the current fiscal year included the following:

- Construction in progress was completed for the Remodeling/Reroofing of the Branch Jail (Juvenile Academy) and the Ag Warehouse Relocation. Accordingly, construction expenditures were capitalized as part of structure and improvements.

- Continued construction in progress includes the Human Services Expansion and the beginning of a new project for the Burris Park Museum Expansion.

**County of Kings' Capital Assets
(net of depreciation)**

	<u>2009</u>	<u>2008</u>
Land	\$7,528,650	\$7,528,650
Structures and improvements	66,382,674	64,475,420
Equipment	9,738,369	9,682,983
Construction in progress	11,247,785	3,684,329
Infrastructure	<u>15,606,103</u>	<u>16,851,721</u>
Total	<u>\$110,503,581</u>	<u>\$102,223,103</u>

Additional information on the County of Kings' capital assets can be found in note I.D.5. (page 31-32) and II.C. (page 35) of this report.

Long-term debt. At the end of the current fiscal year, the County of Kings had total bonded debt outstanding of \$21,490,743. From this amount, \$11,405,743 (Pension Obligation) comprises debt backed by the full faith and credit of the County and the remaining amount of \$10,085,000 (Lease Revenue) represents bonds secured by specified revenue sources that are collateralized by certain buildings of the County. In addition, the County of Kings has total capital leases outstanding of \$10,192,699 representing retrofitting of County buildings with energy conservation equipment \$782,664, the construction of a cogeneration plant \$2,169,315, the energy conservation project \$7,213,032, and an ongoing master lease agreement for vehicles \$27,688.

**County of Kings' Outstanding Debt
Pension Obligations, Revenue Bond and Capital Leases**

	<u>2009</u>	<u>2008</u>
Pension obligation bonds	\$11,405,743	\$12,157,635
Lease revenue bonds	10,085,000	10,450,000
Capital leases	<u>10,192,699</u>	<u>3,296,677</u>
Total	<u>\$31,683,442</u>	<u>\$25,904,312</u>

The County of Kings' bonded debt decreased by \$1,116,892 (9.2 percent) and capital lease obligations outstanding increased by \$6,896,022 (197 percent) during the current fiscal year representing principal reductions from bond and significant increase in lease payments.

The County of Kings and its Public Finance Authority both maintain a "AAA" rating from Standard & Poor's and a "Aaa" rating from Moody's Investors Service. The revenue bonds of the Public Finance Authority have been rated "AAA" and "Aaa" by both of these rating agencies.

State statutes limit the amount of debt a County may issue to 5 percent of its total assessed valuation. The current debt limitation for the County of Kings is \$443,775,277, which is significantly in excess of the County's outstanding bonded debt.

Additional information on the County of Kings' long-term debt can be found in note I.D.7. (page 32) and II.E. to II.F. (pages 37-40) of this report.

State, Budget and Economic Factors

- The unemployment rate for County of Kings is currently 18.6 percent. The unemployment rate for the State has been reported to be 13.0 percent. The national rate is currently 9.5 percent.

- The State's severe fiscal crisis included a \$42 billion deficit, which is larger than the budgets of all but 10 states. To close this gap, the legislature voted in February 2009 to cut State expenditures by \$15.1 billion mainly from education (\$8.6 billion) and payroll cuts primarily from work furloughs (\$1.4 billion), the raising of sales taxes by 1%, raising personal income tax rates .25%, and doubling of vehicle license fees from .65% to 1.15% amounting to \$12.6 billion, plus additional borrowing of about \$11.4 billion. California received \$8 billion from the Federal Stimulus Package in 2009. Soon thereafter, California faced a projected \$26 billion deficit that the Governor currently insists on resolving with spending cuts without further tax increases and has threatened to allow State Government to shut down over lack of budget resolutions. California currently has the worst credit rating in the nation with its debt load ratings continuing lower causing high interest rates charged on bonds issued by the State. The State owes billions from past years that it borrowed to patch previous deficits and has limited borrowing power. Also, current estimates note \$50 billion in past deferred maintenance costs that are needed for infrastructure projects over the next 20 years. Furthermore, there are discussions that have reached the point of scraping the State Constitution and starting over again.
- In the past 10 years, there has been a doubling of the California budget from \$72 billion in 1998 to \$145 billion in 2008. This is double the rate of population and inflation growth and is proving to be unsustainable. Since the previous Governor, Gray Davis, State spending jumped from \$104 billion in the 2003-04 budget to \$145 billion in the 2007-08 budget – a 40 percent increase in just 4 years. California has the highest income taxes, gas taxes, and sales tax rates in the nation. California has the highest corporate taxes in the western part of the nation as compared to their neighboring states. Property taxes are at the national average due to Proposition 13.
- California voters are resistant to further tax increases and are concerned with being asked for more money in exchange for the same system. California's new taxes represented a 10 percent increase versus other states who did raise taxes, but by just 1 percent on average.
- National foreclosure rates jumped 32 percent. California had the third highest foreclosure rate in the nation. No slow down is expected because foreclosures were temporarily halted by Fannie Mae and Freddie Mac. This moratorium was lifted in April 2009 with subsequent foreclosure rates rapidly rising. The default rates for Prime Loans are quickly catching up to the Sub-Prime Loan market. The County of Kings' active mortgages that were in some stage of foreclosure increased from 1.85 percent (2009) to 3.5 percent (2010). More than 1 in 10 mortgages are delinquent for 3 months or longer. The government is still asking the banks to hold off on foreclosures and instead modify loan packages or conduct short sales.
- The economy is slowing down while businesses and consumers are primarily focusing on paring down their high debt levels. This in turn is negatively affecting spending levels that account for 70 percent of economic activities. These developing circumstances have led to projections of a continued rise in unemployment rates, putting sustained pressures on real estate values and investments. The national recession has led to a steep plunge in capital gain taxes, property and sales tax receipts and could cause higher contribution rates for CalPERS due to reduced returns from investment portfolios. For instance, CalPERS reported a loss of \$52.6 billion or 23.4 percent of its asset value, the State Controller's Office reported personal income taxes in April 2010 were down about \$3 billion or 30 percent from projections, and for 4 straight years California has suffered a net loss of population to other states including the corporate tax base and wealthy individuals heavily depended upon for tax receipts who are moving for tax breaks and less costly regulation. In addition, banks are implementing tougher loan standards and credit is tightening. Governments are strained under these conditions because demand for services increases during these difficult times.
- California borrowing from the Federal Government to pay unemployment insurance benefits is projected to top \$27 billion by the end of 2011. Increasing retirement liabilities and debt service costs are projected to rise from 12 percent to 15 percent of revenues by 2015, squeezing out other programs. Gross government debt at the Federal and State level is on a path to rise from 62 percent of GDP in 2007 to 97 percent by 2011.
- At the beginning of the 2010 fiscal year, the Governor declared a fiscal emergency and the State had to issue IOU's totaling \$3.3 billion while State workers now face a third furlough day each month bringing their total pay cut to about 14 percent. In addition, the Governor asked more than 2,000 vendors to cut their rates 15 percent.
- To address the State's current \$26 billion fiscal crisis, the Governor and State legislature cut spending by \$15 billion – including \$9 billion from education, \$4 billion from cities and counties and \$1.4 billion from the State prison system.

The rest of the savings comes from different accounting methods, one-time changes and borrowing. State employees will continue to take three unpaid days a month. These budget revisions bring total spending back to 2005 levels.

- In October 2009, California's State Controller warned of disappointing tax receipts being about \$1.0 billion short of what lawmakers expected when they reached the budget deal. The biggest drop is in income tax, with receipts down about 11 percent due to the recession. Moving forward, the current anticipated deficit in 2010-2011 is \$14.4 billion. The largest shortfall is projected to be \$23 billion in the 2013 fiscal year when the State must pay back billions it borrowed from local governments to cover this year's deficit. Because of these continuing deficits, Proposition 1A was suspended resulting in a reallocation of 8 percent of property tax revenues to the State from local governments. The State has three years to repay the funds at a 2% rate. The County of Kings's portion is \$2.64 million. Also, accelerated holding began for employees who must withhold 10 percent more in State income taxes – a move equivalent to taxpayers giving the State a \$1.7 billion cash advance. In addition, the State will take more than \$2 billion from local redevelopment funds and transfer the money to school operations. The California Department of Education received nearly \$7 billion to help public education using Federal stimulus funds.
- The Governor wants \$8 billion from the Federal government in 2010; if not, he will eliminate several key safety net programs. These cuts target major health and human services programs such as CalWorks, IHSS and Healthy Families Public Insurance Program for low-income children. Among other proposed cuts: reduction of Medi-Cal eligibility to the federal minimum, cuts to the UC and CSU systems, cuts to the judicial branch and shifts of additional offenders to County jails. Williamson Act funding is on the chopping block; during the prior year this was cut 10%. Another proposal is to remove 25,000 people from prison and send 19,000 undocumented prisoners to Mexico. Budget proposals also call for a 5 percent reduction in the State workforce, 5 percent across-the-board salary cuts, and a 5 percent increase in employees' contributions to their retirement funds. In addition, as many as 100 State Parks will likely be closed this fall. So far, the Governor is not receiving as much Federal funds as planned with the State slated for just \$1.5 billion.
- The County of Kings's road system is suffering from a serious level of wear and tear causing local officials to come out and warn residents of the risk posed by those roads. The State has been borrowing the revenue from local jurisdictions because of the ongoing budget crisis based on the gas sales taxes passed by voters in 2002 and the State deferring payments of Proposition 42 funds. In addition, less gas taxes are being received due to more efficient cars that use less fuel.
- The 2009-2010 County of Kings' Final Budget totaled \$222 million; which is \$17 million less than the 2009 fiscal year. The 2010-2011 County of Kings' Proposed Budget totaled \$212 million; which is \$10 million less than the 2010 fiscal year. This latest budget is based on unknowns never before experienced due to the State's ongoing fiscal crisis. There are calls for serious reductions in programs that could cause untenable cost shifts to counties, including the County of Kings, currently estimated at between \$7 to \$15 million. Every County department has worked to reduce costs and a hiring freeze continues. Some of the proposed reductions this year will include layoffs; however, the County of Kings will work hard to decrease allocated positions through attrition. Bargaining units will need to come back to the negotiating table to seek reductions for the 2010-2011 budget year and beyond including greater participation in the cost of the employees share of retirement. In addition, negotiating changes on CalPERS contracts for new hires (second tier) from 2% at 55 for non-safety members and 3% at 55 for safety members to 2% at 60 for non-safety members and 2% at 50 (or 2.7% at 55) for safety members.

Requests for Information

This financial report is designed to provide a general overview of the County of Kings' finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Kings County Department of Finance 1400 W. Lacey Blvd. Hanford, CA 93230.

County of Kings
Statement of Net Assets
June 30, 2009

ASSETS	Governmental Activities
Cash and cash equivalents	\$ 4,698,617
Investments	72,585,973
Receivables	12,375,552
Inventories and prepaids	320,846
Deferred charges	686,565
Restricted assets	3,357,111
Capital assets (net of accumulated depreciation):	
Land	7,528,650
Structures and improvements	66,382,674
Equipment	9,738,369
Construction in progress	11,247,785
Infrastructure	15,606,103
Total assets	<u>204,528,245</u>
 LIABILITIES	
Accounts payable and other current liabilities	\$ 5,307,029
Accrued interest payable	2,701,643
Unearned revenue	14,008,847
Claims payable	8,181,000
Noncurrent liabilities:	
Due within one year	1,530,123
Due in more than one year	
Capital leases	9,776,156
Pension obligation bonds	10,667,163
Lease revenue bonds	9,710,000
Compensated absences	5,948,692
Net OPEB obligation	873,450
Total liabilities	<u>68,704,103</u>
 NET ASSETS	
Invested in capital assets, net of related debt	96,083,673
Restricted for:	
Debt service	1,122,173
Construction	2,234,938
Unrestricted	36,383,358
Total net assets	<u>\$ 135,824,142</u>

The notes to the financial statements are an integral part of this statement.

**County of Kings
Statement of Activities
For the Year Ended June 30, 2009**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Primary government				
Governmental activities:				
General government	\$ 17,124,268	\$ 3,735,308	\$ 24,022,660	\$ 10,633,700
Public safety	58,485,454	3,560,999	20,933,319	(33,991,136)
Public ways and facilities	35,292	-	6,173,451	6,138,159
Highways and streets	3,703,924	451,234	6,001,541	2,748,851
Health and sanitation	27,687,327	1,258,476	25,286,968	(1,141,883)
Public assistance	65,086,192	56,993	60,122,449	(4,906,750)
Education	1,987,354	50,452	76,547	(1,860,355)
Culture and recreation	1,602,774	58,588	473,139	(1,071,047)
Unallocated depreciation	4,235,005	-	-	(4,235,005)
Interest on long-term debt	1,425,965	-	-	(1,425,965)
Total primary government	\$ 181,373,555	\$ 9,172,050	\$ 143,090,074	\$ (29,111,431)

General revenues:

Property taxes	\$ 24,210,795
Sales taxes	1,917,196
Franchise taxes	2,809,482
Hotel taxes	212,886
Investment earnings	2,288,991
Miscellaneous	5,382,529
Total general revenues	<u>36,821,879</u>
Change in net assets	7,710,448
Net assets - beginning	128,113,694
Net assets - ending	<u>\$ 135,824,142</u>

The notes to the financial statements are an integral part of this statement.

**County of Kings
Balance Sheet
Governmental Funds
June 30, 2009**

ASSETS	General	Debt Service	Capital Projects	Children & Families First	Nonmajor Funds	Total Governmental Funds
Cash and cash equivalents	\$ 1,616,829	\$ 5,156	\$ 157,170	\$ 48,217	\$ 365,849	\$ 2,193,221
Imprest cash	24,930	-	-	100	654	25,684
Treasurer investments	30,650,631	458,567	13,909,947	3,175,436	11,078,696	59,273,277
Deposits with others	25,000	-	1,513,011	-	26,536	1,564,547
Investments	836,782	-	-	-	-	836,782
Receivables	9,935,378	393	679,877	519,796	973,932	12,109,376
Due from other funds	605,796	-	-	-	786	606,582
Due from other governments	1,678	-	-	-	-	1,678
Advances to other funds	156,527	-	-	-	-	156,527
Deposits with others - restricted	324,972	797,201	2,234,938	-	-	3,357,111
Total assets	<u>44,178,523</u>	<u>1,261,317</u>	<u>18,494,943</u>	<u>3,743,549</u>	<u>12,446,453</u>	<u>80,124,785</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accrued expenses payable	\$ 2,728,648	\$ -	\$ 674,065	\$ 276,751	\$ 1,194,776	\$ 4,874,240
Deferred revenue	13,849,088	-	3,419,602	-	488,466	17,757,156
Due to other funds	970,836	-	-	12,698	781,361	1,764,895
Due to other governments	-	-	-	-	2,443	2,443
Advances from other funds	-	-	-	-	156,527	156,527
Total liabilities	<u>17,548,572</u>	<u>-</u>	<u>4,093,667</u>	<u>289,449</u>	<u>2,623,573</u>	<u>24,555,261</u>
Fund balances:						
Reserved for:						
Investments	836,782	-	-	-	-	836,782
Donations	90,934	-	-	-	16,000	106,934
Advances	156,527	-	-	-	-	156,527
Construction	21,292	-	2,234,938	-	-	2,256,230
Equipment replacement & repair	4,098	-	-	-	-	4,098
Debt service	324,972	797,201	-	-	-	1,122,173
Unreserved, designated for, reported in:						
Encumbrances	117,093	-	748,022	-	351,006	1,216,121
Earthquake self insurance	500,000	-	-	-	-	500,000
Liability self insurance	2,430,346	-	-	-	-	2,430,346
Economic uncertainties	5,635,051	-	-	-	260,336	5,895,387
Contingencies	4,655,412	-	2,448,898	3,200,839	2,009,874	12,315,023
Construction	976,014	-	1,877,329	-	-	2,853,343
Debt service	104,259	-	-	-	-	104,259
Financial system	827,792	-	-	-	-	827,792
Unreserved, undesignated reported in:						
General fund	9,949,379	-	-	-	-	9,949,379
Debt service fund	-	464,116	-	-	-	464,116
Capital projects funds	-	-	7,092,089	-	-	7,092,089
Children and families first fund	-	-	-	253,261	-	253,261
Special revenue funds	-	-	-	-	7,185,664	7,185,664
Total fund balances	<u>26,629,951</u>	<u>1,261,317</u>	<u>14,401,276</u>	<u>3,454,100</u>	<u>9,822,880</u>	<u>55,569,524</u>
Total liabilities and fund balances	<u>\$44,178,523</u>	<u>\$1,261,317</u>	<u>\$18,494,943</u>	<u>\$3,743,549</u>	<u>\$12,446,453</u>	<u>\$ 80,124,785</u>

The notes to the financial statements are an integral part of this statement.

County of Kings
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the statement of net assets are different because:

Total fund balances - total governmental funds	\$55,569,524
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	105,821,544
Deferred charges represent issuance costs when debt is originally issued. These charges are deferred in order to amortize the issuance costs over the life of the borrowing. Governmental funds do not defer these charges but rather recognize the costs as incurred against current financial resources. (Pension Obligation Bonds \$244,497, Lease Revenue Bonds \$442,068)	686,565
Certain accrued revenue are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds. (Property Taxes \$1,752,327, Impact Fees \$2,002,161)	3,754,488
Accrued interest payable represents interest incurred, but is not yet due, as of the end of the fiscal year. Governmental funds recognize interest payable when due since this requires the use of current financial resources. (Pension Obligation Bonds \$2,501,403, Lease Revenue Bonds \$100,904, Capital Leases \$99,336)	(2,701,643)
Internal service funds are used by management to charge the costs of public works, fleet management, data processing, health self-insurance and workers compensation self-insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	11,473,659
Long-term liabilities are not due in the current period, and therefore are not included in the funds. (Pension Obligation Bonds \$11,405,743, Lease Revenue Bonds \$10,192,699, Capital Leases \$10,070,770, Compensated Absences \$5,367,333, General Liability - IBNR \$870,000, Net OPEB Obligation \$873,450)	(38,779,995)
Total net assets - governmental activities	<u>\$135,824,142</u>

The notes to the financial statements are an integral part of this statement.

County of Kings
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

REVENUES	General	Debt Service	Capital Projects	Children & Families First	Nonmajor Funds	Total Governmental Funds
Taxes:						
Property	\$ 16,817,015	\$ -	\$ 163,905	\$ -	\$ 7,147,397	\$ 24,128,317
Sales	1,797,384	-	-	-	119,812	1,917,196
Franchise	2,309,482	-	-	-	500,000	2,809,482
Hotel	212,886	-	-	-	-	212,886
Licenses and permits	369,610	-	-	-	-	369,610
Fines and forfeits	129,337	-	-	-	455,038	584,375
Intergovernmental	115,214,394	-	5,264,104	2,571,404	19,916,653	142,966,555
Charges for services	8,944,830	-	-	-	65,082	9,009,912
Rents and concessions	660,975	-	-	12,000	-	672,975
Investment earnings	1,187,988	42,382	482,553	114,396	264,864	2,092,183
Contributions and donations	21,394	-	-	16,407	26,730	64,531
Miscellaneous	2,477,561	-	26,632	137,388	2,651,078	5,292,659
Total revenues	<u>150,142,856</u>	<u>42,382</u>	<u>5,937,194</u>	<u>2,851,595</u>	<u>31,146,654</u>	<u>190,120,681</u>
EXPENDITURES						
Current:						
General government	\$ 19,198,987	\$ -	\$ -	\$ -	\$ -	\$ 19,198,987
Public safety	44,412,200	-	-	-	13,126,043	57,538,243
Public ways and facilities	2,000	-	415,072	-	30,468	447,540
Highways and streets	-	-	-	-	4,047,644	4,047,644
Health and sanitation	27,626,562	-	-	-	-	27,626,562
Public assistance	53,191,689	-	-	3,827,280	8,696,636	65,715,605
Education	233,317	-	-	-	1,735,198	1,968,515
Culture and recreation	1,602,774	-	-	-	-	1,602,774
Debt service:	-	-	-	-	-	-
Principal	958,975	365,000	-	-	69,996	1,393,971
Interest	362,842	413,675	174,916	-	10,509	961,942
Capital outlay	1,227,813	-	11,522,744	56,895	15,289	12,822,741
Total expenditures	<u>148,817,159</u>	<u>778,675</u>	<u>12,112,732</u>	<u>3,884,175</u>	<u>27,731,783</u>	<u>193,324,524</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,325,697</u>	<u>(736,293)</u>	<u>(6,175,538)</u>	<u>(1,032,580)</u>	<u>3,414,871</u>	<u>(3,203,843)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	272,561	900,723	3,539,922	-	1,126,037	5,839,243
Transfers out	(4,533,257)	-	(134,474)	-	(1,001,723)	(5,669,454)
Capital lease - Energy Conservation Project	-	-	7,213,032	-	-	7,213,032
Total other financing sources (uses)	<u>(4,260,696)</u>	<u>900,723</u>	<u>10,618,480</u>	<u>-</u>	<u>124,314</u>	<u>7,382,821</u>
Net change in fund balances	<u>(2,934,999)</u>	<u>164,430</u>	<u>4,442,942</u>	<u>(1,032,580)</u>	<u>3,539,185</u>	<u>4,178,978</u>
Fund balances - beginning	29,564,950	1,096,887	9,958,334	4,486,680	6,283,695	51,390,546
Fund balances - ending	<u>\$ 26,629,951</u>	<u>\$ 1,261,317</u>	<u>\$ 14,401,276</u>	<u>\$ 3,454,100</u>	<u>\$ 9,822,880</u>	<u>\$ 55,569,524</u>

The notes to the financial statements are an integral part of this statement.

**County of Kings
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2009**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$4,178,978
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$12,822,741) exceeded depreciation (\$4,589,053) in the current period.	8,233,688
The net effect from sale, trade-in transactions and transfers involving capital assets is to decrease net assets.	(16,134)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. Deferred revenues from property tax receivables (\$1,752,327) and impact fees (\$86,266) are unavailable for current fiscal year expenditures.	1,838,593
Governmental funds may not report revenues until they are available. The statement of activities, however, is not subject to this availability criterion. Property taxes of (\$1,756,114) were reported as revenue during the prior year within the statement of activities.	(1,756,114)
The issuance of long-term debt for the bonds and capital leases provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Governmental activities record the principal portion as a reduction to the noncurrent liability outstanding. (Capital Leases \$299,327 Pension Obligation Bonds \$751,892, Lease Revenue Bonds \$365,000; net Other Financing Sources of \$7,213,032 that represent the Energy Conservation Lease recorded within the governmental funds)	(5,796,813)
Certain expenses reported in the statement of activities do not require the use of financial resources and, therefore, are not reported as expenditures in the general funds. Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Amortization of deferred charges (\$39,877) and accrued interest (\$450,031).	(489,908)
Governmental funds expense payments for compensated absences and other post-employment benefits (OPEB) related to the self-funded health care program, however the statement of activities accounts for expenditures using the accrual basis of accounting. This amount results from accrued expenses exceeding paid. (Compensated Absences (\$192,863) and Net OPEB Obligation (\$873,450))	(1,066,313)
Internal service funds are used by management to charge the costs of public works, fleet management, data processing, health self-insurance and workers compensation self-insurance to individual funds. The net revenue (expenses) of activities from internal service funds is reported within governmental activities.	2,584,471
Change in net assets of governmental activities	\$7,710,448

The notes to the financial statements are an integral part of this statement.

**County of Kings
Statement of Net Assets
Proprietary Funds
June 30, 2009**

	<u>Internal Service Funds</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 303,127
Imprest cash	330
Treasurer investments	12,727,622
Deposit with others	360,000
Receivables	224,735
Due from other funds	1,298,400
Due from other governments	39,763
Inventories and prepaids	320,846
Total current assets	<u>15,274,823</u>
Noncurrent assets:	
Capital assets:	
Land	88,691
Structures and improvements	620,198
Equipment	12,627,032
Less accumulated depreciation	<u>(8,653,883)</u>
Total capital assets (net of accumulated depreciation)	<u>4,682,038</u>
Total noncurrent assets	<u>4,682,038</u>
Total assets	<u>\$ 19,956,861</u>
LIABILITIES	
Current liabilities:	
Accrued expenses payable	\$ 430,348
Due to other funds	140,087
Unearned revenue	6,178
Capital leases payable	13,523
Claims payable	7,311,000
Total current liabilities	<u>7,901,136</u>
Noncurrent liabilities:	
Capital leases payable	707
Compensated absences payable	581,359
Total noncurrent liabilities	<u>582,066</u>
Total liabilities	<u>8,483,202</u>
NET ASSETS	
Invested in capital assets, net of related debt	4,667,808
Unrestricted	6,805,851
Total net assets	<u>\$ 11,473,659</u>

The notes to the financial statements are an integral part of this statement.

County of Kings
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	<u>Internal Service Funds</u>
Operating revenues:	
Charges for services	\$ 17,073,310
Miscellaneous	12,102,231
Total operating revenues	<u>29,175,541</u>
Operating expenses:	
Salaries and benefits	16,057,393
Services and supplies	6,950,370
Administration	2,853,599
Depreciation	939,541
Total operating expenses	<u>26,800,903</u>
Operating income (expenses)	<u>2,374,638</u>
Nonoperating revenues (expenses):	
Intergovernmental	123,518
Investment earnings	196,808
Interest expense	(9,946)
Net gain (loss) on sale of assets	30,054
Total nonoperating revenue (expenses)	<u>340,434</u>
Income before contributions and transfers	2,715,072
Capital contributions from governmental funds	39,188
Transfers out	<u>(169,789)</u>
Change in net assets	2,584,471
Total net assets - beginning	<u>8,889,188</u>
Total net assets - ending	<u>\$ 11,473,659</u>

The notes to the financial statements are an integral part of this statement.

**County of Kings
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2009**

	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from interfund services provided	\$ 28,666,744
Payments to suppliers	(9,019,441)
Payments to and on behalf of employees	(16,501,241)
Payments for interfund services used	(746,685)
Net cash provided (used) by operating activities	<u>2,399,377</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(169,789)
Federal aid for homeland security	123,518
Net cash provided (used) by noncapital and related financing activities	<u>(46,271)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(1,017,497)
Interest paid on capital debt	(9,946)
Net cash provided (used) by capital and related financing activities	<u>(1,027,443)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	8,599,299
Purchase of investments	(10,038,686)
Interest and dividends received	196,808
Net cash provided (used) by investing activities	<u>(1,242,579)</u>
Net increase in cash and cash equivalents	83,084
Cash and cash equivalents - beginning of the year	<u>220,373</u>
Cash and cash equivalents - end of the year	<u>\$ 303,457</u>

(continued)

The notes to the financial statements are an integral part of this statement.

**County of Kings
Statement of Cash Flows
Proprietary Funds (continued)
For the Year Ended June 30, 2009**

	Internal Service Funds
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (expense)	\$ 2,374,638
Adjustments to reconcile operating income (expense) to net cash provided (used) by operating activities:	
Depreciation expense	939,541
Net gain on sale of assets	30,054
(Increase) decrease in accounts receivable	(46,833)
(Increase) decrease in due from other funds	(484,668)
(Increase) decrease in due from other governments	(11,937)
(Increase) decrease in inventories and prepaids	31,282
Increase (decrease) in accrued expenses payable	(469,058)
Increase (decrease) in due to other funds	57,252
Increase (decrease) in unearned revenue	4,587
Increase (decrease) in capital leases payable	(17,684)
Increase (decrease) in compensated absences payable	(7,797)
Total adjustments	24,739
Net cash provided (used) by operating activities	\$ 2,399,377
 Noncash capital activities:	
Contributions of capital assets from governmental funds	\$ 39,188

The notes to the financial statements are an integral part of this statement.

**County of Kings
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009**

	Retiree Health Trust Fund	Agency Funds
ASSETS		
Cash and cash equivalents	\$ 3,058	\$ 1,819,505
Treasurer investments	271,753	138,494,984
Deposit with others		2,965,744
Receivables		8,960,398
Due from other governmental funds		2,443
Prepaid expenses		48,454
Total assets	274,811	152,291,528
 LIABILITIES		
Due other agencies	-	152,291,528
Total liabilities	-	152,291,528
 NET ASSETS		
Held in trust for retiree health insurance premiums	\$ 274,811	\$ -

The notes to the financial statements are an integral part of this statement.

County of Kings
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2009

	Retiree Health Trust Fund
ADDITIONS	
Contributions:	
Employer	\$ 93,054
Plan members	5,570
Total additions	98,624
 DEDUCTIONS	
Health insurance premiums	82,147
Total deductions	82,147
Change in net assets	16,477
Net assets - beginning	258,334
Net assets - ending	\$ 274,811

The notes to the financial statements are an integral part of this statement.

County of Kings
Notes to the Financial Statements
June 30, 2009

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The County of Kings was incorporated in 1897 under laws of the State of California and currently consists of approximately 1,390 square miles with four incorporated cities within the County: Hanford, Lemoore, Corcoran and Avenal. The County is bordered by Fresno County to the north, Kern and San Luis Obispo Counties to the south, Monterey County to the west and Tulare County to the east. The County is a general law county divided into five supervisorial districts on the basis of registered voters and population. The County is governed by a five-member Board of Supervisors that are elected by district. Members serve staggered four-year terms and the Chair is elected by the Board members. The County Administrative Officer is appointed by the Board. County administration consists of appointed and elected officials, boards, commissions and committees that assist the Board of Supervisors, including the Director of Finance, County Counsel, the Assessor-Clerk-Recorder, the District Attorney and the Sheriff-Coroner-Public Administrator.

Many of the County's functions are required under County ordinances, or by State and Federal mandate. State and federally mandated programs, primarily in the social and health care service areas, are required to be maintained at certain minimum levels, which limits the County's control.

The County provides a wide range of services to its residents including: health and welfare, sheriff, jails, probation, medical examiner, fire fighting and prevention force, elections, planning, a park and recreation system, libraries, road maintenance and the necessary support for these service providers. All are responsible to the Citizens of the County of Kings, and are therefore included within the reporting entity.

The financial statements of the County of Kings have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to government. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance a part of the government operations. There are no discretely presented component units included in these financial statements.

Blended Component Units. The operations of some component units are so intertwined with those of Kings County Government that they function, for all practical purposes, as an integral part of the County despite their separate legal status. GAAP prescribe that the data from such integral component units be blended with Kings County financial statement reports. Criteria used for determination of blended component units includes a shared governing body, exclusive or almost exclusive benefit to the County Government, and that the County is financially responsible. Blended component units of Kings County include Kings County Financing Authority for jail facility construction, Children and Families First Commission for early childhood development services, I.H.S.S. Public Authority Fund for providing in-house care for indigents and the Redevelopment Agency for improving a 473 acre area in Kettleman City. The Kings County Financing Authority is reported in the Capital Project and Debt Service Fund to account for the bond proceeds used for jail construction. The Children and Families First Commission, I.H.S.S. Public Authority and Redevelopment Agency are reported in separate Special Revenue Funds to account for revenues received that are legally restricted to expenditures for those specific purposes. Completed financial statements for each of the individual blended component units may be obtained by contacting the County of Kings, Finance Department, 1400 W. Lacey Blvd., Hanford, CA 93230, Attn: Doil O'Steen – Director of Finance – Accounting, telephone number 559-582-3211 ext. 2473.

Related Organizations. A government may appoint the voting majority of board members for another entity without establishing a bond of financial accountability with that entity that would justify its inclusion as a component unit. GAAP refer to entities that meet this description as related organizations. The Kings County Board of Supervisors has authority to appoint the majority of members for the Law Library Board, Corcoran Cemetary Distict, Hanford Cemetery District, Lemoore Cemetery District, Cross Creek Flood Control District, the Excelsior-Kings River Resource Conservation District and Mosquito Abatement District. The Library Board operates and maintains the County's Law Library. The Cemetery Districts maintain, operate and establish rules and regulations for the management of cemeteries under their control within the County of Kings. The Flood Control District appointees are from land owners residing in the district in order to manage the entity's affairs and act as a governing board. The Conservation District was formed to control water runoff, the prevention and control of soil erosion, development and distribution of water, and the improvement of land capabilities. The Mosquito District defines the policies for operations and employs the necessary staff with resources necessary to control mosquitoes.

B. Government wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the County of Kings.

The statement of activities demonstrates to which direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) fees, fines and charges paid by the recipients who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including all taxes, are presented as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. If revenues are considered unavailable, then they are recorded as *deferred revenue* on the balance sheet; such as property taxes levied but unavailable for expenditures during the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days at the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded *only when payment is due*. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The financial statements include the activities of various funds and account groups for which the County has oversight responsibility. The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purpose for which

they are to be spent and the means by which spending activities are controlled. The County groups and reports the various funds in the financial statements as follows:

Governmental Funds:

General Fund – This is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. **(Major Fund)**

Special Revenue Funds – Account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. Reported in the **Nonmajor Fund** column, except for **Children & Families First considered a major fund** for financial reporting purposes.

Debt Service Fund – Account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds. **(Major Fund)**

Capital Project Fund – This fund accounts for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds. **(Major Fund)**

Proprietary Funds:

Workers Compensation Self-Insurance – Internal Service Fund: Accounts for the County’s Workers Compensation Self-Insurance program. This program provides Workers Compensation insurance coverage for the County’s employees.

Fleet Management – Internal Service Fund: Accounts for program costs relating to motor pool and equipment maintenance for other County departments and agencies on a cost-reimbursement basis.

Information Technology Service – Internal Service Fund: Accounts for costs relating to operations of the County’s Data Processing department. Costs (including depreciation) of providing services to County departments and outside agencies are to be recovered primarily through user charges.

Health Self-Insurance Fund – Internal Service Fund: Accounts for the County’s health self-insurance program. The program offers optional health insurance coverage to County employees.

Public Works – Internal Service Fund: Accounts for program costs relating to roads, building and maintenance projects, surveyor and other reimbursable projects for other County departments and agencies on a cost-reimbursement basis.

Fiduciary Funds:

Trust and Agency Funds – Account for assets held in a trustee or agency capacity for others and therefore cannot be used to support the government’s own programs. The County has a Retiree Health Trust Fund used to account for sick leave accumulated by County employees who subsequently retire and have the option to contribute a portion of their sick leave to this fund, with County matching, in order to assist with their health insurance premiums during retirement. The remainder of the Fiduciary Funds of the County are Agency Funds in which the County’s role is purely custodial such as the receipt of monies, temporary investment, and remittance to other parties outside of Kings County. Includes Special Districts, School Districts, Colleges and Hospitals.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements for the primary government including interfund receivables, payables, and transfers between the governmental funds. Also, eliminated are indirect expenses for administration that are charged to certain departments. Only direct expenditures incurred are allowed to be charged to each functional category for government-wide financial reporting purposes. Exceptions to this rule are for goods and services provided by internal services funds to other governmental funds. Internal activity consists of Fleet Management, Data Processing and Public Works Departments that record program revenues representing charges for services to various other functions of County departments who in-turn record expenditures for these charges. Also, the Health Self-Insurance Fund records miscellaneous revenue for charges and these expenditures are not eliminated as well from the various functional categories. Elimination of all these interfund charges would distort the direct costs and program revenues reported for the various functions concerned. However, any net profit or loss resulting from these internal service fund activities is eliminated.

Amounts reported as *program revenues* include 1) charges to recipients for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions (if applicable). Internally dedicated resources are reported as *general revenues (discretionary revenues)* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the internal service funds are charges for services provided to County departments and other agencies on a cost-reimbursement basis. Operating expenses for internal service funds include cost of services and supplies, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Assets, liabilities, and net assets or equity

1. Deposits and investments

The County maintains an Investment Pool managed by the Treasurer, which acts as a depository for over 42 units of local government including funds of the County, School Districts and Special Districts.

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition including the Statement of Cash Flows for proprietary funds. Note that the Money Market Funds are reported within the Treasurer Investments.

State statutes authorize the government to invest in obligations of the U.S. Treasury and agencies of the Federal, State and Local Governments, bankers acceptances, commercial paper, negotiable certificate of deposits, collateralized certificates of deposit, repurchase agreements or reverse repurchase agreements or securities lending agreements, medium term corporate notes and bonds, asset back securities, money market mutual funds, and the State Treasurer's Investment Pool. In general, the statutes allow no maturities of investments to be in excess of five years.

The Treasurer is authorized by the County Board of Supervisors to invest within the parameters of the California State statutes except for the County does not invest in asset back securities. The Treasury Oversight Committee is a seven member committee composed of County officials, a member of the public, and representatives of the school districts and special districts who meet semiannually with the County Board to review the adoption of investment policies to ensure compliance.

In general, GASB #31 accounting pronouncements require governmental entities to report the fair market value changes for these investments at year-end and if significant, report these gains or losses on their income statements. Accordingly, the carrying value of County investments at fair market value were greater than their historical cost as of June 30, 2009. As a result, the County increased treasurer investments and investment earnings in Governmental Funds by \$237,265, Proprietary Funds \$68,334 and Fiduciary Funds \$835,956.

2. Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either 'due to / from other funds' (i.e., the current portion of interfund loans) or 'advances to / from other funds (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as 'due to / from other funds.'

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are not shown as net of an allowance for uncollectibles. The County has evaluated the collectibility of receivables as adequate enough to report them as gross receivables without a deduction for discounts and allowances.

Property taxes are levied as of October 6th on property values assessed as of the preceding January 1st and are payable in equal installments November 1 and February 1 and are receivable when levied. For assessment and collection purposes, property is classified either as 'secured' or 'unsecured' and is listed accordingly on separate parts of the assessment roll. The secured roll is that part of the assessment roll containing State assessed property and real property which can be secured by liens. Other property is assessed on the 'unsecured roll' representing taxes paid on property that is not owned by the property tax payer; this property is not secured if unpaid by the tax payer (i.e., business leases a building).

The County has not adopted the method of secured property tax apportionment known as the Teeter Plan. The County levies a one percent property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State Law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation on the basis of 'situs' growth in assessed value (new construction, change of ownership and inflation) among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

Property taxes on the secured roll are due in two installments during the fiscal year that become delinquent on December 10th and April 10th, respectively, and a ten percent penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared to be in default on or about June 30th of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is declared to be subject to the Tax Collector's power of sale and may be subsequently sold within two years by the County Tax Collector.

Legislation established the 'supplemental roll' in 1984 which directs the Assessor to reassess real property, at market value, on the date the property changes ownership or upon completion of construction. Property on the supplemental roll is eligible for billing 30 days after the reassessment and notification to the assessee. The resultant charge (or refund) is a one-time levy on the increase (or decrease) in value for the period between the date of the change in ownership or completion of construction and the date of the next regular tax roll upon which the assessment is entered.

Billings are made on a monthly basis and due on the date mailed. If mailed between the months of July through October, the first installment becomes delinquent on December 10th and the second on April 10th. If mailed within the months of November through June, the first installment becomes delinquent on the last day of the month

following the month of billing. The second installment becomes delinquent on the last day of the fourth month following the date the first installment is delinquent.

Property taxes on the unsecured roll are due as of the January 1 lien date and become delinquent, if unpaid, on August 31. A ten percent penalty attaches to delinquent taxes on property of the unsecured roll and an additional penalty of one and one-half percent per month begins to accrue beginning November 1 of the fiscal year. The taxing authority has four ways of collecting unsecured personal property taxes: 1) by filing a civil action against the taxpayer, 2) by filing a certificate in the office of the County Clerk by specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer, 3) by filing a certificate of delinquency for record in the County Recorders office in order to obtain a lien on certain property of the taxpayer, and 4) by seizure and sale of personal property, improvements or possessory interest, belonging to the tax payer.

3. Inventories and prepaid items

Inventories of materials and supplies are for the Information Technology Service and Fleet Management internal service funds. Cost is determined by the average cost method not to be in excess of fair value. Inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

4. Restricted assets

Certain proceeds of the Kings County Public Finance Authority's lease revenue bonds are recorded in the debt service fund, as well as certain resources set aside for their repayment and are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The debt service fund is used to account for resources accumulated from the Courts to pay the bond debt service. A 'reserve account' at the bank is used to maintain and report the portion of bond proceeds set aside in order to make up for potential future deficiencies in the debt service fund amounting to \$797,201. In addition, the pension obligation bonds (Series B) require an additional 2% of the estimated debt service amount in the event Libor interest rates paid exceed projections. This restricted deposit amounts to \$324,972 for the current fiscal year. A new capital lease this year for an energy conservation system has \$2,234,938 held in trust and restricted for 2010 construction purposes pursuant to a lease purchase agreement.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, water/sewer systems and similar items), are reported in the government-wide financials statements. The proprietary fund financials include capital assets which are also reported in the government-wide financials. Purchased or constructed capital assets are reported at cost or estimated historical cost. Capital assets, other than infrastructure assets, are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. The County reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. In the case of the initial capitalization of infrastructure assets, the County chose to include all such items purchased and constructed after June 30, 1980, as required by the Governmental Accounting Standards Board. The reported cost of capital assets exclude normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the County values these capital assets at the estimated fair value of the item at the date of its donation.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Lives</u>
Buildings	50
Building Improvements	7-25
Infrastructure	10-50
Vehicles	5-15
Machinery & Equipment	5-20
Office Equipment	5-20
Computer Equipment	3-10

6. Compensated absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. County employees are generally vested to twenty-five percent of their sick leave balance after five years of service for accrual purposes. There is a cap on the maximum amount of vacation hours an employee can accrue ranging from 160 to 320 hours based on years of service. Once the maximum accrual for vacation has been reached, employees stop earning additional vacation hours until the accumulation level drops below the established limits. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements that become due and payable in the current fiscal year.

7. Long-term obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond 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 bond discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources revenue while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative plans by management that are subject to change.

9. Deficit fund equity

The following special revenue funds, included in the column for nonmajor governmental funds, had deficit fund balances as follows: The Job Training Office for \$479,534 and In-House Supportive Services for \$409,469 as of June 30, 2009. In addition, the Workers Compensation Self-Insurance internal service fund held a deficit balance of \$618,158. The Job Training Office and In-House Supportive Services operate on a cost reimbursement basis; expenditures causing the fund deficits have been claimed for reimbursement, but have not yet been received from the State. If the State were not to approve the costs, the County would transfer funds from the general fund to cover the expenditures. During the 2005 fiscal year, an Actuarial Review of the Worker's Compensation Program was completed requiring a \$4,408,000 expense accrual for the ultimate cost of claims and expenses associated with all reported and unreported claims. This amount will be cost applied to individual funds in the amount of \$2,500,000 per year to cover actual workers compensation claims, if needed; the cost applied amount will be adjusted higher based on actual results.

10. Allocation of investment income among funds

It is presumed under Generally Accepted Accounting Principles (GAAP) that investment income is reported in the same fund that reports the underlying investment. However, it is common for income on investments to legally accrue to the benefit of some other fund. GAAP require that a government disclose whenever the income from investments in one fund is assigned directly to the benefit of another fund.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

As of June 30, 2009, the County had the following investments and maturities:

<u>Investment Type</u>	<u>Cost</u>	<u>Investment Maturities</u>			
		<u>Less than 1 Year</u>	<u>1 Year</u>	<u>2 Year</u>	<u>3 Year</u>
Federal Agencies	\$64,132,034	\$9,154,450	\$31,222,900	\$16,038,462	\$7,716,222
Local Agency Investment Fund	40,050,199	40,050,199			
Money Market Mutual Funds	14,506,771	14,506,771			
Negotiable Certificate of Deposits	15,024,650	15,024,650			
Non-Negotiable CD's	20,000,000	20,000,000			
Medium-Term Corporate Notes	61,182,193	8,091,254	20,077,096	17,690,157	15,323,686
Total	<u>\$214,895,847</u>	<u>\$106,827,324</u>	<u>\$51,299,996</u>	<u>\$33,728,619</u>	<u>\$23,039,908</u>

Note: Federal Agency Callable bonds are shown at maturity rather than call date. All bonds are callable within the next year; however, the County invests with the assumption that the callable investments will be held to maturity.

Interest rate risk. In accordance with its investment policy, the County manages its exposure to declines in fair value by investing operating funds primarily in shorter-term securities. The maximum maturity for investments is five years or less including Federal Agencies and Medium-Term Corporate Notes. Commercial Paper is limited to 270 days maximum maturity.

Credit risk. State law limits investment purchases in commercial paper to the highest rating and medium-term corporate notes to the upper investment grade rating and higher (A to AAA for S&P, A2 to Aaa for Moody's) issued by nationally recognized statistical rating organizations (NRSROs). Prior to 2009, it was the County's policy to limit its investments in these investment types to the same ratings as required by the State. During the current year, the County changed its policy to increase minimum credit quality ratings (from A to AA- for S&P, A2 to Aa3 for Moody's). As of June 30, 2009, the County's investments in medium-term notes were rated BBB to AAA by Standard & Poor's and Baa2 to Aaa by Moody's Investors Service. The Federal Agencies and Repurchase Agreement are rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. Negotiable Certificate of Deposits are rated AA- by Standard & Pooers and Aa3 by Moody's.

Concentration of credit risk. The County's investment policy does not allow for an investment in any one corporate issuer that is in excess of 10 percent of the County's total investments. Investments in the following corporate issuers exceeded 5 percent: General Electric Corporation (6.68 percent), Wells Fargo Company (6.68 percent), and Goldman Sachs Group (5.06 percent).

In April of 1988, the Board of Supervisors authorized the purchase of Farmers' Home Administration bonds outstanding on local sewer and water assessment bonds in the amount of \$2,335,000. The investment is amortized over 35 years and returns are all being transferred to the General Fund. At June 30, 2009, the County's remaining unamortized balance is \$836,782.

B. Receivables

Receivables as of year end for the County's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are as follows:

	General	Debt Service	Capital Projects	Children & Families First	Nonmajor Funds	Total Governmental Funds	Internal Service Funds	Fiduciary Funds	Total
Receivables:									
Accounts	\$417,582	\$ -	\$ -	\$ -	\$ -	\$417,582	\$191,541	\$1,511,510	\$2,120,633
Intergovernmental	7,956,434	-	262,061	499,220	424,881	9,142,596	-	82,315	9,224,911
Taxes	1,280,207	-	344,736	-	488,466	2,113,409	-	6,465,563	8,578,972
Interest	<u>281,155</u>	<u>393</u>	<u>73,080</u>	<u>20,576</u>	<u>60,585</u>	<u>435,789</u>	<u>33,194</u>	<u>901,010</u>	<u>1,369,993</u>
Total Receivables	<u>\$9,935,178</u>	<u>\$393</u>	<u>\$679,877</u>	<u>\$519,796</u>	<u>\$973,932</u>	<u>\$12,109,376</u>	<u>\$224,735</u>	<u>\$8,960,398</u>	<u>\$21,294,504</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds and proprietary funds were as follows:

	Unavailable	Unearned
Delinquent property taxes receivable (general fund)	\$1,263,860	
Delinquent property taxes receivable (special fund)	488,466	
Impact Fees collected on new developments for future supporting facilities (capital projects fund)	2,002,161	
Deposit for Environmental Impact Studies (internal service fund)		\$6,178
Deposits for appeals against property assessments (general fund)		15,300
Property taxes paid in advance for mobile homes sold (general fund)		20,063
Tobacco Securitization proceeds for construction project expenditures (capital projects fund)		1,417,442
Grant drawdown's and fees collected prior to meeting all eligibility requirements		<u>12,549,864</u>
Total deferred / unearned revenue for governmental funds and internal service funds	<u>\$3,754,487</u>	<u>\$14,008,847</u>

C. Capital assets

Capital asset activity for the year ended June 30, 2009, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$7,528,650			\$7,528,650
Construction in progress	3,684,329	\$10,767,827	\$(3,204,371)	11,247,785
Total capital assets, not being depreciated	11,212,979	10,767,827	(3,204,371)	18,776,435
Capital assets, being depreciated:				
Structures and improvements	95,588,564	4,084,020	(124,730)	99,547,854
Equipment	23,223,416	2,325,328	(595,934)	24,952,810
Infrastructure	40,436,803			40,436,803
Total capital assets being depreciated	159,248,783	6,409,348	(720,664)	164,937,467
Less accumulated depreciation:				
Structures and improvements	(31,113,144)	(2,052,036)		(33,165,180)
Equipment	(13,540,433)	(2,230,940)	556,932	(15,214,441)
Infrastructure	(23,585,082)	(1,245,618)		(24,830,700)
Total accumulated depreciation	(68,238,659)	(5,528,594)	556,932	(73,210,321)
Total capital assets, being depreciated, net	91,010,124	880,754	(163,732)	91,727,146
Governmental activities capital assets, net	\$102,223,103	\$11,648,581	\$(3,368,103)	\$110,503,581

Depreciation expense was charged to functions/programs for governmental activities as follows:

Governmental Activities:	
General Government	\$270,287
Public Safety	602,367
Public Ways and Facilities	1,367
Health and Sanitation	111,751
Public Assistance	305,522
Education	2,295
Unallocated Depreciation	<u>4,235,005</u>
Grand Total	<u>\$5,528,594</u>

D. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2009, is as follows:

Due to / from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Funds (2)	\$605,797
Health Self-Insurance Fund (1)	General Fund	970,836
	Nonmajor Funds (2)	174,779
	Fleet Management Fund (1)	8,847
	Information Technology Services Fund (1)	54,614
	Public Works Fund (1)	76,625
	Children & Families First Fund	12,698
Fire Fund (2)	Redevelopment Agency (2)	682
Library Fund (2)	Redevelopment Agency (2)	104
	Total	<u>\$1,904,982</u>

(1) Internal Service Funds

(2) Nonmajor Funds = Special Revenue Funds

Short-term working capital loans payable to the General Fund represent \$581,142 of the total interfund balance amount of \$1,130,030 as noted above. The Redevelopment Agency owes the General Fund \$24,654, Fire Fund \$682, and Library Fund \$104 for 'pass-through' amounts derived from incremental taxes. The remaining \$1,298,400 reflects a timing difference between the current year insurance contributions withheld from payroll using a clearing account versus the allocation of these contributions to the Health Self-Insurance Fund subsequent to year-end.

Advances from / to other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Funds (2)	<u>\$156,527</u>
		<u>\$156,527</u>

(2) Nonmajor Fund = Special Revenue Fund

The \$156,527 due to the General Fund represents expenditures required to be paid in advance for the Kettlemen City redevelopment activities prior to the receipt of property tax incremental revenues.

Interfund transfers:

	<u>Transfer In:</u>					<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	
Transfers out:						
General Fund	\$ -	\$ -	\$3,407,220	\$1,126,037	\$ -	\$4,533,257
Capital Projects Fund	134,474	-	-	-	-	134,474
Nonmajor Funds (2)	-	900,723	101,000	-	-	1,001,723
Internal Service Funds	<u>138,087</u>	<u>-</u>	<u>31,702</u>	<u>-</u>	<u>-</u>	<u>169,789</u>
Total	<u>\$272,561</u>	<u>\$900,723</u>	<u>\$3,539,922</u>	<u>\$1,126,037</u>	<u>\$ -</u>	<u>\$5,839,243</u>

(2) Nonmajor Funds = Special Revenue Funds

The \$900,723 above represents transfers from the Criminal Justice Facility Fund to the Debt Service Fund for Lease Revenue bond payments that are due annually for the new Jail Facility. The \$3,539,922 transferred to the Capital Project Fund reflects contributions for building projects from the General Fund mainly for the costs of construction for the Human Services Expansion Project. The \$1,126,037 of transfers to the Special Revenue Funds represent contributions for supporting the Fire Department (\$900,000) received from Tribal Mitigation Fees and \$226,037 for the In-House Supportive Services (IHSS) Department. The \$272,561 of transfers to the General Revenue Fund from the Capital Projects Fund reflect mainly refunds of unused funds (\$134,474) representing health realignment monies. The Internal Service Fund transferred \$128,000 to the General Fund for reimbursement of unused funds related to the PC Replacement Program.

E. Leases

Operating Leases

The government leases buildings and office facilities, vehicles, and office equipment under noncancelable operation leases. Total estimated costs for such leases were \$807,259 for the year ended June 30, 2009. The future minimum lease payments for the leases are estimated as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2010	\$670,939
2011	511,600
2012	340,684
2013	341,515
2014	102,695
2015-2017	<u>137,329</u>
Total	<u>\$2,104,762</u>

Capital Leases

The County has entered into the following lease agreements as as lessee for the following purposes: 1) Energy Conservation Equipment (Feb. 2003) in the amount of \$1,332,318 to finance the acquisition, installation and retrofitting of buildings that includes lighting, air conditioning, heating, and roofing. This same lease agreement financed Fire Trucks amounting to \$430,306. 2) Cogeneration Plant (July 2004) for construction costs of \$3,005,000 partially financed with a \$2,460,358 lease agreement. Construction also included new roofs for certain County buildings. 3) Energy Conservation Project (Sept. 2008) representing a major upgrade costing \$8,427,617 for the construction and installation of a central heating, cooling and storage plant including a new energy management system. Lease proceeds for the project amounted to \$7,213,032 with Construction in Progress costs amounting to \$4,829,448 as of year-end. 4) The County has entered into an ongoing master vehicle lease agreement (Jan. 1998) amounting to \$221,748 for a total of 8 vehicles leased during the fiscal year. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Structures and Improvements	\$4,337,318
Equipment	652,054
Construction in Progress	<u>4,829,448</u>
Total	9,818,820
Less: Accumulated Depreciation	<u>(1,046,589)</u>
Total	<u>\$8,772,231</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2009, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2010	\$890,222
2011	883,966
2012	901,382
2013	929,854
2014	746,216
2015-2019	4,185,564
2020-2024	3,549,604
2025-2029	3,326,711
Total minimum lease payments	15,413,519
Less: amount representing interest	(5,220,820)
Present value of minimum lease payments	<u>\$10,192,699</u>

F. Long-term debt

Pension Obligation Bonds

On June 29, 2004, Kings County issued \$13,877,742 in taxable Pension Obligation Bonds. Kings County participated in two separate issues. For Series A-2, the County issued \$7,007,742 in Capital Appreciation Bonds through the California Statewide Community Development Authority. For Series B, the County issued \$6,870,000 in floating rate securities (Index Bonds) by private placement. The bonds were issued to pay the County's unfunded accrued actuarial liability (UAAL) to the California Public Employees' Retirement System (CALPERS). Pension Obligation bonds are unconditional obligations, payable from any legally available source of funds.

2004 Series A-2 Pension Obligation Bonds (Capital Appreciation Bonds)

The Series A-2 Pension Obligation Bonds were structured with no interest or principal payments during the first two years of the twenty year issue. Each year, as a bond coupon matures within the series, principal and interest are due and payable for that coupon.

Series A-2 Pension Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
CALPERS UAAL (2010-2014)	4.97-5.78%	\$2,184,590
CALPERS UAAL (2015-2019)	5.94-6.38%	1,829,666
CALPERS UAAL (2020-2024)	6.45-6.58%	<u>1,531,487</u>
Total		<u>\$5,545,743</u>

Annual debt service requirements to maturity for the Series A-2 Pension Obligation Bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$463,580	\$156,420
2011	450,874	194,126
2012	437,591	232,410
2013	423,484	271,516
2014	409,061	310,939
2015-2019	1,829,666	2,195,333
2020-2024	<u>1,531,487</u>	<u>3,308,691</u>
Total	<u>\$5,545,743</u>	<u>\$6,669,435</u>

2004 Series B Pension Obligation Bonds (Index Bonds)

The interest rate for the Series B Pension Obligation Bonds is indexed to the London Interbank Offered Rate (LIBOR). The calculation is based on LIBOR plus .30%. The County is required to deposit with the Trustee, on or before August 1 of each year of the 20 year issue, the estimated annual debt service amount for the upcoming year. Plus an additional 2.00%, amounting to \$324,972 for the 2009 fiscal year, to ensure that debt service funds will be sufficient in the event that the LIBOR rate exceeds projections.

Series B Pension Obligation Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Current Interest Rate</u>	<u>Amount</u>
CALPERS UAAL	.915 as of 04/10 (variable)	\$5,860,000

Projected annual debt service requirements to maturity for the Series B Pension Obligation Bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Projected Interest</u>
2010	\$275,000	\$121,716
2011	285,000	274,645
2012	295,000	287,280
2013	295,000	271,350
2014	290,000	279,070
2015-2019	1,795,000	1,359,540
2020-2024	<u>2,625,000</u>	<u>657,150</u>
Total	<u>\$5,860,000</u>	<u>\$3,250,751</u>

Lease Revenue Bonds

Kings County created the Kings County Public Finance Authority in order to issue \$11,470,000 of non-taxable Revenue Bonds on March 15, 2005, to finance a portion of the Jail Facility Construction Project costs. The County has pledged revenues derived from the Criminal Justice Facilities Fund representing a portion of the penalty assessments by the Judicial Courts to pay the debt service. In general, these bonds are issued as 23-year serial bonds that are structured for principal amounts to mature each year. Bonds maturing April 01, 2009, to April 01, 2015, are subject to optional call redemptions by the County on or after April 01, 2008, as a whole or in part. In addition, bonds are redeemable on or after April 01, 2015, for bonds maturing April 01, 2016, to April 01, 2028. The bond issuance is collateralized by the County's Human Services Building, Law Building and Human Resources Building with a combined appraised value of \$11,461,700. A Reserve Fund is also required to be established and maintained to secure annual debt service payments that amount to \$797,201 for fiscal year 2009.

Series A Lease Revenue Bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Jail Construction (2010-2014)	2.75-3.62%	\$1,995,000
Jail Construction (2015-2019)	3.75-4.00%	2,385,000
Jail Construction (2020-2024)	4.125-4.25%	2,905,000
Jail Construction (2025-2028)	4.25-4.50%	<u>2,800,000</u>
Total		<u>\$10,085,000</u>

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2010	\$375,000	\$403,637
2011	385,000	393,325
2012	400,000	381,775
2013	410,000	368,775
2014	425,000	354,425
2015-2019	2,385,000	1,520,731
2020-2024	2,905,000	1,000,344
2025-2028	<u>2,800,000</u>	<u>320,113</u>
Total	<u>\$10,085,000</u>	<u>\$4,743,125</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Pension obligation bonds Series A-2	\$6,022,635	\$ -	(\$476,892)	\$5,545,743	\$463,580
Pension obligation bonds Series B	6,135,000	\$ -	(275,000)	5,860,000	275,000
Lease revenue bonds	10,450,000	\$ -	(365,000)	10,085,000	375,000
Total bonds payable	<u>22,607,635</u>	<u>\$ -</u>	<u>(1,116,892)</u>	<u>21,490,743</u>	<u>1,113,580</u>
Capital leases	3,296,677	7,213,032	(317,010)	10,192,699	416,543
Claims	8,181,000	2,536,152	(2,536,152)	8,181,000	8,181,000
Compensated absences	5,763,626	4,861,253	(4,676,187)	5,948,692	-
Long-term liabilities	<u>\$39,848,938</u>	<u>\$14,610,437</u>	<u>(\$8,646,241)</u>	<u>\$45,813,134</u>	<u>\$9,711,238</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$7,311,000 of claims, \$581,359 of compensated absences, and \$14,230 of capital leases from internal service funds are included in the above amounts.

III. OTHER INFORMATION

A. Risk management

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of Assets; errors and omissions; and natural disasters. The County established in 1979 Self-Insurance Programs for Workers Compensation, General Liability, and Health Insurance risk management funds. County premiums paid into the general fund (general liabilities) and into the internal service funds (workers compensation, health insurance) are primarily premium charges to other funds and are available to pay claims, claim reserves, and administrative costs of the programs. Some insurance programs are partially self-funded.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs).

The result of this process in estimating the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-

outs), and other economic and social factors. Liabilities include allocated loss adjustment expenses (ALAE) which are direct costs associated with the defense of individual claims (legal fees, investigation fees, court fees). Also included are unallocated loss adjustment expenses (ULAE) representing the cost to administer all claims to final settlement, which may be years into the future. A discount is calculated for investment income assuming a 4.5% return on investments per year for both workers compensation and general liability.

The County has coverage limits for excess liability for individual claims in excess of \$500,000 thru \$15,000,000 and excess workers compensation claims from \$300,000 through \$100,000,000.

	General <u>Liability</u>	Workers <u>Compensation</u>	Year ended <u>06/30/09</u>
Unpaid claims, beginning of fiscal year	\$870,000	\$7,311,000	\$8,181,000
Incurred claims (including IBNRs)	726,538	1,809,614	2,536,152
Claim payments	<u>(726,538)</u>	<u>(1,809,614)</u>	<u>(2,536,152)</u>
Unpaid claims, end of fiscal year	<u>\$870,000</u>	<u>\$7,311,000</u>	<u>\$8,181,000</u>

The County has medical malpractice coverage with limits of \$11,500,000 over the \$5,000 deductible. Fully insured programs include property insurance with limits of \$600,000,000, a blanket crime bond program and a pollution liability program with limitations to \$10,000,000 for each program, a fiduciary liability program with limits of \$5,000,000, and an aircraft liability program with limits of \$20,000,000. In addition, the County has designated funds to manage risk as follows: Earthquake Self-Insurance for \$500,000, Liability Self-Insurance for \$2,430,346, Economic Uncertainties for \$5,895,387 and reserves for Contingencies amounting to \$12,315,023.

B. Jointly governed organization

Kings County, with fifty-two other counties, is a member of the California State Association of Counties Excess Insurance Authority (C.S.A.C. or the "Authority"). The Authority is a statewide Joint Powers Agency for insurance purposes organized in accordance with California Government Codes. The purpose of the entity is to develop and fund excess insurance programs for member counties. Each member county pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the Authority. The Authority operates public entity risk pools including workers' compensation, comprehensive liability, property, medical malpractice, and other pool purchases for excess insurance programs and services for members. The Authority is under the control and direction of the board of directors consisting of representatives of the fifty-two member counties who annually elect an executive committee. The executive committee controls include the daily management of ongoing operations and the budgeting process.

C. Contingent liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the government.

D. Employee retirement systems and pension plans

Plan description:

The County of Kings contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan in which all full-time employees of the County are eligible to participate. CalPERS provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and

their beneficiaries. CalPERS acts as a common investment agent for participating public entities within the State of California and is administered by the CalPERS Board of Administration according to the provisions set forth in the California Public Employees Retirement Law. Benefit provisions and other requirements are established by County ordinance and contract. A copy of the 2006 Annual Actuarial Valuation Report may be obtained from their Executive Offices – Lincoln Plaza – 400 Q Street – Sacramento, CA 95814.

Funding policy:

The contribution requirements of plan members and the County are established and may be amended by the CalPERS Board. Plan members are required to contribute 7% for the Miscellaneous Plan and 8.992% for the Safety Plan of their annual covered salary. The County is required to contribute at an actuarially determined rate; the current rate is 9.86% for non-safety employees (Miscellaneous Plan) and 14.662% for safety employees (Safety Plan) of annual covered payroll. For the Miscellaneous Plan, the County pays the contributions required of employees as an additional benefit for their accounts. The Safety Plan has the County paying employee's required contributions for the Fire Department; the County pays 7% of the 9% required for the group supervisors in juvenile hall and boot camp departments, and 2% of the 9% required is paid by the County for the management detention and probation officers. The remaining County employees contribute their required 9% towards the CalPERS plan.

Annual pension cost – Miscellaneous Plan:

For the fiscal year 2008-2009, the County's annual pension cost for the Miscellaneous Plan is \$4,122,878 (exclusive of the employees share) for CalPERS that was equal to the government's required and actual contributions. In addition, the County pays the employee's required contributions of \$2,926,993, amounting to a total County annual pension cost of \$7,049,871. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25 to 14.45 percent depending on age, service, and type of employment, increased annually, (c) assumed annual inflation growth rate of 3.00 percent and payroll growth of 3.25 percent, and (d) no post-retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15 year period. CalPERS amortizes unfunded actuarial accrued liabilities as a level percentage of projected payroll on a closed basis not to be lower than the payment calculated over a 30 year amortization period. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6 percent each year. The unfunded actuarial liability of \$11,677,321 is amortized over an average 12.39 year amortization period. The net effect from all amortization bases, including the expected payments and interest charges through the 2009 fiscal year, increased the required employer annual contribution by \$942,526. These net amortization charges have increased the County's rates by 2.254 percent.

Annual pension cost – Safety Plan:

For the fiscal year 2008-2009, the County's annual pension cost for the Safety Plan is \$2,592,145 (exclusive of the employees share) for CalPERS that was equal to the government's required and actual contributions. In addition, the County pays the required contributions for certain employees and only a portion of the contributions for other employees within this group totaling \$1,589,726, which amounts to a total County pension cost of \$4,181,871. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 3.25 to 13.15 percent depending on age, service, and type of employment, increased annually, (c) assumed annual inflation growth rate of 3.00 percent and payroll growth of 3.25 percent, and (d) no post retirement benefit increases. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15 year period. CalPERS amortizes unfunded actuarial accrued liabilities as a level percentage of projected payroll on a closed basis not to be lower than the payment calculated over a 30 year amortization period. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6 percent each year. The unfunded actuarial liability of \$2,741,080 is amortized over an average 15.38 year amortization period. The net effect from all amortization bases,

including the expected payments and interest charges through the 2009 fiscal year, increased the required employer annual contribution by \$178,194. These net amortization charges have increased the County's rates by 1.008 percent.

E. Other postemployment benefits (OPEB)

Plan description:

Kings County provides health insurance benefits (medical, dental, vision, chiropractic, and mental health) through a self-insured plan administered by Blue Cross using the Blue Cross PPO. The County contributes toward the cost of such coverage for its employees as set forth in bargaining memoranda of understanding. The County does not explicitly contribute toward the cost of health benefits for retirees. However, there are two benefits offered to County retirees that give rise to an implicit cost to the County under GASB 45:

- 1) Retirees with more than a stated number of service hours at the time they retire are entitled to convert a portion of their accumulated sick leave to a dollar amount which is held in a Medical Incentive Account (MIA) for the purpose of helping defray some or all of the costs of health insurance coverage through the County's plan until the account is exhausted.
- 2) Premiums charged to retirees in the plan are the same as those used for active employees. Because the plan is self-insured, the County is actually paying claims and administrative expenses on behalf of all participating retirees – the premiums are a mechanism for budgeting and negotiations, but do not reflect the underlying cost of providing retiree healthcare coverage. The excess of the actual cost of retiree and dependent coverage over the premiums charged to those retirees constitutes a significant financial benefit, sometimes called an employer's "implicit subsidy" under GASB 45.

When the retiree reaches Medicare eligibility, he/she is no longer eligible to participate in the County plan; however, any remaining account balance may be used for purposes of defraying Medicare Supplement insurance premiums purchased outside the County's plan.

All employee groups except Elected Officials follow the same general rule, in that there are two tiers of employees, those hired before a given cutoff date and those hired on or after that date. Employees hired before the cutoff date may make a one-time election to receive a cash-out of their accumulated sick-leave hours rather than convert them to an MIA, an option not available to post-cutoff date hires. Also, the benefit percentage applied dollar value of accumulated sick-leave hours may differ between the two tiers, and number of service hours required to be eligible for a given benefit percentage may differ as well.

A general description of the benefit provisions by group follow (memoranda of understanding should be referred to for more details). Members of CCAPE, Kings County Prosecutors Association, and Kings County Detention Deputy Association hired prior to January 1, 1999 (September 1, 2000 for KCDDA) with at least 10,401 service hours may receive an MIA equal to 40% of the converted value of their sick-leave hours. A benefit percentage of 50% applies to members with at least 41,601 service hours. Members of these three associations hired after the applicable cutoff date have percentages of 25%, 35%, or 45% applied to the converted value of their sick-leave hours, based on having attained service hour thresholds of at least 20,801, 31,201, or 41,601 hours, respectively.

Members of Kings County Deputy Sheriffs' Association have percentages of 40% and 50% apply whether hired before or after a cutoff date of January 1, 1999, but those hired before the cutoff date have service hours threshold of 10,400, while those hired on or after that date have a threshold of 20,801 to receive the 40% benefit.

Employees covered under the Kings County Unrepresented Management memorandum are subject to percentages of 40% and 50% with thresholds of 10,401 and 41,601, respectively. Fire employees are not eligible for the sick-leave conversion benefit, but may elect coverage in the County's health plan upon retirement and self-pay the premiums for such coverage. Elected officials earn MIA account balance at the rate of 7.5 months of the single-retiree premium for each year of service, with a minimum of 12 years of service (normally three terms) in order to qualify.

Funding policy:

As required by GASB 45, an actuary will determine the County's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years. However, GASB 45 does not require pre-funding of OPEB benefits. Therefore, the County's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The County has elected not to establish an irrevocable trust at this time. The County's Board of Supervisors reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the County.

Annual OPEB cost:

For the year ended June 30, 2009, the County's Annual OPEB Cost (expense) was \$1,502,192, equal to the ARC of \$1,502,192 less net ARC adjustments (\$0). The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation for the FYE 2009 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
06/30/09	\$1,502,192	\$628,742	41.85%	\$873,450

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions:

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The plan's initial (and most recent) actuarial valuation was performed as of July 1, 2008. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0 percent initially, reduced by decrements to an ultimate rate of 5.0 percent after 3 years. Both assumptions reflect an implicit 3.0 percent general inflation assumption. The County's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of June 30, 2009, was 30 years.

F. Excess of expenditures over appropriations For the year ended June 30, 2007, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Major Funds:	
General Fund	
Interest Payments	\$362,842

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Debt Service Fund:	
Interest Payments	\$413,675
Capital Projects Fund:	
Public Ways & Facilities Expenditures	415,072
Interest Payments	174,916
Non-Major Funds:	
Fire Fund	
Public Safety Expenditures	24,417
Principal and Interest Payments	80,505
Job Training Office Fund	
Public Assistance Expenditures	2,201,158
Criminal Justice Facility Fund	
Public Ways and Facilities Expenditures	1,052
Capital Outlay	8,148
Internal Service Funds:	
Workers Compensation Self-Insurance Fund	
Administrative Expenditures	588,244
Fleet Management Fund	
Interest Payments	1,785
Data Processing Fund	
Depreciation Expense	78,116
Interest Payments	6,403
Health Self-Insurance Fund	
Salaries and Benefits Expenditures	8,864,230
Public Works Fund	
Administrative Expenditures	297,818
Interest Payments	1,758

G. Investment income assigned directly to the benefit of another fund is as follows:

<u>Type of Fund</u>	<u>Fund Name</u>	<u>General Fund</u>	<u>Special Fund</u>
Internal Service Fund	Worker Comp. Self-Insurance	\$139,486	
Fiduciary Fund	Agency Collections Payable	3,218	
Fiduciary Fund	Animal Control Spay/Neuter	41	
Fiduciary Fund	Armona Drainage Trust	61	
Fiduciary Fund	City of Avenal	3,199	
Fiduciary Fund	City of Corcoran	5,078	
Fiduciary Fund	City of Hanford	9,421	
Fiduciary Fund	City of Lemoore	12,036	
Fiduciary Fund	Family Support Trust		\$1,353

<u>Type of Fund</u>	<u>Fund Name</u>	<u>General Fund</u>	<u>Special Fund</u>
Fiduciary Fund	Food Stamp Trust	8,058	
Fiduciary Fund	Retiree Health Trust	6,572	
Fiduciary Fund	School Developer Fees	577	
Fiduciary Fund	Schools Trust	21,666	
Fiduciary Fund	Welfare Repayment Trust	<u>338</u>	
		<u>\$ 209,751</u>	<u>\$1,353</u>

A Fiduciary Fund called 'Department Trust' reported investment income of \$53,294 which includes all fund types that were directly assigned to the benefit of the General Fund.



**REQUIRED SUPPLEMENTARY
INFORMATION**

County of Kings
Required Supplementary Information
California Public Employees Retirement System (CalPERS)
Schedule of Funding Progress
For the Year Ended June 30, 2009

Miscellaneous Plan (Non-Safety)

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability AAL (Entry Age)	(3) Unfunded (Overfunded) AAL (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	Unfunded (Overfunded) AAL Percentage of Covered Payroll (3) / (5)
06/30/01	\$ 147,139,738	\$ 116,306,273	\$(30,833,465)	126.5%	\$ 31,880,982	(96.7%)
06/30/02	138,532,056	127,834,418	(10,697,638)	108.4%	35,079,465	(30.5%)
06/30/03	140,251,440	144,404,384	4,152,944	97.1%	33,870,312	12.3%
06/30/04	147,285,370	154,954,922	7,669,552	95.1%	35,101,173	21.8%
06/30/05	157,417,167	167,860,950	10,443,783	93.8%	36,707,124	28.5%
06/30/06	169,450,555	181,127,876	11,677,321	93.6%	37,988,203	30.7%

Safety Plan

Actuarial Valuation Date	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability AAL (Entry Age)	(3) Unfunded (Overfunded) AAL (2) - (1)	(4) Funded Ratio (1) / (2)	(5) Covered Payroll	Unfunded (Overfunded) AAL Percentage of Covered Payroll (3) / (5)
06/30/01	\$ 82,835,185	\$ 74,718,598	\$(8,116,587)	110.9%	\$ 12,573,091	(64.6%)
06/30/02	76,538,512	85,432,196	8,893,684	89.6%	13,965,256	63.7%
06/30/03	78,156,781	90,794,141	12,637,360	86.1%	13,787,105	91.7%
06/30/04	97,831,081	100,136,652	2,305,571	97.7%	14,614,667	15.8%
06/30/05	105,933,868	107,950,259	2,016,391	98.1%	15,219,303	13.2%
06/30/06	114,158,296	116,899,376	2,741,080	97.7%	16,061,956	17.1%

County of Kings
Required Supplementary Information
Other Post Employment Benefits (OPEB) - Health Insurance
Schedule of Funding Progress
For the Year Ended June 30, 2009

OPEB - Health Insurance Benefits

Actuarial Valuation Date	Actuarial Value of Assets	Projected Unit Credit Actuarial Accrued Liability (AAL)	Overfunded (Unfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/08	\$ -	\$ 1,502,192	\$ (1,502,192)	0.0%	TBD	TBD

County of Kings
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Taxes:				
Property	\$ 33,726,000	\$ 33,726,000	\$ 16,817,015	\$ (16,908,985)
Sales	1,500,000	1,500,000	1,797,384	297,384
Franchise	-	-	2,309,482	2,309,482
Hotel	225,000	225,000	212,886	(12,114)
Licenses and permits	1,354,122	1,354,122	369,610	(984,512)
Fines and forfeits	43,200	52,800	129,337	76,537
Intergovernmental	104,795,041	107,597,621	115,214,394	7,616,773
Charges for services	11,284,698	10,579,539	8,944,830	(1,634,709)
Rents and concessions	495,565	495,565	660,975	165,410
Investment earnings	1,430,000	1,430,000	1,187,988	(242,012)
Contributions and donations	-	-	21,394	21,394
Miscellaneous	3,678,132	3,620,834	2,477,561	(1,143,273)
Total revenues	158,531,758	160,581,481	150,142,856	(10,438,625)
EXPENDITURES				
Current:				
General government	\$ 18,187,144	\$ 24,714,540	\$ 19,198,987	\$ 5,515,553
Public safety	52,698,181	46,826,397	44,412,200	2,414,197
Public ways and facilities	-	2,500	2,000	500
Health and sanitation	34,423,340	35,922,453	27,626,562	8,295,891
Public assistance	60,107,858	57,165,814	53,191,689	3,974,125
Education	3,127,256	259,594	233,317	26,277
Culture and recreation	1,810,057	1,810,057	1,602,774	207,283
Debt service payment				
Principal	2,279,714	2,273,514	958,975	1,314,539
Interest	-	-	362,842	(362,842)
Capital outlay	1,317,640	2,735,832	1,227,813	1,508,019
Total expenditures	173,951,190	171,710,701	148,817,159	22,893,542
Excess (deficiency) of revenues over (under) expenditures	(15,419,432)	(11,129,220)	1,325,697	12,454,917
OTHER FINANCING SOURCES (USES)				
Transfers in	929,045	1,101,923	272,561	(829,362)
Transfers out	-	(1,139,978)	(4,533,257)	(3,393,279)
Contingencies	(4,916,612)	(4,655,412)	-	4,655,412
Total other financing sources (uses)	(3,987,567)	(4,693,467)	(4,260,696)	432,771
Net change in fund balances	(19,406,999)	(15,822,687)	(2,934,999)	12,887,688
Fund balances - beginning	29,564,950	29,564,950	29,564,950	-
Fund balances - ending	\$ 10,157,951	\$ 13,742,263	\$ 26,629,951	\$ 12,887,688

Note:

The basis of budgeting for the County is essentially Non-GAAP cash basis plus encumbrances and contingencies. Encumbrances and contingencies amounting to \$117,093 and \$4,655,412, respectively, differ from cash basis. Resulting in a final budgeted ending fund balance amount of \$13,742,263 + \$117,093 + \$4,655,412 = \$18,514,768. The fund balance ending variance would then be \$18,514,768 final budget vs. \$26,629,951 actual amounts = \$8,115,183 variance with budget. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting.

County of Kings
Required Supplementary Information
Children and Families First
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental revenue	\$ 2,716,179	\$ 2,571,404	\$ (144,775)
Rents and concessions	12,000	12,000	-
Interest earnings	188,080	114,396	(73,684)
Contributions and donations		16,407	16,407
Miscellaneous	81,000	137,388	56,388
Total revenues	<u>2,997,259</u>	<u>2,851,595</u>	<u>(145,664)</u>
EXPENDITURES			
Current:			
Public assistance	\$ 4,253,503	\$ 3,827,280	\$ 426,223
Capital outlay	56,896	56,895	1
Total expenditures	<u>4,310,399</u>	<u>3,884,175</u>	<u>426,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,313,140)</u>	<u>(1,032,580)</u>	<u>280,560</u>
OTHER FINANCING SOURCES (USES)			
Contingencies	(3,200,839)	-	3,200,839
Total other financing sources (uses)	<u>(3,200,839)</u>	<u>-</u>	<u>3,200,839</u>
Net change in fund balances	(4,513,979)	(1,032,580)	3,481,399
Fund balances - beginning	4,486,680	4,486,680	-
Fund balances - ending	<u>\$ (27,299)</u>	<u>\$ 3,454,100</u>	<u>\$ 3,481,399</u>

Note:

The basis of budgeting for the County is essentially Non-GAAP cash basis plus encumbrances and contingencies. Encumbrances and contingencies amounting to \$0 and \$3,200,839, respectively, differ from cash basis. Resulting in a final budgeted ending fund balance amount of (\$27,299) + \$0 + \$3,200,839 = \$3,173,540. The fund balance ending variance would then be \$3,173,540 final budget vs. \$3,454,100 actual = \$280,560. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting.



SUPPLEMENTARY INFORMATION

**County of Kings
Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Interest earnings	\$ 5,662	\$ 42,382	\$ 36,720
Total revenues	<u>5,662</u>	<u>42,382</u>	<u>36,720</u>
EXPENDITURES			
Debt service payment:			
Principal	761,950	365,000	396,950
Interest	-	413,675	(413,675)
Total expenditures	<u>761,950</u>	<u>778,675</u>	<u>(16,725)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(756,288)</u>	<u>(736,293)</u>	<u>19,995</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	900,723	900,723	-
Total other financing sources (uses)	<u>900,723</u>	<u>900,723</u>	<u>-</u>
Net change in fund balances	144,435	164,430	19,995
Fund balances - beginning	1,096,887	1,096,887	-
Fund balances - ending	<u>\$ 1,241,322</u>	<u>\$ 1,261,317</u>	<u>\$ 19,995</u>

County of Kings
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
REVENUES			
Property taxes	\$ -	\$ 163,905	\$ 163,905
Franchise taxes	1,500,000	-	(1,500,000)
Intergovernmental	2,745,716	5,264,104	2,518,388
Charges for services	250,555	-	(250,555)
Investment earnings	64,516	482,553	418,037
Miscellaneous	974,290	26,632	(947,658)
Total revenues	<u>5,535,077</u>	<u>5,937,194</u>	<u>402,117</u>
EXPENDITURES			
Current:			
Public ways & facilities	-	415,072	(415,072)
Debt service:			
Interest	-	174,916	(174,916)
Capital outlays	<u>21,927,545</u>	<u>11,522,744</u>	<u>10,404,801</u>
Total expenditures	<u>21,927,545</u>	<u>12,112,732</u>	<u>9,814,813</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,392,468)</u>	<u>(6,175,538)</u>	<u>10,216,930</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	2,479,900	3,539,922	1,060,022
Transfers out	-	(134,474)	(134,474)
Capital lease - Energy Conservation Project	-	7,213,032	7,213,032
Contingencies	<u>(2,448,898)</u>	<u>-</u>	<u>2,448,898</u>
Total other financing sources (uses)	<u>31,002</u>	<u>10,618,480</u>	<u>10,587,478</u>
Net change in fund balances	<u>(16,361,466)</u>	<u>4,442,942</u>	<u>20,804,408</u>
Fund balances - beginning	9,958,334	9,958,334	-
Fund balances - ending	<u>\$ (6,403,132)</u>	<u>\$ 14,401,276</u>	<u>\$ 20,804,408</u>

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Library Fund – The Library is a Special District under the governance of the Kings County Board of Supervisors providing informational, cultural and recreational services to the public through 6 library branches. This fund is used to account for revenues derived from property taxes, state aid, and service fees that are restricted to fund the operations of the County libraries.

Road Fund – This fund is used to account for revenues generated by a 1/4% sales tax, Federal and State Aid, and the County's share of fines for vehicle code and traffic violations. Expenditures are restricted to road and bridge construction and maintenance, which are performed by the Public Works Department.

Fire Fund – This fund is used to account mainly for property tax revenues and Federal and State Aid to provide fire protection and rescue related services through 12 fire stations to the cities of Corcoran, Avenal and unincorporated areas in the County.

Fish and Game Fund – This fund is used to account for the County's share of fines levied for violations of the fish and game laws within its boundaries. Expenditures are made from time to time for purposes of improving the habitat for wildlife propagation and for incidental administrative matters based on recommendations of the Fish and Game Commission to the Kings County Board of Supervisors.

Child Support Services Fund – This fund is used to account for the Federal and State mandated program revenues designed to provide a variety of services related to the establishment of paternity and the legal enforcement, modification, collection and disbursement of support payments to families.

Off-Highway Motor Vehicle Fund – The Off-Highway Vehicle Law of 1971 requires users of trail bikes, dune buggies, and similar vehicles designed for off-highway use to purchase an identification certificate. This fund can only be used to account for acquisition and development of off-road recreation areas. Allowable expenditures include feasibility studies, planning studies, environmental impact reports and other expenses necessary to implement acquisition or development.

Special Revenue Funds

Job Training Office Fund (JTO) – This fund is used to account for Federal funding for all Workforce Investment Act (WIA) funded programs used to provide for County-wide expenditures related to employment, training and economic development activities.

Community Development Block Grant Fund (CDBG) – This fund is used to account for Federal Funding related to public assistance programs for home loans and housing rehabilitations.

Criminal Justice Facility Fund – This fund is used to account for the fines received from the Courts designated for the construction of the Criminal Justice Facility and Court Buildings.

I.H.S.S. Public Authority Fund – This fund is used to account for Federal and State Aid designated for County-wide oversight of the In Home Support Services Program providing in-house care for indigents.

Kings County Redevelopment Agency – This fund is used to account for the receipt of property tax increments derived from the growth of assessed valuations within the redevelopment project area. Revenues are used for expenditures required to be paid in advance for the redevelopment of a 473 acre area in Kettlemen City to eliminate blight, upgrade facilities and infrastructure (specifically sewer and water system capacities), community development programs, and improve low-moderate housing community.

Major Fund during 2009 Fiscal Year:

Children and Families First Fund – This fund is used to account for Proposition 10 revenues, passed by California voters in November of 1998, imposing a fifty-cent-per-pack State sales tax on tobacco to fund a comprehensive, integrated system of early childhood development services for California children ages 0 to 5. The overall intent of the program is for children to enter school healthy and ready to learn with 80% of the revenues going to County Commissions to fund local programs.

County of Kings
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue
June 30, 2009

	<u>Library</u>	<u>Road</u>	<u>Fire</u>	<u>Fish and Game</u>	<u>Child Support Services</u>
ASSETS					
Cash and cash equivalents	\$ 50,159	\$ 65,810	\$ 145,621	\$ 647	\$ 62,770
Imprest cash	454	-	200	-	-
Treasurer investments	2,531,132	5,930,656	1,341,812	56,769	64,964
Deposit with others	-	-	-	-	-
Receivables	140,688	27,622	683,768	344	107,212
Due from other funds	104	-	682	-	-
Total assets	<u>\$2,722,537</u>	<u>\$6,024,088</u>	<u>\$2,172,083</u>	<u>\$ 57,760</u>	<u>\$ 234,946</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued expenses payable	\$ 38,897	\$ -	\$ 229,079	\$ -	\$ 100,467
Deferred revenue	125,228	-	363,238	-	-
Due to other funds	12,975	-	81,395	-	134,004
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>177,100</u>	<u>-</u>	<u>673,712</u>	<u>-</u>	<u>234,471</u>
Fund balances:					
Reserved for:					
Donations	16,000	-	-	-	-
Unreserved, designated for, reported in:					
Encumbrances	-	-	350,958	-	-
Economic uncertainties	260,336	-	-	-	-
Contingencies	1,165,495	197,662	599,211	47,506	-
Unreserved, undesignated reported in:					
Special revenue funds	1,103,606	5,826,426	548,202	10,254	475
Total fund balances	<u>2,545,437</u>	<u>6,024,088</u>	<u>1,498,371</u>	<u>57,760</u>	<u>475</u>
Total liabilities and fund balances	<u>\$2,722,537</u>	<u>\$6,024,088</u>	<u>\$2,172,083</u>	<u>\$ 57,760</u>	<u>\$ 234,946</u>

**County of Kings
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue
June 30, 2009**

	<u>Off-Highway Motor Vehicle</u>	<u>Job Training Office</u>	<u>Community Development Block Grants</u>	<u>Criminal Justice Facility</u>	<u>In - House Supportive Services</u>
ASSETS					
Cash and cash equivalents	\$ 1,070	\$ 26,566	\$ 6,573	\$ 7	\$ -
Imprest cash	-	-	-	-	-
Treasurer investments	94,537	36,646	578,318	174,681	-
Deposit with others	-	-	-	-	26,536
Receivables	570	5,854	3,188	1,601	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 96,177</u>	<u>\$ 69,066</u>	<u>\$ 588,079</u>	<u>\$ 176,289</u>	<u>\$ 26,536</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accrued expenses payable	\$ (324)	\$ 456,512	\$ 369,600	\$ -	\$ 545
Deferred revenue	-	-	-	-	-
Due to other funds	-	92,088	-	-	435,460
Due to other governments	-	-	-	-	-
Advances from other funds	-	-	-	-	-
Total liabilities	<u>(324)</u>	<u>548,600</u>	<u>369,600</u>	<u>-</u>	<u>436,005</u>
Fund balances:					
Reserved for:					
Donations	-	-	-	-	-
Unreserved, designated for, reported in:					
Encumbrances	-	48	-	-	-
Economic uncertainties	-	-	-	-	-
Contingencies	-	-	-	-	-
Unreserved, undesignated reported in:					
Special revenue funds	96,501	(479,582)	218,479	176,289	(409,469)
Total fund balances	<u>96,501</u>	<u>(479,534)</u>	<u>218,479</u>	<u>176,289</u>	<u>(409,469)</u>
Total liabilities and fund balances	<u>\$ 96,177</u>	<u>\$ 69,066</u>	<u>\$ 588,079</u>	<u>\$ 176,289</u>	<u>\$ 26,536</u>

County of Kings
Combining Balance Sheet
Nonmajor Governmental Funds - Special Revenue
June 30, 2009

	<u>Redevelopment Agency</u>	<u>Total Nonmajor Governmental Total</u>
ASSETS		
Cash and cash equivalents	\$ 6,626	\$ 365,849
Imprest cash	-	654
Treasurer investments	269,181	11,078,696
Deposit with others	-	26,536
Receivables	3,085	973,932
Due from other funds	-	786
Total assets	<u>\$ 278,892</u>	<u>\$ 12,446,453</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accrued expenses payable	\$ -	\$ 1,194,776
Deferred revenue	-	488,466
Due to other funds	25,439	781,361
Due to other governments	2,443	2,443
Advances from other funds	156,527	156,527
Total liabilities	<u>184,409</u>	<u>2,623,573</u>
Fund balances:		
Reserved for:		
Donations	-	16,000
Unreserved, designated for, reported in:		
Encumbrances	-	351,006
Economic uncertainties	-	260,336
Contingencies	-	2,009,874
Unreserved, undesignated reported in:		
Special revenue funds	94,483	7,185,664
Total fund balances	<u>94,483</u>	<u>9,822,880</u>
Total liabilities and fund balances	<u>\$ 278,892</u>	<u>\$ 12,446,453</u>

County of Kings
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue
For the Year Ended June 30, 2009

	<u>Library</u>	<u>Road</u>	<u>Fire</u>	<u>Fish and Game</u>	<u>Child Support Services</u>
REVENUES					
Taxes:					
Property	\$1,774,818	\$ -	\$ 5,245,397	\$ -	\$ -
Sales	-	119,812	-	-	-
Franchise	-	-	500,000	-	-
Fines and forfeits	-	451,235	-	3,803	-
Intergovernmental	76,547	6,001,541	2,443,898	(16)	4,041,612
Charges for services	50,452	-	13,861	769	-
Investment earnings	77,255	130,365	10,117	1,831	5,653
Contributions and donations	25,980	-	750	-	-
Miscellaneous	14,456	41,641	1,287,905	-	35,993
Total revenues	<u>\$2,019,508</u>	<u>\$6,744,594</u>	<u>\$ 9,501,928</u>	<u>\$ 6,387</u>	<u>\$4,083,258</u>
EXPENDITURES					
Current:					
Public safety	-	-	9,037,893	5,370	4,082,780
Public ways and facilities	-	-	-	-	-
Highways and streets	-	4,047,644	-	-	-
Public assistance	-	-	-	-	-
Education	1,735,198	-	-	-	-
Debt service:	-	-	-	-	-
Principal	-	-	69,996	-	-
Interest	-	-	10,509	-	-
Capital outlay	-	-	7,141	-	-
Total expenditures	<u>1,735,198</u>	<u>4,047,644</u>	<u>9,125,539</u>	<u>5,370</u>	<u>4,082,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>284,310</u>	<u>2,696,950</u>	<u>376,389</u>	<u>1,017</u>	<u>478</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	900,000	-	-
Transfers out	(101,000)	-	-	-	-
Total other financing sources (uses)	<u>(101,000)</u>	<u>-</u>	<u>900,000</u>	<u>-</u>	<u>-</u>
Net change in fund balances	183,310	2,696,950	1,276,389	1,017	478
Fund balances - beginning	2,362,127	3,327,138	221,982	56,743	(3)
Fund balances - ending	<u>\$2,545,437</u>	<u>\$6,024,088</u>	<u>\$ 1,498,371</u>	<u>\$ 57,760</u>	<u>\$ 475</u>

County of Kings
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue
For the Year Ended June 30, 2009

	<u>Off-Highway Motor Vehicle</u>	<u>Job Training Office</u>	<u>Community Development Block Grants</u>	<u>Criminal Justice Facility</u>	<u>In - House Supportive Services</u>
REVENUES					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-
Franchise	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Intergovernmental	-	3,964,519	1,340,195	909,347	1,139,010
Charges for services	-	-	-	-	-
Investment earnings	2,907	-	22,543	5,720	1,304
Contributions and donations	-	-	-	-	-
Miscellaneous	-	1,030,189	149,736	-	91,158
Total revenues	<u>\$ 2,907</u>	<u>\$ 4,994,708</u>	<u>\$ 1,512,474</u>	<u>\$ 915,067</u>	<u>\$ 1,231,472</u>
EXPENDITURES					
Current:					
Public safety	-	-	-	-	-
Public ways and facilities	-	-	-	1,052	-
Highways and streets	-	-	-	-	-
Public assistance	-	5,131,053	1,956,222	-	1,609,361
Education	-	-	-	-	-
Debt service:	-	-	-	-	-
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	-	8,148	-
Total expenditures	<u>-</u>	<u>5,131,053</u>	<u>1,956,222</u>	<u>9,200</u>	<u>1,609,361</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,907</u>	<u>(136,345)</u>	<u>(443,748)</u>	<u>905,867</u>	<u>(377,889)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	226,037
Transfers out	-	-	-	(900,723)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(900,723)</u>	<u>226,037</u>
Net change in fund balances	2,907	(136,345)	(443,748)	5,144	(151,852)
Fund balances - beginning	93,594	(343,189)	662,227	171,145	(257,617)
Fund balances - ending	<u>\$ 96,501</u>	<u>\$ (479,534)</u>	<u>\$ 218,479</u>	<u>\$ 176,289</u>	<u>\$ (409,469)</u>

County of Kings
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds - Special Revenue
For the Year Ended June 30, 2009

	<u>Redevelopment Agency</u>	<u>Total Nonmajor Governmental Total</u>
REVENUES		
Taxes:		
Property	\$ 127,182	\$ 7,147,397
Sales	-	119,812
Franchise	-	500,000
Fines and forfeits	-	455,038
Intergovernmental	-	19,916,653
Charges for services	-	65,082
Investment earnings	7,169	264,864
Contributions and donations	-	26,730
Miscellaneous	-	2,651,078
Total revenues	<u>\$ 134,351</u>	<u>\$ 31,146,654</u>
EXPENDITURES		
Current:		
Public safety	-	13,126,043
Public ways and facilities	29,416	30,468
Highways and streets	-	4,047,644
Public assistance	-	8,696,636
Education	-	1,735,198
Debt service:	-	-
Principal	-	69,996
Interest	-	10,509
Capital outlay	-	15,289
Total expenditures	<u>29,416</u>	<u>27,731,783</u>
Excess (deficiency) of revenues over (under) expenditures	<u>104,935</u>	<u>3,414,871</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	1,126,037
Transfers out	-	(1,001,723)
Total other financing sources (uses)	<u>-</u>	<u>124,314</u>
Net change in fund balances	104,935	3,539,185
Fund balances - beginning	(10,452)	6,283,695
Fund balances - ending	<u>\$ 94,483</u>	<u>\$ 9,822,880</u>

County of Kings
Library Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes:			
Property	\$ 1,849,526	\$ 1,774,818	\$ (74,708)
Intergovernmental	68,000	76,547	8,547
Charges for services	38,200	50,452	12,252
Investment earnings	60,000	77,255	17,255
Contributions and donations	-	25,980	25,980
Miscellaneous	46,480	14,456	(32,024)
Total revenues	<u>2,062,206</u>	<u>2,019,508</u>	<u>(42,698)</u>
EXPENDITURES			
Current:			
Education	2,853,264	1,735,198	1,118,066
Capital outlays	39,879	-	39,879
Total expenditures	<u>2,893,143</u>	<u>1,735,198</u>	<u>1,157,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(830,937)</u>	<u>284,310</u>	<u>1,115,247</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(101,000)	(101,000)	-
Contingencies	(1,165,495)	-	1,165,495
Total other financing sources (uses)	<u>(1,266,495)</u>	<u>(101,000)</u>	<u>1,165,495</u>
Net change in fund balances	(2,097,432)	183,310	2,280,742
Fund balances - beginning	2,362,127	2,362,127	-
Fund balances - ending	<u>\$ 264,695</u>	<u>\$ 2,545,437</u>	<u>\$ 2,280,742</u>

County of Kings
Road Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes:			
Sales	\$ 45,000	\$ 119,812	\$ 74,812
Fines and forfeits	380,000	451,235	71,235
Intergovernmental	8,549,751	6,001,541	(2,548,210)
Investment earnings	30,000	130,365	100,365
Miscellaneous	50,000	41,641	(8,359)
Total revenues	<u>9,054,751</u>	<u>6,744,594</u>	<u>(2,310,157)</u>
EXPENDITURES			
Current:			
Highways and streets	12,126,991	4,047,644	8,079,347
Total expenditures	<u>12,126,991</u>	<u>4,047,644</u>	<u>8,079,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,072,240)</u>	<u>2,696,950</u>	<u>5,769,190</u>
OTHER FINANCING SOURCES (USES)			
Contingencies	(197,662)	-	197,662
Total other financing sources (uses)	<u>(197,662)</u>	<u>-</u>	<u>197,662</u>
Net change in fund balances	(3,269,902)	2,696,950	5,966,852
Fund balances - beginning	3,327,138	3,327,138	-
Fund balances - ending	<u>\$ 57,236</u>	<u>\$ 6,024,088</u>	<u>\$ 5,966,852</u>

County of Kings
Fire Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes:			
Property	\$ 5,237,205	\$ 5,245,397	\$ 8,192
Franchise	500,000	500,000	-
Intergovernmental	3,830,482	2,443,898	(1,386,584)
Charges for services	5,700	13,861	8,161
Investment earnings	20,000	10,117	(9,883)
Contributions and donations	-	750	750
Miscellaneous	808,250	1,287,905	479,655
Total revenues	<u>10,401,637</u>	<u>9,501,928</u>	<u>(899,709)</u>
EXPENDITURES			
Current:			
Public safety	9,013,476	9,037,893	(24,417)
Debt service:	-	-	-
Principal	-	69,996	(69,996)
Interest	-	10,509	(10,509)
Capital outlay	1,004,985	7,141	997,844
Total expenditures	<u>10,018,461</u>	<u>9,125,539</u>	<u>892,922</u>
Excess (deficiency) of revenues over (under) expenditures	<u>383,176</u>	<u>376,389</u>	<u>(6,787)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	900,000	900,000
Contingencies	(599,211)	-	599,211
Total other financing sources (uses)	<u>(599,211)</u>	<u>900,000</u>	<u>1,499,211</u>
Net change in fund balances	(216,035)	1,276,389	1,492,424
Fund balances - beginning	221,982	221,982	-
Fund balances - ending	<u>\$ 5,947</u>	<u>\$ 1,498,371</u>	<u>\$ 1,492,424</u>

County of Kings
Fish and Game Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Fines and forfeits	\$ 400	\$ 3,803	\$ 3,403
Intergovernmental revenue	-	(16)	(16)
Charges for services	1,100	769	(331)
Investment earnings	1,000	1,831	831
Total revenues	<u>2,500</u>	<u>6,387</u>	<u>3,887</u>
EXPENDITURES			
Current:			
Public safety	11,575	5,370	6,205
Total expenditures	<u>11,575</u>	<u>5,370</u>	<u>6,205</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,075)</u>	<u>1,017</u>	<u>10,092</u>
OTHER FINANCING SOURCES (USES)			
Contingencies	<u>(47,506)</u>	-	47,506
Total other financing sources (uses)	<u>(47,506)</u>	-	47,506
Net change in fund balances	(56,581)	1,017	57,598
Fund balances - beginning	56,743	56,743	-
Fund balances - ending	<u>\$ 162</u>	<u>\$ 57,760</u>	<u>\$ 57,598</u>

County of Kings
Child Support Services - Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 4,130,377	\$ 4,041,612	\$ (88,765)
Investment earnings	10,000	5,653	(4,347)
Miscellaneous	30,000	35,993	5,993
Total revenues	<u>4,170,377</u>	<u>4,083,258</u>	<u>(87,119)</u>
EXPENDITURES			
Current:			
Public safety	4,170,227	4,082,780	87,447
Capital outlays	150	-	150
Total expenditures	<u>4,170,377</u>	<u>4,082,780</u>	<u>87,597</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>478</u>	<u>478</u>
Fund balances - beginning	(3)	(3)	-
Fund balances - ending	<u>\$ (3)</u>	<u>\$ 475</u>	<u>\$ 478</u>

County of Kings
Off-Highway Motor Vehicle Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Investment earnings	\$ -	\$ 2,907	\$ 2,907
Total revenues	<u>-</u>	<u>2,907</u>	<u>2,907</u>
EXPENDITURES			
Current:			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>2,907</u>	<u>2,907</u>
Fund balances - beginning	93,594	93,594	-
Fund balances - ending	<u>\$ 93,594</u>	<u>\$ 96,501</u>	<u>\$ 2,907</u>

County of Kings
Job Training Office Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 2,463,838	\$ 3,964,519	\$ 1,500,681
Miscellaneous	466,057	1,030,189	564,132
Total revenues	<u>2,929,895</u>	<u>4,994,708</u>	<u>2,064,813</u>
EXPENDITURES			
Public assistance	2,929,895	5,131,053	(2,201,158)
Total expenditures	<u>2,929,895</u>	<u>5,131,053</u>	<u>(2,201,158)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(136,345)</u>	<u>(136,345)</u>
Fund balances - beginning	(343,189)	(343,189)	-
Fund balances - ending	<u>\$ (343,189)</u>	<u>\$ (479,534)</u>	<u>\$ (136,345)</u>

County of Kings
Community Development Block Grants Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 1,340,196	\$ 1,340,195	\$ (1)
Investment earnings	-	22,543	22,543
Miscellaneous	150,970	149,736	(1,234)
Total revenues	<u>1,491,166</u>	<u>1,512,474</u>	<u>21,308</u>
EXPENDITURES			
Public assistance	1,983,500	1,956,222	27,278
Total expenditures	<u>1,983,500</u>	<u>1,956,222</u>	<u>27,278</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(492,334)</u>	<u>(443,748)</u>	<u>48,586</u>
Fund balances - beginning	662,227	662,227	-
Fund balances - ending	<u>\$ 169,893</u>	<u>\$ 218,479</u>	<u>\$ 48,586</u>

County of Kings
Criminal Justice Facility Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ -	\$ 909,347	\$ 909,347
Investment earnings	-	5,720	5,720
Total revenues	<u>-</u>	<u>915,067</u>	<u>915,067</u>
EXPENDITURES			
Public ways and facilities	-	1,052	(1,052)
Capital outlay	-	8,148	(8,148)
Total expenditures	<u>-</u>	<u>9,200</u>	<u>(9,200)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>905,867</u>	<u>905,867</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(900,723)	(900,723)
Total other financing sources (uses)	<u>-</u>	<u>(900,723)</u>	<u>(900,723)</u>
Net change in fund balances	-	5,144	5,144
Fund balances - beginning	171,145	171,145	-
Fund balances - ending	<u>\$ 171,145</u>	<u>\$ 176,289</u>	<u>\$ 5,144</u>

County of Kings
I.H.S.S. Public Authority Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Intergovernmental	\$ 1,583,918	\$ 1,139,010	\$ (444,908)
Investment earnings	-	1,304	1,304
Miscellaneous	138,370	91,158	(47,212)
Total revenues	<u>1,722,288</u>	<u>1,231,472</u>	<u>(490,816)</u>
EXPENDITURES			
Current:			
Public assistance	<u>1,722,289</u>	<u>1,609,361</u>	<u>112,928</u>
Total expenditures	<u>1,722,289</u>	<u>1,609,361</u>	<u>112,928</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1)</u>	<u>(377,889)</u>	<u>(377,888)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>-</u>	<u>226,037</u>	<u>226,037</u>
Total other financing sources (uses)	<u>-</u>	<u>226,037</u>	<u>226,037</u>
Net change in fund balances	<u>(1)</u>	<u>(151,852)</u>	<u>(151,851)</u>
Fund balances - beginning	<u>(257,617)</u>	<u>(257,617)</u>	<u>-</u>
Fund balances - ending	<u>\$ (257,618)</u>	<u>\$ (409,469)</u>	<u>\$ (151,851)</u>

**County of Kings
Redevelopment Agency Special Revenue Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2009**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
REVENUES			
Taxes:			
Property	\$ 100,000	\$ 127,182	\$ 27,182
Investment earnings	6,000	7,169	1,169
Total revenues	<u>106,000</u>	<u>134,351</u>	<u>28,351</u>
EXPENDITURES			
Public ways and facilities	<u>99,396</u>	<u>29,416</u>	<u>69,980</u>
Total expenditures	<u>99,396</u>	<u>29,416</u>	<u>69,980</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,604</u>	<u>104,935</u>	<u>98,331</u>
Fund balances - beginning	<u>(10,452)</u>	<u>(10,452)</u>	<u>-</u>
Fund balances - ending	<u>\$ (3,848)</u>	<u>\$ 94,483</u>	<u>\$ 98,331</u>

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Worker Compensation Self-Insurance Fund – This fund is used to account for the County Workers Compensation Self-Insurance Program providing coverage to County employees.

Fleet Management Fund – This fund is used to account for program costs related to motor pool and equipment maintenance to other departments and agencies.

Data Processing Fund – This fund is used to account for the accumulation and allocation of costs associated with electronic data processing and related services provided.

Health Insurance Fund – This fund is used to account for the County Health Self-Insurance Program providing coverage to County employees.

Public Works Fund – This fund is used to account for program costs related to roads, building and maintenance projects, surveyor and other projects.

County of Kings
Internal Service Funds
Combining Statement of Net Assets
June 30, 2009

ASSETS	Workers Compensation Self-Insurance	Fleet Management	Data Processing
Current assets:			
Cash and cash equivalents	\$ 72,109	\$ 37,623	\$ 77,769
Imprest cash	-	-	-
Treasurer investments	6,410,733	2,283,424	1,002,219
Deposit with others	210,000	-	-
Accounts receivable	-	10,818	195,003
Due from other funds	-	-	-
Due from other governments	-	-	-
Inventories and prepaids	-	175,067	29,098
Total current assets	6,692,842	2,506,932	1,304,089
Noncurrent assets:			
Capital assets:			
Land	-	-	-
Structures and improvements	-	608,094	-
Equipment	-	9,525,119	2,872,098
Less accumulated depreciation	-	(6,911,599)	(1,580,234)
Total capital assets (net of accumulated depreciation)	-	3,221,614	1,291,864
Total noncurrent assets	-	3,221,614	1,291,864
Total assets	6,692,842	5,728,546	2,595,953
LIABILITIES			
Current liabilities:			
Accrued expenses payable	-	41,148	109,105
Due to other funds	-	8,847	54,614
Unearned revenue	-	-	-
Capital leases payable	-	13,523	-
Claims payable	7,311,000	-	-
Total current liabilities	7,311,000	63,518	163,719
Noncurrent liabilities:			
Capital leases payable	-	707	-
Compensated absences payable	-	23,218	188,400
Total noncurrent liabilities	-	23,925	188,400
Total liabilities	7,311,000	87,443	352,119
NET ASSETS			
Invested in capital assets, net of related debt	-	3,207,384	1,291,864
Unrestricted	(618,158)	2,433,719	951,970
Total net assets	\$ (618,158)	\$ 5,641,103	\$ 2,243,834

County of Kings
Internal Service Funds
Combining Statement of Net Assets
June 30, 2009

ASSETS	Health Self-Insurance	Public Works	Total
Current assets:			
Cash and cash equivalents	\$ 27,681	\$ 87,945	\$ 303,127
Imprest cash	-	330	330
Treasurer investments	2,444,053	587,193	12,727,622
Deposit with others	150,000	-	360,000
Accounts receivable	16,434	2,480	224,735
Due from other funds	1,298,400	-	1,298,400
Due from other governments	39,763	-	39,763
Inventories and prepaids	-	116,681	320,846
Total current assets	3,976,331	794,629	15,274,823
Noncurrent assets:			
Capital assets:			
Land	-	88,691	88,691
Structures and improvements	-	12,104	620,198
Equipment	-	229,815	12,627,032
Less accumulated depreciation	-	(162,050)	(8,653,883)
Total capital assets (net of accumulated depreciation)	-	168,560	4,682,038
Total noncurrent assets	-	168,560	4,682,038
Total assets	3,976,331	963,189	19,956,861
LIABILITIES			
Current liabilities:			
Accrued expenses payable	9,287	270,808	430,348
Due to other funds	-	76,626	140,087
Unearned revenue	-	6,178	6,178
Capital leases payable	-	-	13,523
Claims payable	-	-	7,311,000
Total current liabilities	9,287	353,612	7,901,136
Noncurrent liabilities:			
Capital leases payable	-	-	707
Compensated absences payable	-	369,741	581,359
Total noncurrent liabilities	-	369,741	582,066
Total liabilities	9,287	723,353	8,483,202
NET ASSETS			
Invested in capital assets, net of related debt	-	168,560	4,667,808
Unrestricted	3,967,044	71,276	6,805,851
Total net assets	\$ 3,967,044	\$ 239,836	\$ 11,473,659

County of Kings
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2009

	Workers Compensation Self-Insurance	Fleet Management	Data Processing
Operating revenues:			
Charges for services	\$ -	\$ 3,110,331	\$ 5,889,150
Miscellaneous	589,634	136,864	69,083
Total operating revenues	<u>589,634</u>	<u>3,247,195</u>	<u>5,958,233</u>
Operating expenses:			
Salaries and benefits	(926,638)	550,235	3,558,351
Services and supplies	80,332	1,549,620	1,608,961
Administration	588,244	192,112	207,064
Depreciation	-	640,795	288,422
Total operating expenses	<u>(258,062)</u>	<u>2,932,762</u>	<u>5,662,798</u>
Operating income (expenses)	<u>847,696</u>	<u>314,433</u>	<u>295,435</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	123,518
Investment earnings	34,693	55,880	25,647
Interest expense	-	(1,785)	(6,403)
Net gain (loss) on sale of assets	-	29,791	263
Total nonoperating revenue (expenses)	<u>34,693</u>	<u>83,886</u>	<u>143,025</u>
Income (loss) before contributions and transfers	882,389	398,319	438,460
Capital contributions from general funds	-	-	39,188
Transfers out	-	-	(159,702)
Change in net assets	<u>882,389</u>	<u>398,319</u>	<u>317,946</u>
Total net assets - beginning	<u>(1,500,547)</u>	<u>5,242,784</u>	<u>1,925,888</u>
Total net assets - ending	<u>\$ (618,158)</u>	<u>\$ 5,641,103</u>	<u>\$ 2,243,834</u>

County of Kings
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2009

	Health Self-Insurance	Public Works	Total
Operating revenues:			
Charges for services	\$ -	\$ 8,073,829	\$ 17,073,310
Miscellaneous	11,306,650	-	12,102,231
Total operating revenues	<u>11,306,650</u>	<u>8,073,829</u>	<u>29,175,541</u>
Operating expenses:			
Salaries and benefits	8,864,230	4,011,215	16,057,393
Services and supplies	-	3,711,457	6,950,370
Administration	1,518,670	347,509	2,853,599
Depreciation	-	10,324	939,541
Total operating expenses	<u>10,382,900</u>	<u>8,080,505</u>	<u>26,800,903</u>
Operating income (expenses)	<u>923,750</u>	<u>(6,676)</u>	<u>2,374,638</u>
Nonoperating revenues (expenses):			
Intergovernmental	-	-	123,518
Investment earnings	79,640	948	196,808
Interest expense	-	(1,758)	(9,946)
Net gain (loss) on sale of assets	-	-	30,054
Total nonoperating revenue (expenses)	<u>79,640</u>	<u>(810)</u>	<u>340,434</u>
Income (loss) before contributions and transfers	1,003,390	(7,486)	2,715,072
Capital contributions from general funds	-	-	39,188
Transfers out	-	(10,087)	(169,789)
Change in net assets	1,003,390	(17,573)	2,584,471
Total net assets - beginning	2,963,654	257,409	8,889,188
Total net assets - ending	<u>\$ 3,967,044</u>	<u>\$ 239,836</u>	<u>\$ 11,473,659</u>

County of Kings
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2009

	Workers Compensation Self-Insurance	Fleet Management	Data Processing
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 589,634	\$ 3,282,541	\$ 5,891,038
Payments to suppliers	(668,576)	(1,529,803)	(1,608,961)
Payments to and on behalf of employees	783,101	(551,841)	(3,584,208)
Payments for interfund services used	-	(192,112)	(207,064)
Net cash provided (used) by operating activities	<u>704,159</u>	<u>1,008,785</u>	<u>490,805</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers to other funds	-	-	(159,702)
Federal aid for homeland security	-	-	123,518
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>(36,184)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(550,565)	(461,596)
Interest paid on capital debt	-	(1,785)	(6,403)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(552,350)</u>	<u>(467,999)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	4,330,806	1,542,266	685,451
Purchase of investments	(5,066,290)	(2,044,426)	(661,916)
Interest and dividends received	34,693	55,880	25,647
Net cash provided (used) by investing activities	<u>(700,791)</u>	<u>(446,280)</u>	<u>49,182</u>
Net increase (decrease) in cash and cash equivalents	3,368	10,155	35,804
Cash and cash equivalents - beginning of the year	<u>68,741</u>	<u>27,468</u>	<u>41,965</u>
Cash and cash equivalents - end of the year	<u>\$ 72,109</u>	<u>\$ 37,623</u>	<u>\$ 77,769</u>

County of Kings
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2009

	<u>Workers Compensation Self-Insurance</u>	<u>Fleet Management</u>	<u>Data Processing</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (expense)	\$ 847,696	\$ 314,433	\$ 295,435
Adjustments to reconcile operating income (expense) (expense) to net cash provided (used) by operating activities:			
Depreciation expense	-	640,795	288,421
Net (gain) loss on sale of assets	-	29,791	263
(Increase) decrease in accounts receivable	-	5,554	(67,457)
(Increase) decrease in due from other funds	-	-	-
(Increase) decrease in due from other governments	-	-	-
(Increase) decrease in inventories and prepaids	-	31,282	-
Increase (decrease) in accrued expenses payable	(143,537)	3,307	(22,365)
Increase (decrease) in due to other funds	-	2,971	24,697
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in capital leases payable	-	(17,684)	-
Increase (decrease) in compensated absences payable	-	(1,667)	(28,191)
Total adjustments	<u>(143,537)</u>	<u>694,349</u>	<u>195,368</u>
Net cash provided (used) by operating activities	<u>\$ 704,159</u>	<u>\$ 1,008,782</u>	<u>\$ 490,803</u>
Noncash capital activities:			
Contributions of capital assets from governmental funds			\$ 39,188

County of Kings
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2009

	Health Self-Insurance	Public Works	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ 10,821,756	\$ 8,081,775	\$ 28,666,744
Payments to suppliers	(1,518,670)	(3,693,431)	(9,019,441)
Payments to and on behalf of employees	(9,211,849)	(3,936,444)	(16,501,241)
Payments for interfund services used	-	(347,509)	(746,685)
Net cash provided (used) by operating activities	<u>91,237</u>	<u>104,391</u>	<u>2,399,377</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers to other funds	-	(10,087)	(169,789)
Federal aid for homeland security	-	-	123,518
Net cash provided (used) by noncapital and related financing activities	<u>-</u>	<u>(10,087)</u>	<u>(46,271)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	-	(5,336)	(1,017,497)
Interest paid on capital debt	-	(1,758)	(9,946)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(7,094)</u>	<u>(1,027,443)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of Investments	1,651,315	389,461	8,599,299
Purchase of investments	(1,868,862)	(397,192)	(10,038,686)
Interest and dividends received	79,640	948	196,808
Net cash provided (used) by investing activities	<u>(137,907)</u>	<u>(6,783)</u>	<u>(1,242,579)</u>
Net increase (decrease) in cash and cash equivalents	(46,670)	80,427	83,084
Cash and cash equivalents - beginning of the year	<u>74,351</u>	<u>7,848</u>	<u>220,373</u>
Cash and cash equivalents - end of the year	<u>\$ 27,681</u>	<u>\$ 88,275</u>	<u>\$ 303,457</u>

County of Kings
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2009

	<u>Health Self-Insurance</u>	<u>Public Works</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (expense)	\$ 923,750	\$ (6,676)	\$ 2,374,638
Adjustments to reconcile operating income (expense) (expense) to net cash provided (used) by operating activities:			
Depreciation expense	-	10,325	939,541
Net (gain) loss on sale of assets	-	-	30,054
(Increase) decrease in accounts receivable	11,712	3,358	(46,833)
(Increase) decrease in due from other funds	(484,668)	-	(484,668)
(Increase) decrease in due from other governments	(11,937)	-	(11,937)
(Increase) decrease in inventories and prepaids	-	-	31,282
Increase (decrease) in accrued expenses payable	(300,577)	(5,886)	(469,058)
Increase (decrease) in due to other funds	(47,042)	76,626	57,252
Increase (decrease) in unearned revenue	-	4,587	4,587
Increase (decrease) in capital leases payable	-	-	(17,684)
Increase (decrease) in compensated absences payable	-	22,061	(7,797)
Total adjustments	<u>(832,512)</u>	<u>111,071</u>	<u>24,739</u>
Net cash provided (used) by operating activities	<u>\$ 91,238</u>	<u>\$ 104,395</u>	<u>\$ 2,399,377</u>
Noncash capital activities:			
Contributions of capital assets from governmental funds			\$ 39,188

County of Kings
Workers Compensation Self-Insurance Internal Service Fund
Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Operating revenues:			
Charges for services	\$ 821,980	\$ -	\$ (821,980)
Miscellaneous	-	589,634	589,634
Total operating revenues	<u>821,980</u>	<u>589,634</u>	<u>(232,346)</u>
Operating expenses:			
Salaries and benefits	-	(926,638)	926,638
Services and supplies	821,980	80,332	741,648
Administration	-	588,244	(588,244)
Total operating expenses	<u>821,980</u>	<u>(258,062)</u>	<u>1,080,042</u>
Operating income (expenses)	<u>-</u>	<u>847,696</u>	<u>847,696</u>
Non-operating revenues (expenses):			
Investment earnings	-	34,693	34,693
Total non-operating revenue (expenses)	<u>-</u>	<u>34,693</u>	<u>34,693</u>
Change in net assets	-	882,389	882,389
Total net assets - beginning	(1,500,547)	(1,500,547)	-
Total net assets - ending	<u>\$ (1,500,547)</u>	<u>\$ (618,158)</u>	<u>\$ 882,389</u>

County of Kings
Fleet Management Internal Service Fund
Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Operating revenues:			
Charges for services	\$ 3,514,043	\$ 3,110,331	\$ (403,712)
Miscellaneous	100,000	136,864	36,864
Total operating revenues	<u>3,614,043</u>	<u>3,247,195</u>	<u>(366,848)</u>
Operating expenses:			
Salaries and benefits	569,025	550,235	18,790
Services and supplies	1,721,982	1,549,620	172,362
Administration	196,352	192,112	4,240
Depreciation	716,807	640,795	76,012
Capital outlays	851,542	-	851,542
Total operating expenses	<u>4,055,708</u>	<u>2,932,762</u>	<u>1,122,946</u>
Operating income (expenses)	<u>(441,665)</u>	<u>314,433</u>	<u>756,098</u>
Non-operating revenues (expenses):			
Investment earnings	30,000	55,880	25,880
Interest expense	-	(1,785)	(1,785)
Net gain (loss) on sale of assets	-	29,791	29,791
Total non-operating revenue (expenses)	<u>30,000</u>	<u>83,886</u>	<u>53,886</u>
Change in net assets	<u>(411,665)</u>	<u>398,319</u>	<u>809,984</u>
Total net assets - beginning	<u>5,242,784</u>	<u>5,242,784</u>	<u>-</u>
Total net assets - ending	<u>\$ 4,831,119</u>	<u>\$ 5,641,103</u>	<u>\$ 809,984</u>

County of Kings
Data Processing Internal Service Fund
Schedule of Revenues, Expenditures, and Changes in Net Assets - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Operating revenues:			
Charges for services	\$ 6,401,057	\$ 5,889,150	\$ (511,907)
Miscellaneous	63,234	69,083	5,849
Total operating revenues	<u>6,464,291</u>	<u>5,958,233</u>	<u>(506,058)</u>
Operating expenses:			
Salaries and benefits	3,688,510	3,558,351	130,159
Services and supplies	2,333,115	1,608,961	724,154
Administration	207,393	207,064	329
Depreciation	210,306	288,422	(78,116)
Capital outlays	322,232	-	322,232
Total operating expenses	<u>6,761,556</u>	<u>5,662,798</u>	<u>1,098,758</u>
Operating income (expenses)	<u>(297,265)</u>	<u>295,435</u>	<u>592,700</u>
Non-operating revenues (expenses):			
Intergovernmental	128,232	123,518	(4,714)
Investment earnings	28,401	25,647	(2,754)
Interest expense	-	(6,403)	(6,403)
Net gain (loss) on sale of assets	-	263	263
Total non-operating revenue (expenses)	<u>156,633</u>	<u>143,025</u>	<u>(13,608)</u>
Income (loss) before contributions and transfers	(140,632)	438,460	579,092
Capital contributions from general funds	-	39,188	39,188
Transfers in	39,188	-	(39,188)
Transfers out	(30,000)	(159,702)	(129,702)
Change in net assets	<u>(131,444)</u>	<u>317,946</u>	<u>449,390</u>
Total net assets - beginning	1,925,888	1,925,888	-
Total net assets - ending	<u>\$ 1,794,444</u>	<u>\$ 2,243,834</u>	<u>\$ 449,390</u>

County of Kings
Health Self-Insurance Internal Service Fund
Schedule of Revenues, Expenses, and Changes in Net Assets - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Operating revenues:			
Miscellaneous	\$ 11,171,999	\$ 11,306,650	\$ 134,651
Total operating revenues	<u>11,171,999</u>	<u>11,306,650</u>	<u>134,651</u>
Operating expenses:			
Salaries and benefits	-	8,864,230	(8,864,230)
Services and supplies	7,911,725	-	7,911,725
Administration	1,607,206	1,518,670	88,536
Total operating expenses	<u>9,518,931</u>	<u>10,382,900</u>	<u>(863,969)</u>
Operating income (expenses)	<u>1,653,068</u>	<u>923,750</u>	<u>(729,318)</u>
Non-operating revenues (expenses):			
Investment earnings	100,000	79,640	(20,360)
Total non-operating revenue (expenses)	<u>100,000</u>	<u>79,640</u>	<u>(20,360)</u>
Change in net assets	1,753,068	1,003,390	(749,678)
Total net assets - beginning	<u>2,963,654</u>	<u>2,963,654</u>	<u>-</u>
Total net assets - ending	<u>\$ 4,716,722</u>	<u>\$ 3,967,044</u>	<u>\$ (749,678)</u>

County of Kings
Public Works Internal Service Fund
Schedule of Revenue, Expenditures, and Changes in Net Assets - Budget and Actual
For the Year Ended June 30, 2009

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Operating revenues:			
Charges for services	\$ 16,498,428	\$ 8,073,829	\$ (8,424,599)
Total operating revenues	<u>16,498,428</u>	<u>8,073,829</u>	<u>(8,424,599)</u>
Operating expenses:			
Salaries and benefits	4,347,190	4,011,215	335,975
Services and supplies	12,136,806	3,711,457	8,425,349
Administration	49,691	347,509	(297,818)
Depreciation	12,676	10,324	2,352
Capital outlays	16,795	-	16,795
Total operating expenses	<u>16,563,158</u>	<u>8,080,505</u>	<u>8,482,653</u>
Operating income (expenses)	<u>(64,730)</u>	<u>(6,676)</u>	<u>58,054</u>
Non-operating revenues (expenses):			
Investment earnings	-	948	948
Interest expense	-	(1,758)	(1,758)
Total non-operating revenue (expenses)	<u>-</u>	<u>(810)</u>	<u>(810)</u>
Income (loss) before transfers	<u>(64,730)</u>	<u>(7,486)</u>	<u>57,244</u>
Transfers out	<u>-</u>	<u>(10,087)</u>	<u>(10,087)</u>
Change in net assets	<u>(64,730)</u>	<u>(17,573)</u>	<u>47,157</u>
Total net assets - beginning	<u>257,409</u>	<u>257,409</u>	<u>-</u>
Total net assets - ending	<u>\$ 192,679</u>	<u>\$ 239,836</u>	<u>\$ 47,157</u>

Fiduciary Funds

Fiduciary funds include all Trust and Agency funds that account for assets held by the County as a trustee or as an agent for individuals or other governmental units and therefore cannot be used to support the County programs.

Trust Fund

Other Employee Benefit Trust Fund – The Retiree Health Trust Fund is used to account for the monies paid to employees who retire and have accumulated sick leave. Based on the plan's formula, a percentage of the sick leave is allocated to this fund and the County then matches. This fund is then used to pay the health insurance premiums of the retired employees.

Agency Funds

Property Tax Collection Fund – This fund is used to account for property tax receipts awaiting apportionment to other local government agencies.

Trial Court Operations Fund – This fund is used to account for monies deposited and disbursed under the control of the Trial Courts.

Public Administrator Fund – This fund is used to account for monies held and administered by the County for citizens who have died and have assets that need to be properly distributed.

Public Guardian Fund – This fund is used to account for monies held outside the County as well as a portion now held by the County treasury beginning in the 2005 fiscal year. The County administers the program for the mentally handicapped.

Law Library Fund – This fund is used to account for fees received from the Courts for building maintenance and the Small Claim Advisor. The County is required to have this Library and is governed by Judges, Private Attorneys, County Council and the District Attorney.

Other Agency Funds – This fund is used to account for assets held for other governmental agencies and governmental units by the County in a fiduciary capacity. Examples of Agency funds held by the County include Special Districts, Hospitals, School Districts and Community Colleges.

County of Kings
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u>PROPERTY TAX COLLECTION</u>				
Assets:				
Cash and cash equivalents	\$ 2,024	\$ 2,773	\$ -	\$ 4,797
Treasurer investments	139,429	156,965,765	156,718,551	386,643
Receivables	5,728,843	108,623,672	107,910,210	6,442,305
Total assets	\$ 5,870,296	\$ 265,592,210	\$ 264,628,761	\$ 6,833,745
Liabilities:				
Due other agencies	\$ 5,870,296	\$ 112,130,871	\$ 111,167,422	\$ 6,833,745
Total Liabilities	\$ 5,870,296	\$ 112,130,871	\$ 111,167,422	\$ 6,833,745
<u>TRIAL COURT OPERATIONS</u>				
Assets:				
Cash and cash equivalents	\$ 152,258	\$ -	\$ 147	\$ 152,111
Treasurer investments	29,449	522,558	533,290	18,717
Deposit with others	20,000	-	-	20,000
Due from other governments	10,968	-	9,596	1,372
Receivables	147	-	117	30
Total assets	\$ 212,822	\$ 522,558	\$ 543,150	\$ 192,230
Liabilities:				
Due other agencies	\$ 212,822	\$ 717,615	\$ 738,207	\$ 192,230
Total Liabilities	\$ 212,822	\$ 717,615	\$ 738,207	\$ 192,230
<u>PUBLIC ADMINISTRATOR</u>				
Assets:				
Cash and cash equivalents	\$ 11,044	\$ -	\$ 7,486	\$ 3,558
Treasurer investments	902,243	471,048	1,058,905	314,386
Receivables	9,514	-	7,672	1,842
Total assets	\$ 922,801	\$ 471,048	\$ 1,074,063	\$ 319,786
Liabilities:				
Due other agencies	\$ 922,801	\$ 1,523,630	\$ 2,126,645	\$ 319,786
Total Liabilities	\$ 922,801	\$ 1,523,630	\$ 2,126,645	\$ 319,786
<u>PUBLIC GUARDIAN</u>				
Assets:				
Cash and cash equivalents	\$ 5,386	\$ -	\$ 936	\$ 4,450
Treasurer investments	440,041	16,859	63,403	393,497
Deposit with others	851,113	-	-	851,113
Receivables	4,658	-	2,658	2,000
Total assets	\$ 1,301,198	\$ 16,859	\$ 66,997	\$ 1,251,060
Liabilities:				
Due other agencies	\$ 1,301,198	\$ 76,667	\$ 126,805	\$ 1,251,060
Total Liabilities	\$ 1,301,198	\$ 76,667	\$ 126,805	\$ 1,251,060

County of Kings
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009

	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
<u>LAW LIBRARY</u>				
Assets:				
Cash and cash equivalents	\$ 381	\$ 15	\$ -	\$ 396
Treasurer investments	31,182	108,900	105,053	35,029
Receivables	8,970	8,476	8,797	8,649
Total assets	\$ 40,533	\$ 117,391	\$ 113,850	\$ 44,074
Liabilities:				
Due other agencies	\$ 40,533	\$ 178,243	\$ 174,702	\$ 44,074
Total Liabilities	\$ 40,533	\$ 178,243	\$ 174,702	\$ 44,074
<u>OTHER AGENCY FUNDS:</u>				
Assets:				
Cash and cash equivalents	\$ 807,668	\$ -	\$ -	\$ 1,654,193
Treasurer investments	149,919,150	-	-	137,346,712
Deposit with others	1,880,519	-	-	2,094,631
Receivables	3,958,100	-	-	2,505,572
Due from other governments	-	-	-	1,071
Prepaid expenses	101,663	-	-	48,454
Advances receivable	10,008	-	-	-
Total assets	\$ 156,677,108	\$ -	\$ -	\$ 143,650,633
Liabilities:				
Due other agencies	\$ 156,677,108	\$ -	\$ -	\$ 143,650,633
Total Liabilities	\$ 156,677,108	\$ -	\$ -	\$ 143,650,633
<u>TOTAL - ALL AGENCY FUNDS:</u>				
Assets:				
Cash and cash equivalents	\$ 1,902,294	\$ -	\$ -	\$ 1,819,505
Treasurer investments	140,081,516	-	-	138,494,984
Deposit with others	2,867,455	-	-	2,965,744
Receivables	7,675,877	-	-	8,960,398
Due from other governments	12,039	-	-	2,443
Prepaid expenses	83,426	-	-	48,454
Advances receivable	10,008	-	-	-
Total assets	\$ 152,632,615	\$ -	\$ -	\$ 152,291,528
Liabilities:				
Due other agencies	\$ 152,632,615	\$ -	\$ -	\$ 152,291,528
Total Liabilities	\$ 152,632,615	\$ -	\$ -	\$ 152,291,528



STATISTICAL SECTION

Statistical Section

This part of the County of Kings comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information designed to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

County of Kings
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

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	<u>Fiscal Year</u>				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental activities					
Invested in capital assets, net of related debt	\$ 42,661,311	\$ 43,571,584	\$ 47,340,838	\$ 65,192,955	\$ 86,581,002
Restricted	-	-	11,805,916	797,841	953,782
Unrestricted	<u>46,520,658</u>	<u>29,531,761</u>	<u>27,441,947</u>	<u>28,621,653</u>	<u>31,013,155</u>
Total primary government net assets	<u>\$ 89,181,969</u>	<u>\$ 73,103,345</u>	<u>\$ 86,588,701</u>	<u>\$ 94,612,449</u>	<u>\$118,547,939</u>

County of Kings
Net Assets by Component
Last Seven Fiscal Years
 (accrual basis of accounting)

Page 2 of 2

	<u>Fiscal Year</u>	
	<u>2008</u>	<u>2009</u>
Governmental activities		
Invested in capital assets, net of related debt	\$ 89,999,314	\$ 96,083,673
Restricted	1,057,243	3,357,111
Unrestricted	<u>37,057,137</u>	<u>36,383,358</u>
Total primary government net assets	<u>\$ 128,113,694</u>	<u>\$ 135,824,142</u>

County of Kings
Changes in Net Assets, Last Seven Fiscal Years
 (accrual basis of accounting)

Page 1 of 2

	Fiscal Year				
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses					
Governmental activities:					
General government	\$ 21,842,342	\$ 26,062,050	\$ 27,249,665	\$ 14,348,691	\$ 16,498,665
Public safety	43,232,730	35,288,347	46,976,402	47,856,210	54,434,752
Public ways and facilities	20,425,881	9,411,587	5,717,581	1,716,559	311,764
Highways and streets	4,464,796	6,685,869	9,774,211	6,310,692	5,119,780
Health and sanitation	20,388,501	20,520,326	21,091,240	21,730,481	23,926,247
Public assistance	53,400,960	53,557,910	54,899,715	60,922,929	63,022,258
Education	1,191,117	1,100,633	1,232,037	1,444,728	1,759,616
Culture and recreation	571,977	971,000	1,232,781	1,379,658	1,559,113
Unallocated depreciation	-	-	-	2,243,400	3,819,809
Interest on long-term debt	-	82,937	1,058,736	1,607,540	1,531,703
Total primary governmental expenses	<u>165,518,303</u>	<u>153,680,659</u>	<u>169,232,368</u>	<u>159,560,888</u>	<u>171,983,707</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 9,267,697	\$ 11,220,150	\$ 9,937,975	\$ 3,750,044	\$ 3,601,313
Public safety	5,674,504	1,737,154	3,915,637	4,386,961	3,795,392
Public ways and facilities	10,941,891	13,291,044	8,375,795	12,782	42,195
Highways and streets	475,314	509,840	501,212	497,281	370,455
Health and sanitation	688,101	848,151	765,453	874,951	1,182,557
Public assistance	1,448	438,984	13,880	51,317	41,893
Education	42,979	42,023	41,012	42,301	42,481
Culture and recreation	63,538	54,824	141,923	140,666	105,019
Operating grants and contributions	98,482,884	113,120,185	116,532,433	123,706,094	132,662,351
Capital grants and contributions	-	-	600,000	-	-
Total primary government program revenues	<u>\$ 125,638,356</u>	<u>\$ 141,262,355</u>	<u>\$ 140,825,320</u>	<u>\$ 133,462,397</u>	<u>\$ 141,843,656</u>
Net (Expense) Revenue					
Total primary government net expense	<u>(39,879,947)</u>	<u>(12,418,304)</u>	<u>(28,407,048)</u>	<u>(26,098,491)</u>	<u>(30,140,051)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	\$ 13,026,110	\$ 15,058,983	\$ 25,925,756	\$ 21,117,166	\$ 20,546,081
Sales taxes	2,382,375	1,943,432	1,866,013	2,145,639	1,816,542
Franchise taxes	2,900,654	2,876,097	2,567,018	3,367,275	3,457,719
Hotel taxes	196,735	212,790	201,403	212,172	234,265
Grants not restricted to specific programs	2,736,516	-	-	-	-
Unrestricted investment earnings	1,074,347	1,118,152	1,502,668	2,486,092	3,199,265
Net gain (loss) on sale of capital assets	1,154,789	(60,863)	(5,066)	26,838	-
Miscellaneous revenues	3,430,779	3,307,161	11,301,657	4,767,057	5,301,981
Total primary government	<u>26,902,305</u>	<u>24,455,752</u>	<u>43,359,449</u>	<u>34,122,239</u>	<u>34,555,853</u>
Change in Net Assets					
Total primary government	<u>\$ (12,977,642)</u>	<u>\$ 12,037,448</u>	<u>\$ 14,952,401</u>	<u>\$ 8,023,748</u>	<u>\$ 4,415,802</u>

County of Kings
Changes in Net Assets, Last Seven Fiscal Ye
 (accrual basis of accounting)

Page 2 of 2

	<u>Fiscal Year</u>	
	<u>2008</u>	<u>2009</u>
Expenses		
Governmental activities:		
General government	\$ 18,020,019	\$ 17,124,268
Public safety	53,976,918	58,485,454
Public ways and facilities	143,796	35,292
Highways and streets	4,692,733	3,703,924
Health and sanitation	25,662,068	27,687,327
Public assistance	64,589,252	65,086,192
Education	1,957,212	1,987,354
Culture and recreation	1,593,474	1,602,774
Unallocated depreciation	4,194,569	4,235,005
Interest on long-term debt	1,408,271	1,425,965
Total primary governmental expenses	<u>176,238,312</u>	<u>181,373,555</u>
Program Revenues		
Governmental activities:		
Charges for services:		
General government	\$ 3,190,023	\$ 3,735,308
Public safety	3,777,829	3,560,999
Public ways and facilities	31,014	-
Highways and streets	309,324	451,234
Health and sanitation	1,260,746	1,258,476
Public assistance	39,895	56,993
Education	52,737	50,452
Culture and recreation	76,484	58,588
Operating grants and contributions	134,893,349	143,090,074
Capital grants and contributions	-	-
Total primary government program revenues	<u>\$ 143,631,401</u>	<u>\$ 152,262,124</u>
Net (Expense) Revenue		
Total primary government net expense	<u>(32,606,911)</u>	<u>(29,111,431)</u>
General Revenues and Other Changes in Net		
Governmental activities:		
Taxes:		
Property taxes	\$ 24,443,834	\$ 24,210,795
Sales taxes	1,727,389	1,917,196
Franchise taxes	3,334,411	2,809,482
Hotel taxes	233,968	212,886
Grants not restricted to specific programs	-	-
Unrestricted investment earnings	3,214,760	2,288,991
Net gain (loss) on sale of capital assets	-	-
Miscellaneous revenues	9,218,304	5,382,529
Total primary government	<u>42,172,666</u>	<u>36,821,879</u>
Change in Net Assets		
Total primary government	<u>\$ 9,565,755</u>	<u>\$ 7,710,448</u>

County of Kings
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Page 1 of 2

	Fiscal Year				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund					
Reserved	\$ 3,911,250	\$ 4,157,663	\$ 3,787,528	\$ 4,145,043	\$ 3,376,903
Unreserved	7,207,999	7,896,691	7,678,705	11,020,619	13,911,087
Total general fund	<u>\$ 11,119,249</u>	<u>\$ 12,054,354</u>	<u>\$ 11,466,233</u>	<u>\$ 15,165,662</u>	<u>\$ 17,287,990</u>
 All Other Governmental Funds					
Reserved	\$ 6,005,971	\$ 11,996,533	\$ 14,769,474	\$ 8,192,234	\$ 2,589,401
Unreserved, reported in:					
Special revenue funds	2,043,009	2,911,135	1,992,329	3,122,095	16,790,933
Capital Projects Fund	858,906	(3,083,561)	(370,559)	18,752,283	5,175,269
Debt Service Fund	-	-	-	-	-
Childrens and Families First Fund	-	-	-	-	-
Total all other governmental funds	<u>\$ 8,907,886</u>	<u>\$ 11,824,107</u>	<u>\$ 16,391,244</u>	<u>\$ 30,066,612</u>	<u>\$ 24,555,603</u>

County of Kings
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Page 2 of 2

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund					
Reserved	\$ 2,443,184	\$ 2,101,535	\$ 1,742,191	\$ 1,453,031	\$ 1,434,605
Unreserved	24,476,785	31,881,571	29,460,228	28,111,919	25,195,346
Total general fund	<u>\$ 26,919,969</u>	<u>\$ 33,983,106</u>	<u>\$ 31,202,419</u>	<u>\$ 29,564,950</u>	<u>\$ 26,629,951</u>
All Other Governmental Funds					
Reserved	\$ 11,821,916	\$ 2,114,869	\$ 809,077	\$ 795,686	\$ 3,048,139
Unreserved, reported in:					
Special revenue funds	5,688,862	4,034,066	5,041,701	6,267,695	9,806,880
Capital Projects Fund	7,300,576	2,479,115	7,481,999	9,958,334	12,166,338
Debt Service Fund	-	267,683	274,153	317,201	464,116
Childrens and Families First Fund	6,950,473	6,697,539	5,864,179	4,486,680	3,454,100
Total all other governmental funds	<u>\$ 31,761,827</u>	<u>\$ 15,593,272</u>	<u>\$ 19,471,109</u>	<u>\$ 21,825,596</u>	<u>\$ 28,939,573</u>

County of Kings
**Changes in Fund Balances,
 Governmental Funds**
Last Ten Fiscal Years
 (modified accrual basis of accounting)

Page 1 of 2

	Fiscal Year				
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Revenues					
Taxes	\$ 15,475,791	\$ 16,687,966	\$ 16,607,668	\$ 18,505,874	\$ 19,675,571
Licenses and permits	898,994	966,622	1,238,317	290,752	430,179
Fines and forfeits	418,899	487,133	571,215	650,716	619,118
Intergovernmental	86,099,326	94,836,340	104,271,553	100,248,274	111,234,356
Charges for services	8,143,561	8,062,406	8,087,583	8,606,826	6,408,462
Investment earnings	2,135,590	2,770,996	1,733,241	1,011,971	1,072,489
Other revenues	1,188,962	3,377,647	5,074,521	3,188,267	3,732,708
Total revenues	114,361,123	127,189,110	137,584,098	132,502,680	143,172,883
Expenditures					
General government	9,312,238	11,732,972	10,817,808	10,663,716	18,434,416
Public safety	35,464,462	37,686,070	41,652,384	42,201,007	35,439,527
Public ways and facilities	-	-	-	-	262,941
Highways and streets	8,339,480	5,516,654	5,142,479	4,464,796	3,332,810
Health and sanitation	15,597,139	17,733,237	21,395,444	20,380,048	20,630,446
Public assistance	38,245,461	44,521,763	49,660,088	53,314,771	53,447,137
Education	1,314,648	1,220,555	1,281,141	1,187,674	1,121,474
Culture and recreation	832,959	924,425	1,031,852	803,521	961,823
Bond issuance costs	-	-	-	-	325,994
Debt service:					
Principal	66,978	-	154,893	49,501	36,369
Interest	32,659	-	109,385	79,649	15,415
Capital outlay	5,903,971	1,756,711	2,342,714	9,577,528	4,507,306
Total expenditures	115,109,995	121,092,387	133,588,188	142,722,211	138,515,658
Excess of revenues over over (under) expenditures	(748,872)	6,096,723	3,995,910	(10,219,531)	4,657,225
Other Financing Sources (Uses)					
Transfers in	1,146,532	-	526,000	531,198	2,100,107
Transfers out	(80,097)	(289,651)	(526,000)	(531,198)	(3,100,107)
Proceeds from borrowing	-	-	-	-	13,877,742
CalPERS actuarial liability payment	-	-	-	-	(13,551,748)
Sale of capital assets	-	-	-	568,377	-
Other sources	2,320,000	-	-	-	-
Encumbrances	1,223,481	(6,021,130)	-	-	-
Total other financing sources (uses)	4,609,916	(6,310,781)	-	568,377	(674,006)
Net changes in fund balances	\$ 3,861,044	\$ (214,058)	\$ 3,995,910	\$ (9,651,154)	\$ 3,983,219
Debt service as a percentage of noncapital expenditures	0.09%	0.00%	0.20%	0.10%	0.04%

County of Kings
 Changes in Fund Balances,
 Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Page 2 of 2

	Fiscal Year				
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Revenues					
Taxes	\$ 30,205,037	\$ 22,427,567	\$ 25,791,503	\$ 27,370,243	\$ 29,067,881
Licenses and permits	475,604	516,413	447,366	453,499	369,610
Fines and forfeits	717,642	862,361	524,359	443,621	584,375
Intergovernmental	119,018,261	127,852,143	132,662,352	134,893,348	142,966,555
Charges for services	7,709,910	8,014,029	8,252,117	8,372,300	9,009,912
Investment earnings	1,443,810	2,397,046	3,026,233	3,053,637	2,092,183
Other revenues	4,398,026	5,690,538	6,319,506	9,993,982	6,030,165
Total revenues	163,968,290	167,760,097	177,023,436	184,580,630	190,120,681
Expenditures					
General government	13,850,998	15,755,707	18,145,793	21,683,739	19,198,987
Public safety	44,636,927	47,950,439	53,778,497	54,145,140	57,538,243
Public ways and facilities	305,765	468,159	683,345	280,641	447,540
Highways and streets	4,887,106	6,293,313	5,475,403	4,727,254	4,047,644
Health and sanitation	20,860,614	22,013,610	23,900,814	25,793,062	27,626,562
Public assistance	54,585,914	62,533,487	63,321,180	65,230,331	65,715,605
Education	1,227,045	1,433,056	1,742,238	1,955,036	1,968,515
Culture and recreation	1,232,781	1,379,658	1,559,113	1,593,474	1,602,774
Bond issuance costs	542,270	-	-	-	-
Debt service:					
Principal	221,150	616,086	1,341,319	1,375,036	1,393,971
Interest	288,885	1,003,279	1,007,290	954,275	961,942
Capital outlay	19,111,501	16,879,175	3,293,951	6,104,724	12,822,741
Total expenditures	161,750,956	176,325,969	174,248,943	183,842,712	193,324,524
Excess of revenues over over (under) expenditures	2,217,334	(8,565,872)	2,774,493	737,918	(3,203,843)
Other Financing Sources (Uses)					
Transfers in	4,845,649	2,169,565	9,221,146	7,416,570	5,839,243
Transfers out	(4,845,649)	(2,709,111)	(10,898,489)	(7,437,470)	(5,669,454)
Proceeds from borrowing	13,930,358	-	-	-	7,213,032
CalPERS actuarial liability payment	-	-	-	-	-
Sale of capital assets	-	-	-	-	-
Other sources	-	-	-	-	-
Encumbrances	-	-	-	-	-
Total other financing sources (uses)	13,930,358	(539,546)	(1,677,343)	(20,900)	7,382,821
Net changes in fund balances	\$ 16,147,692	\$ (9,105,418)	\$ 1,097,150	\$ 717,018	\$ 4,178,978
Debt service as a percentage of noncapital expenditures	0.36%	1.02%	1.37%	1.31%	1.31%

**County of Kings
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Land Property	Improvement Property	Personal Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2000	\$ 1,207,657,509	\$ 2,957,359,878	\$ 305,170,500	\$ (242,606,895)	\$ 4,227,580,992	\$ 2.71
2001	1,293,497,076	3,025,972,249	360,781,475	(258,324,365)	4,421,926,435	2.68
2002	1,355,078,423	3,118,095,292	359,903,254	(257,233,343)	4,575,843,626	2.66
2003	1,363,911,903	3,355,222,617	371,917,851	(267,965,144)	4,823,087,227	2.65
2004	1,493,517,419	3,826,204,494	408,076,776	(279,695,104)	5,448,103,585	2.55
2005	1,531,687,522	4,073,446,484	406,354,019	(286,778,801)	5,724,709,224	2.52
2006	1,766,945,824	4,438,990,262	410,214,525	(308,122,152)	6,308,028,459	2.53
2007	1,967,894,593	5,006,876,017	472,145,193	(319,774,450)	7,127,141,353	2.48
2008	2,259,410,890	5,527,421,758	521,674,891	(341,218,566)	7,967,288,973	2.47
2009	\$ 2,720,190,758	\$ 5,929,976,971	\$ 622,245,351	\$ (396,907,532)	\$ 8,875,505,548	\$ 2.47

Note: Property in the County is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value. Since fiscal year 2006, the assessed values for unsecured property taxes are included in this report.

County of Kings
Direct and Overlapping Property Tax Rates
Last Ten Years
(rate per \$1,000 of assessed value)

Page 1 of 2

	Year Taxes are Payable									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
County Direct Rates										
General	\$ 1.79	\$ 1.79	\$ 1.77	\$ 1.77	\$ 1.80	\$ 1.71	\$ 1.71	\$ 1.72	\$ 1.70	\$ 1.68
Library	0.21	0.21	0.21	0.21	0.21	0.20	0.20	0.20	0.20	0.20
Fire	0.71	0.70	0.69	0.68	0.64	0.64	0.61	0.61	0.58	0.59
Total Direct Rate	2.71	2.70	2.67	2.66	2.65	2.55	2.52	2.53	2.48	2.47
Overlapping Rates (a)										
City Rates										
City of Avenal	0.03	0.03	0.03	0.02	0.03	0.02	0.02	0.02	0.02	0.02
City of Corcoran	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02
City of Hanford	0.47	0.47	0.48	0.49	0.49	0.47	0.48	0.49	0.52	0.52
City of Lemoore	0.12	0.12	0.12	0.12	0.13	0.11	0.11	0.11	0.12	0.12
Total City Rates	0.65	0.65	0.65	0.66	0.67	0.63	0.64	0.65	0.68	0.69
Special District Rates										
Armona Community Services	0.004	0.004	0.005	0.004	0.005	0.004	0.004	0.004	0.004	0.004
Avenal Hospital	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Corcoran Cemetary	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.00	0.00
Corcoran Hospital	0.04	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03
Devils Den	0.0001	0.0001	0.0001	0.0001	0.0002	0.0002	0.0002	0.0002	0.0002	0.0002
Empire Westside	0.004	0.004	0.003	0.003	0.003	0.003	0.003	0.002	0.002	0.002
Green Valley	0.002	0.002	0.002	0.002	0.002	0.002	0.001	0.001	0.001	0.001
Hacienda Water	-	-	-	-	-	-	-	-	-	-
Hanford Cemetary	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Home Garden Community Services	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.001	0.002
Kings County Light	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Kings County Water	0.12	0.12	0.12	0.12	0.12	0.11	0.12	0.12	0.13	0.13
Kings County Water #1	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002	0.002
Kettleman City Community Services	0.004	0.004	0.004	0.005	0.004	0.004	0.004	0.004	0.002	0.002
Lakeside Irrigation	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Lemoore Cemetary	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Stratford Public Utility District	0.003	0.003	0.003	0.003	0.002	0.002	0.002	0.002	0.002	0.002
Consolidated Mosquito	0.001	0.001	0.001	0.001	0.001	0.001	0.000	0.001	0.001	0.001
Deer Creek	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.000	0.000
Kaweah Water Conservation	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03	0.03
Kings Mosquito	0.22	0.21	0.21	0.22	0.21	0.20	0.21	0.21	0.21	0.21
Kings River Conservation	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03
Kingsburg Cemetery	0.002	0.002	0.001	0.001	0.001	0.001	0.001	0.001	0.001	0.001
Kingsburg Hospital	0.004	0.004	0.003	0.003	0.003	0.003	0.003	0.003	0.003	0.003
Tulare Lake Drainage	0.07	0.05	0.06	0.06	0.06	0.06	0.05	0.05	0.05	0.04
Total Special District Rates	0.65	0.64	0.64	0.63	0.61	0.59	0.58	0.58	0.58	0.58
Redevelopment Rates										
Avenal Redevelopment	0.10	0.10	0.10	0.10	0.10	0.10	0.11	0.12	0.11	0.12
Corcoran Redevelopment	0.11	0.12	0.11	0.11	0.11	0.10	0.10	0.11	0.13	0.13
Hanford Redevelopment	0.19	0.20	0.19	0.18	0.25	0.22	0.22	0.21	0.18	0.15
Hanford Downtown Redevelopment	-	-	-	-	-	-	-	-	0.04	0.08
Kettleman City Redevelopment	-	-	-	-	-	-	-	-	0.01	0.01
Lemoore Redevelopment	0.33	0.35	0.35	0.37	0.45	0.81	0.83	0.79	0.76	0.73
Total Redevelopment Rates	0.73	0.76	0.76	0.76	0.91	1.21	1.27	1.23	1.23	1.23
School District Rates										
Armona Elementary	0.14	0.14	0.14	0.13	0.11	0.10	0.09	0.09	0.09	0.09
Central Union	0.04	0.04	0.04	0.04	0.04	0.05	0.05	0.05	0.04	0.04
Corcoran Unified	0.31	0.28	0.28	0.28	0.27	0.26	0.25	0.24	0.23	0.22
Delta View	0.03	0.03	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02
Hanford Elementary	0.37	0.36	0.36	0.37	0.36	0.34	0.35	0.36	0.37	0.37
Hanford High School	0.60	0.60	0.60	0.60	0.58	0.56	0.57	0.57	0.59	0.59
Island	0.03	0.03	0.03	0.03	0.02	0.02	0.02	0.02	0.02	0.02
Kings River-Hardwick	0.08	0.08	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.06
Kingsburg Elementary	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Kingsburg High School	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01

County of Kings
 Direct and Overlapping Property Tax Rates
 Last Ten Years
 (rate per \$1,000 of assessed value)

Page 2 of 2

	Year Taxes are Payable									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
School District Rates - continued										
Kit Carson	0.04	0.04	0.04	0.04	0.04	0.03	0.03	0.03	0.03	0.03
Lakeside	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.05
Laton Unified	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Lemoore Elementary	0.19	0.19	0.19	0.19	0.20	0.18	0.18	0.18	0.18	0.18
Lemoore High School	0.21	0.21	0.21	0.21	0.21	0.22	0.22	0.21	0.21	0.21
Pioneer	0.11	0.11	0.12	0.12	0.13	0.13	0.14	0.14	0.16	0.17
Reef-Sunset	0.20	0.22	0.21	0.20	0.20	0.20	0.18	0.18	0.17	0.16
Riverdale Unified	0.02	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01	0.01
Traver	0.002	0.002	0.002	0.002	0.001	0.002	0.001	0.001	0.001	0.001
Tulare High School	0.002	0.002	0.003	0.002	0.002	0.003	0.002	0.002	0.002	0.002
Waukena	0.002	0.002	0.002	0.002	0.002	0.003	0.002	0.002	0.002	0.002
Office of Education	0.25	0.25	0.25	0.25	0.25	0.24	0.24	0.24	0.24	0.24
College of the Sequoias	0.31	0.30	0.30	0.30	0.30	0.28	0.28	0.28	0.29	0.29
State Center Community College	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
West Hills Community College	0.12	0.12	0.12	0.12	0.12	0.12	0.11	0.11	0.11	0.11
Total School District Rates	3.12	3.11	3.11	3.10	3.04	2.94	2.92	2.93	2.92	2.93
Educational Revenue Augmentation Fund										
ERAF	2.38	2.37	2.37	2.37	2.32	2.24	2.23	2.24	2.24	2.25
School Bonds										
Armona Elementary	-	-	-	-	-	-	0.29	0.28	0.26	0.24
Corcoran Hospital	-	-	-	-	-	-	-	-	0.48	0.44
COS/Hanford Compus	-	-	-	-	-	-	-	-	-	0.25
Hanford Elementary	0.69	0.75	0.67	0.72	0.74	0.53	0.75	0.62	0.43	0.48
Hanford High School	0.21	0.21	0.23	0.27	0.32	0.30	0.33	0.39	0.58	0.49
Kaweah	0.01	0.01	0.01	0.004	0.004	0.01	0.01	0.01	0.01	0.004
Kingsburg Elementary	0.36	0.33	0.20	0.12	0.14	0.18	0.65	0.28	0.54	0.72
Kingsburg High School	0.58	0.73	0.52	0.65	0.54	0.50	0.50	0.59	0.89	0.89
Laton Unified	-	-	-	-	-	-	-	-	-	-
Lemoore High School	0.74	0.61	0.63	0.61	0.68	0.57	0.52	0.50	0.28	0.31
Pioneer Elementary	0.37	0.34	0.32	0.26	0.24	0.24	0.19	0.19	0.41	0.30
Reef-Sunset	1.46	1.23	1.99	2.19	2.10	1.69	1.78	1.73	1.25	1.50
Riverdale Joint Union	0.18	0.43	0.38	0.44	0.44	0.45	0.47	0.90	0.56	0.44
State Center Community College	-	-	-	-	-	0.16	0.14	0.06	0.05	0.16
Traver Elementary	-	-	-	-	-	-	0.28	0.57	0.53	0.60
Tulare Joint High	-	-	-	-	-	-	0.53	0.60	0.47	0.43
West Hills Community College	-	0.14	0.61	0.21	0.27	0.22	0.21	0.01	0.19	0.19
Total School Bonds Rate	4.60	4.79	5.57	5.48	5.48	4.86	6.66	6.71	6.94	7.44
City Bonds										
City of Avenal	0.70	1.00	0.99	0.98	0.96	0.94	0.81	0.76	0.69	0.62
Utility Bonds										
SBE	\$6.88	\$7.40	\$8.53	\$8.36	\$9.77	\$9.36	\$10.88	\$11.81	\$13.55	\$11.74

Note: The County's basic property tax rate of 1% is established by State Law and may be increased only by a majority vote of the County's residents for specific projects. Rates for debt service are set based on each year's requirements.

(a) Overlapping rates represent those local governments whose geographic area coincides within the County of Kings. Although the County property tax rates apply to all County of Kings property owners, the overlapping rates listed above apply only to a portion of County property owners whose property is located within the district's geographic boundaries.

County of Kings
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2009			1998		
	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Leprino Foods	\$ 326,675,600	1	3.68%	\$ 42,029,600	8	1.13%
Boswell, J.G. Co.	224,240,100	2	2.53%	207,517,958	1	5.56%
Chevron Corporation	217,858,700	3	2.45%	-	-	-
GWF Energy LLC.	120,889,500	4	1.36%	49,297,000	5	1.32%
Pacific Gas & Electric Co.	107,790,900	5	1.21%	97,131,902	2	2.60%
Del Monte Corporation	81,677,800	6	0.92%	-	-	-
S.K. Foods	64,775,600	7	0.73%	-	-	-
Sandridge Partners	49,213,700	8	0.55%	-	-	-
Hanford Mall 5	43,230,900	9	0.49%	25,704,148	10	0.69%
Southern California Edison	31,640,200	10	0.36%	-	-	-
Centennial-Hanford Center West	-	-	-	-	-	-
Paramount Land Company LP	-	-	-	-	-	-
Nestle Food Company	-	-	-	97,122,980	3	2.60%
Armstrong Rubber Co.	-	-	-	85,250,396	4	2.28%
Waste Management Holdings	-	-	-	46,429,288	6	1.24%
Westlake Farms	-	-	-	42,824,800	7	1.15%
Pacific Bell	-	-	-	40,391,352	9	1.08%
Total	\$ 1,267,993,000		17.79%	\$ 733,699,424		18.16%

Note: The 2000 fiscal year information is unavailable.

**County of Kings
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		(See Note) Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 11,440,976	\$ 10,518,783	91.94%	\$ 314,151	\$10,832,934	94.69%
2001	11,838,603	10,948,788	92.48%	249,943	11,198,731	94.60%
2002	12,158,383	11,254,006	92.56%	582,035	11,836,041	97.35%
2003	12,785,136	11,847,494	92.67%	263,503	12,110,997	94.73%
2004	13,915,546	13,168,109	94.63%	281,161	13,449,270	96.65%
2005	14,429,530	13,709,911	95.01%	300,182	14,010,093	97.09%
2006	15,961,709	15,311,410	95.93%	300,854	15,612,264	97.81%
2007	17,637,964	16,946,371	96.08%	324,738	17,271,109	97.92%
2008	19,730,433	18,659,186	94.57%	311,842	18,971,028	96.15%
2009	\$ 22,016,934	\$ 20,809,264	94.51%	\$ 555,536	\$21,364,800	97.04%

Note: The column for 'Collections in Subsequent Years' represents all prior years property tax collections recorded during the fiscal year rather than, for example, only fiscal year 1997 taxes levied and then collected during subsequent years as per GASB Statement 44 requirements.

County of Kings
Ratios of Outstanding Debt by Type
Last Seven Fiscal Years

Fiscal Year	Governmental Activities			Total Primary Government	Percentage of Personal Income (a)	Per Capita (a)
	Pension Obligation Bonds	Lease Revenue Bonds	Capital Leases			
2003	\$ -	\$ -	\$ 1,762,624	\$ 1,762,624	0.06%	\$ 12.70
2004	13,877,742	-	1,623,599	15,501,341	0.46%	109.05
2005	13,797,742	11,470,000	3,911,529	29,179,271	0.86%	203.80
2006	13,697,742	11,150,000	3,935,312	28,783,054	0.82%	198.27
2007	12,927,549	10,805,000	3,617,672	27,350,221	0.70%	185.27
2008	12,157,635	10,450,000	3,296,677	25,904,312	0.65%	174.15
2009	\$ 11,405,743	\$ 10,085,000	\$ 10,192,699	\$ 31,683,442	0.71%	\$ 204.75

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) See schedule 'Demographic and Economic Statistics' for personal income and population data.

**County of Kings
Ratios of General Bonded Debt Outstanding
Last Seven Fiscal Years**

Fiscal Year	General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property (a)	Per Capita (b)
2003	-	-	-
2004	-	-	-
2005	-	-	-
2006	-	-	-
2007	-	-	-
2008	-	-	-
2009	-	-	-

Note: As of June 30, 2009, the County had no tax supported general obligation debt outstanding. Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(a) See schedule 'Assessed Value and Actual Value of Taxable Property' for reference.

(b) Per Capita data can be found in the schedule of 'Demographic and Economic Statistics' for personal income and population data.

**County of Kings
 Legal Debt Margin Information
 Last Seven Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed Value	\$ 8,875,505,548
Debt limit (5% of assessed value)	5.00%
Debt applicable to limit:	
General obligation bonds	\$ -
Legal debt margin	<u>\$ 443,775,277</u>

	Fiscal Year						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 230,388,377	\$ 260,747,353	\$ 273,983,614	\$ 315,401,423	\$ 356,357,068	\$ 398,364,449	\$ 443,775,277
Total net debt applicable to limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal debt margin	<u>\$ 230,388,377</u>	<u>\$ 260,747,353</u>	<u>\$ 273,983,614</u>	<u>\$ 315,401,423</u>	<u>\$ 356,357,068</u>	<u>\$ 398,364,449</u>	<u>\$ 443,775,277</u>
Total net debt applicable to the limit as a percentage of debt limit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note:

As of June 30, 2009 the County has no tax supported general obligation bonded debt outstanding. Under California Government Code Section 29909, the County's total bonded debt should not exceed 5 percent of total assessed property value. In addition, the County has established an internal limit of no more than 7% of General Fund discretionary revenue (including property tax, sales tax, motor vehicle in-lieu tax, interest earnings, franchise fees and certain fines and penalties) can be used for general obligation debt service payments during each fiscal year.

County of Kings
Pledged - Revenue Coverage
Last Seven Fiscal Years

Lease Revenue Bonds

Fiscal Year	Penalty Assessment Collections	Interest Income	Expenses	Gross Revenues	Debt Service		Coverage
					Principal	Interest	
2003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2004	-	-	-	-	-	-	-
2005	-	-	-	-	-	-	-
2006	731,658	7,438	(277)	738,819	320,000	462,349	0.94
2007	802,308	12,747	(319)	814,736	345,000	434,675	1.04
2008	829,888	11,247	(48,473)	792,662	355,000	424,325	1.02
2009	\$ 909,347	\$ 5,717	\$ (9,200)	\$ 905,864	\$ 365,000	\$ 413,675	1.16

Per State statute, a portion of penalty assessments collected by the Courts are to be used for the Criminal Justice Facility Fund. This revenue stream is now pledged to repay the annual debt service payments for the Lease Revenue Bonds.

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

**County of Kings
Demographic and Economic Statistics
Last Seven Fiscal Years**

Year	(A) Population	(B) Personal Income	(B) Per Capita Personal Income	(C) Unemployment Rate
2003	138,714	\$3,037,480,000	\$21,897	12.3%
2004	142,151	3,340,093,000	23,497	11.3%
2005	143,178	3,398,364,000	23,735	9.2%
2006	145,168	3,500,258,000	24,112	8.4%
2007	147,622	3,892,646,000	26,369	8.7%
2008	148,746	3,976,623,000	26,734	10.7%
2009	154,743	\$4,481,821,509	\$28,963	14.8%

Sources:

- (A) Population data provided by the California Department of Finance, Demographic Research Unit.
- (B) Personal and Per Capita Personal Income data provided by the U.S. Department of Commerce, Bureau of Economic Analysis.
- (C) Unemployment data provided by the California Employment Development Department.

**County of Kings
Principal Employers
Current Year and Four Years Ago**

Employer	2009			2005		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Lemoore Naval Air Station	10,000	1	16.10%	9,500	1	17.59%
Corcoran & Avenal State Prisons	5,625	2	9.06%	1,700	2	3.15%
Del Monte Corporation	1,935	3	3.12%	1,400	3	2.59%
Palace Indian Gaming Center	1,500	4	2.42%	1,300	4	2.41%
Kings County Government Center	1,300	5	2.09%	1,210	5	2.24%
J.G. Boswell Co.	1,300	6	2.09%	1,200	6	2.22%
Adventist Health/Hanford	1,200	7	1.93%	750	7	1.39%
Olam Tomato Processing, Inc.	1,000	8	1.61%			
Leprino Foods	992	9	1.60%	618	8	1.14%
Warmerdam Packing	650	10	1.05%			
Marquez Brothers				306	9	0.57%
Central Valley Meat Co.				270	10	0.50%
Total	25,502		41.07%	18,254		33.80%

Source:

Kings County Economic Development Corporation
America's Labor Market Information System (ALMIS) Employer Data Base (Average Estimate)

Note:

Total 2009 County Employment is 62,100. 1999 County employment was 37,200.
2000 employer information is unavailable to meet GASB Statement 44 requirements.

**County of Kings
Full-time Equivalent County Government Employees
Listed by Function/Program
Last Seven Fiscal Years**

Function/Program	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Government							
Board of Supervisors	7.00	6.00	6.00	6.00	7.00	7.00	7.00
Administrative Office	5.00	6.00	7.00	7.00	7.00	8.00	6.75
Department of Finance	15.25	15.25	16.50	16.50	18.50	18.50	18.25
Assessor	22.75	23.35	24.45	25.65	26.35	27.35	27.55
County Counsel	7.75	7.75	7.50	7.50	7.50	8.75	8.75
Human Resources	7.50	6.50	5.75	6.75	8.00	8.00	8.00
Elections	6.00	5.00	5.00	5.00	6.00	6.00	6.00
Information Technology	29.00	29.00	29.00	29.00	31.00	35.00	35.00
Record Storage/Microfilm	3.00	3.00	3.00	3.00	4.00	5.00	5.00
Central Services	6.00	6.00	4.00	4.00	4.00	4.00	4.00
Clerk-Recorder	7.00	7.00	8.00	9.00	9.00	9.00	9.00
Planning/Community Development	7.00	9.00	8.50	9.50	11.50	15.00	15.00
Total General Government	123.25	123.85	124.70	128.90	139.85	151.60	150.30
Public Safety							
Law Library	1.00	1.00	1.00	1.00	0.75	0.75	0.75
District Attorney	26.25	29.50	30.50	32.50	32.50	36.25	36.25
Child Abduction	2.00	2.00	2.00	2.00	2.00	2.00	2.00
OCJP Grant	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Prison Prosecution	6.00	8.00	8.00	8.00	8.00	8.00	8.00
Sexual Assault	0.75	1.50	1.50	1.50	1.50	1.50	1.50
Miscellaneous Grants	3.00	4.00	3.00	3.00	3.00	3.00	3.00
Minors Advocacy Unit	3.00	3.00	3.00	3.50	3.60	3.60	3.60
Child Support Agency	83.00	77.60	71.50	61.50	58.50	56.50	53.50
Sheriff Administration	18.75	18.75	18.75	18.75	18.75	18.75	19.00
Contract Law Enforcement	13.90	13.90	12.90	13.90	12.90	12.90	12.90
Narcotics Task Force	2.00	2.00	2.00	2.00	3.00	3.00	4.00
Field Operations	69.10	68.10	67.10	61.10	58.10	59.10	60.10
Court Security Services	-	-	-	10.50	10.50	10.50	10.50
Rural Crime Task Force	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Operations AB443	-	-	-	-	3.00	3.00	3.00
Main Jail (Merged with Branch Jail)	81.00	81.00	81.00	80.50	102.50	103.50	92.50
Jail Kitchen	-	-	-	-	-	-	11.00
Communications	18.00	18.00	18.00	19.00	19.00	19.00	19.00
Probation	57.00	54.00	53.00	59.00	60.00	61.00	62.00
Juvenile Treatment Center	32.00	31.00	31.00	34.00	31.00	33.00	33.00
Juvenile Boot Camp	19.00	17.00	18.00	19.00	19.00	19.00	-
Juvenile Academy	-	-	-	-	-	-	20.00
G.R.E.A.T. Grant	2.00	1.00	-	1.00	1.00	1.00	1.00
Proposition 36	4.00	4.00	3.80	3.00	3.00	3.00	2.00
Family Intervention	-	-	3.70	2.50	2.50	1.50	1.50
Victim/Witness	6.00	6.00	5.00	5.00	2.20	2.20	2.00
Special Emphasis SEVA	-	-	-	-	2.80	2.80	2.00
Day Center	5.00	4.00	3.00	-	-	-	-
Miscellaneous Grants	8.00	7.00	5.50	5.50	5.50	6.50	6.50
Female Boot Camp	7.00	7.00	7.00	7.00	7.00	7.00	-
Fire	56.50	56.50	60.00	62.00	70.00	70.00	70.00
Agricultural Commissioner/Sealer	25.50	24.50	25.50	25.50	24.50	25.50	25.50

County of Kings
Full-time Equivalent County Government Employees
Listed by Function/Program
Last Seven Fiscal Years

Function/Program	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Building Inspection	6.00	4.00	4.00	4.00	5.00	4.00	4.00
Regional Transportation	3.00	3.00	4.00	4.00	-	-	-
Public Guardian/Veterans Services	8.00	8.00	8.00	8.00	8.00	9.00	9.00
Animal Control	5.00	5.00	5.00	6.00	6.00	5.00	5.00
Animal Shelter	-	-	-	-	-	5.50	5.50
Total Public Safety	576.75	565.35	561.75	569.25	590.10	602.35	594.60
Public Ways and Facilities							
Public Works Administration	4.00	3.00	3.00	3.00	4.00	4.00	4.00
Roads and Bridges	26.00	26.00	25.00	24.00	23.00	23.00	23.00
Fleet Management	9.00	8.00	8.00	9.00	9.00	9.00	9.00
Building Maintenance	25.50	27.50	25.00	25.00	27.00	29.00	29.00
Parks and Grounds	8.00	8.00	7.00	8.00	10.00	12.00	12.00
Transit	2.00	2.00	4.00	-	-	-	-
Surveyor	4.00	4.00	3.75	3.75	3.75	3.75	3.75
AG Industry Transport Services	2.00	3.00	3.00	-	-	-	-
Total Public Ways and Facilities	80.50	81.50	78.75	72.75	76.75	80.75	80.75
Health and Sanitation							
Health Department	30.30	29.10	31.60	32.60	35.60	44.10	44.40
Environmental Health	11.00	11.00	11.00	11.00	11.00	12.00	12.00
Tobacco Grant	-	-	-	-	2.00	2.00	2.00
Woman, Infants, Children Nutrition	13.50	14.10	18.50	21.50	20.50	19.50	20.00
TB Program	-	-	-	-	1.00	1.00	1.00
Family Planning	12.00	16.00	15.50	14.60	15.60	17.60	17.60
Bio-Terrorism Grant	-	-	-	-	3.00	3.00	2.00
AIDS Program	5.00	5.00	5.00	4.00	4.00	3.60	6.00
Child Health & Disability	3.80	3.30	3.50	4.75	4.75	5.75	5.75
California Children's Services	5.00	5.00	5.00	6.00	5.75	7.00	7.00
Health Grants	11.45	13.10	10.60	10.60	9.60	11.00	9.00
Margolin - CPSP	7.00	6.50	6.60	6.60	6.60	5.60	5.60
Substance Abuse	3.00	3.00	3.00	3.00	1.00	-	-
Behavioral Health Services	-	-	-	-	3.00	7.00	17.00
Children & Families Commission	6.00	6.00	6.00	6.00	6.00	8.00	9.00
Total Health and Sanitation	108.05	112.10	116.30	120.65	129.40	147.15	158.35
Public Assistance							
Welfare Administration	279.00	269.00	269.00	285.00	291.00	301.00	300.00
Job Training Office	35.00	35.00	33.00	31.00	28.00	28.00	23.00
Total Public Assistance	314.00	304.00	302.00	316.00	319.00	329.00	323.00
Education							
Library	15.44	15.44	14.98	15.38	16.38	16.38	17.38
Agricultural Extension	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Total Education	17.44	17.44	16.98	17.38	19.38	19.38	20.38
Total County Employees	1219.99	1204.24	1200.48	1224.93	1274.48	1330.23	1327.38

Source: 2009 - 2010 Final County Budget

**County of Kings
Operating Indicators by Function/Program
Last Seven Fiscal Years**

Function/Program	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
General Government							
Board of Supervisors:							
Number of:							
Board meetings	68	67	68	68	68	68	65
Board agenda items	1,200	1,250	1,350	1,350	1,400	1,600	1,600
Board of Equalization agenda items	50	50	53	53	55	55	50
Housing Authority agenda items	48	48	48	48	48	48	48
Administration:							
Number of:							
Agenda items prepared	160	175	200	210	210	225	225
Board referrals resolved	45	50	50	50	50	40	40
Major organizational studies	4	2	2	3	2	2	2
Hours representing County to State	600	625	700	700	700	700	700
Hours preparing County Budget	2,600	2,900	3,000	3,100	3,100	4,200	4,200
Human Resources:							
Number of:							
Recruitments	123	115	140	140	166	155	101
Applicant written exams	900	1,011	698	1,234	1,714	2,073	1,198
Classification and compensation reviews	29	35	36	40	86	77	50
Major grievances, investigations, legal	32	33	36	48	53	56	50
Oral board days	55	96	53	77	97	78	48
Finance:							
Number of:							
Purchase orders	6,425	6,274	6,274	2,999	1,907	1,372	1,300
Treasurer deposits, warrants and journals	245,966	223,393	199,038	152,848	122,642	124,930	125,000
Parcels for tax collection & apportionment	59,214	62,000	63,390	62,836	64,448	66,598	67,000
Debt issues	16	17	22	20	22	20	21
Assessor:							
Number of:							
Properties reassessed involving transfers	8,496	10,399	11,182	10,600	10,214	8,178	6,500
Properties assessed involving construction	4,840	5,253	4,837	5,448	6,466	5,808	4,500
Business/Agricultural property statements	11,461	11,424	11,473	11,530	11,744	12,043	12,000
Unsecured roll	5,028	5,124	5,213	5,123	5,415	5,400	5,300
Audits conducted	26	31	30	46	30	48	50
Assessment appeals	54	55	63	60	152	25	42
Clerk-Recorder:							
Number of:							
Recorded documents	37,472	39,614	40,658	41,372	36,229	27,052	30,319
Certified copies	11,304	11,594	11,561	11,812	12,827	12,901	12,901
Vitals	9,575	9,643	9,437	9,994	11,045	11,735	11,614
Marriage licenses	1,064	1,107	1,159	1,068	1,063	1,063	1,061
Fictitious business statements	491	546	574	554	575	600	556
Passport applications	1,236	1,295	932	1,196	2,163	2,548	2,597
Elections:							
Number of:							
Elections conducted	1	2	2	3	1	2	2
Absentee ballots issued	16,708	30,993	25,128	40,303	24,652	49,260	55,100
Voter registrations	10,089	10,991	17,758	14,432	10,883	13,752	11,000

County of Kings
Operating Indicators by Function/Program
Last Seven Fiscal Years

Function/Program	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
County Counsel:							
Number of:							
Cases	654	513	537	617	420	500	545
Hours for County departments	10,271	9,620	8,421	7,452	9,130	8,238	8,800
Hours for County-related clients	116	330	123	280	297	220	500
Hours for outside clients	623	550	294	375	135	500	1,000
Information Technology:							
Number of:							
Personal office computers supported	1,342	1,376	1,283	1,283	1,463	1,488	1,511
Calls to Help Desk	3,937	4,543	5,887	4,297	4,580	5,927	5,428
Application/Enterprise servers	n/a	41	43	23	35	73	84
Public Safety							
Child Support Services:							
Number of:							
Active cases	10,797	10,694	11,155	10,985	11,144	11,130	10,998
New cases opened	2,504	2,646	2,723	2,668	2,368	n.a.	n.a.
In-coming phone calls	45,556	47,994	48,031	40,693	38,713	n.a.	26,000
Correspondence received	138,630	134,127	134,596	83,580	62,401	n.a.	n.a.
Interviews	9,362	9,083	8,211	7,836	7,998	3,627	n.a.
Payments processed	82,708	84,316	85,732	24,371	n.a.	n.a.	n.a.
Collections	12,439,715	12,929,562	13,011,901	13,532,034	14,018,986	14,306,194	14,592,318
District Attorney:							
Number of:							
Cases reviewed	9,642	10,481	10,263	10,486	10,164	8,401	8,912
Felonies filed	1,817	1,951	2,055	2,080	1,983	1,988	2,079
Misdemeanors filed	5,473	5,273	5,699	5,798	5,153	3,461	3,800
Minor's Advocacy:							
Number of:							
Juvenile delinquency cases	2,185	2,319	3,217	3,124	3,108	2,680	2,639
Child abuse cases	185	169	133	169	197	183	154
Sheriff (Radio Communications):							
Number of dispatches received	51,086	47,628	51,352	51,975	50,316	77,011	74,254
Sheriff (Administration):							
Number of:							
Civil cases processed	2,698	2,063	2,379	2,555	2,403	2,401	2,421
Reports processed	3,264	3,637	4,194	3,995	3,942	2,374	2,484
Citations and warrants	6,841	7,740	7,992	8,732	8,154	5,322	4,734
Bookings and releases	16,471	15,034	13,787	14,866	15,551	14,608	16,200

**County of Kings
Operating Indicators by Function/Program
Last Seven Fiscal Years**

Function/Program	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Sheriff (Contract Law Enforcement):							
Number of:							
Arrests	1,056	978	732	718	725	750	564
Written reports	1,380	1,036	971	1,055	1,068	1,100	902
Calls for service	3,945	3,499	3,554	3,775	3,879	3,900	5,472
Citations issued	1,105	1,506	674	652	725	850	430
Sheriff (Narco Task Force):							
Number of:							
Court cases	244	109	161	150	175	80	n.a.
Cases investigated	197	109	169	190	150	175	200
Sheriff (Field Operations):							
Number of:							
Arrests	2,323	2,351	2,764	2,814	2,465	2,205	1,978
Calls for service	17,216	18,650	18,931	18,188	17,524	19,468	19,468
Written reports	2,457	2,607	3,267	3,300	2,864	2,291	2,291
Sheriff (Rural Crime Task Force):							
Amount of:							
Rural area loss	241,824	137,282	658,418	1,017,008	856,158	1,393,668	509,224
Rural area recovery	289,886	127,283	499,172	834,431	741,341	239,346	75,232
Sheriff (Main Jail and Branch Jail):							
Number of:							
Bookings and releases	20,084	19,116	13,787	14,866	15,551	14,608	16,200
Transportations	5,678	5,468	5,534	5,056	5,201	5,393	5,495
Prisoner cell checks	429,496	420,496	420,496	420,496	420,496	1,646,880	1,646,800
Meals prepared and served	535,490	515,332	513,787	530,788	1,120,000	1,015,482	1,095,000
Visits	43,680	43,980	44,280	31,200	31,200	n.a.	n.a.
Animal Control:							
Number of:							
Dog licenses issued	2,950	3,000	3,050	3,100	3,467	1,384	1,400
Impoundments	6,418	7,168	7,868	8,500	7,145	7,651	6,500
Calls for nuisance complaints	3,213	3,500	4,000	4,227	4,512	8,000	8,000
Probation:							
Number of:							
Total juvenile intake / traffic	4,100	765	2,217	2,687	2,776	2,814	2,698
Number of felony, juvenile and in-court rpt	2,109	2,049	2,422	2,394	2,549	3,442	3,535
Number of adults and juveniles supervised	4,280	4,361	4,558	4,842	5,102	4,604	5,110
Average daily population - juvenile hall	60	60	60	60	62	62	63
Average daily population - day center	50	50	50	n.a.	n.a.	n.a.	n.a.
Average daily population - boot camp	35	31	29	30	19	28	n.a.
Average daily population - female center	15	9	8	8	4	4	n.a.
Victim Witness:							
Number of:							
New victims	600	615	800	802	1,010	870	600
Fire:							
Number of:							
Emergency and non-emergency calls	4,077	4,658	4,483	4,635	4,597	4,719	4,700
Fire investigations	660	624	700	724	721	514	630
Inspections	810	793	815	804	830	795	780

County of Kings
Operating Indicators by Function/Program
Last Seven Fiscal Years

Function/Program	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Ag Commissioner-Sealer:							
Number of:							
Ag inspections	201,928	101,734	90,860	101,664	89,889	110,362	105,000
Weight and measure inspections	8,922	5,105	10,997	9,427	13,473	9,128	13,000
Community Development Agency (Building Inspection):							
Number of Hours for:							
Inspections	2,635	2,370	2,667	2,411	2,790	2,523	2,588
Permit issuing	380	614	553	371	272	349	329
Compliance investigations	220	28	17	62	42	26	11
Building abatements	3,180	65	87	56	36	62	19
Community Development Agency (Planning):							
Number of Hours for:							
Zoning administration	2,681	3,292	3,088	3,674	3,006	4,429	3,794
Land division administration	1,548	1,507	1,618	2,069	1,030	1,670	1,414
General plan	601	312	171	297	1,328	2,211	2,587
Code compliance	3,278	3,111	3,541	3,268	2,246	3,468	3,322
Public Guardian:							
Total caseload units	266	285	179	182	178	179	202
Veterans Services:							
Number of:							
Claims	1,944	2,175	890	752	1,299	1,493	1,800
Office contacts	2,542	2,587	1,673	1,582	1,904	2,534	3,500
Telephone contacts	8,930	9,922	5,120	5,775	6,510	5,591	7,500
Public Ways and Facilities							
Roads and Bridges:							
Number of:							
Road miles maintained	960	960	960	960	960	960	960
Bridges maintained	106	106	106	106	106	106	106
Park Services:							
Number of:							
Visitors	115,000	20,000	50,000	50,000	75,000	75,000	100,000
Acres maintained	230	230	230	230	230	230	240
Equipment units maintained	110	110	110	110	110	115	115
Fleet Management:							
Number of:							
Motor pool vehicles	235	230	235	235	260	253	260
Sheriff vehicles	109	109	112	112	112	108	123
Heavy equipment roads vehicles	97	95	100	100	105	90	96
Building Maintenance:							
Number of:							
Buildings	93	94	94	94	94	96	97
Square feet	700,093	705,200	705,200	705,200	705,200	713,500	725,000
Work orders	4,640	4,778	4,778	4,778	4,867	4,789	5,100

County of Kings
Operating Indicators by Function/Program
Last Seven Fiscal Years

Function/Program	Fiscal Year						
	2003	2004	2005	2006	2007	2008	2009
Health and Sanitation							
Number of clients served:							
Communicable diseases	20,000	25,700	26,000	26,000	n.a.	n.a.	n.a.
Maternal, child and adolescent health	3,425	17,549	17,600	17,600	n.a.	n.a.	n.a.
Family planning visits	9,184	9,728	10,000	10,000	n.a.	n.a.	n.a.
Women, infants and children	76,104	80,100	84,000	86,400	n.a.	n.a.	n.a.
Targeted Case Management	438	454	600	700	n.a.	n.a.	n.a.
Child health and disability prevention	8,624	8,794	8,800	9,000	n.a.	n.a.	n.a.
California children services	555	593	600	650	n.a.	n.a.	n.a.
Lab services-specimens	17,000	17,801	17,300	17,300	n.a.	n.a.	n.a.
Pre-employment exams	159	178	190	200	n.a.	n.a.	n.a.
Environmental health services & inspects	12,035	12,145	14,758	14,000	n.a.	n.a.	n.a.
Public Assistance							
Caseloads (average monthly cases):							
California Work Opport. & Respon. to Kids	2,415	2,570	2,719	2,705	2,610	2,670	2,731
Adoptions assistance	205	218	267	291	310	328	330
Foster care	327	362	363	381	402	428	435
Indigent burial	28	36	27	28	26	43	30
General relief	17	19	17	11	10	15	11
In-Home supportive services	1,234	1,353	1,435	1,479	1,520	1,682	1,792
Severely emotionally disturbed children	5	6	9	8	4	3	4
Education							
Library:							
Circulation	138,999	139,035	154,288	152,526	153,611	122,468	158,471
References	17,881	38,713	26,839	29,313	29,207	27,077	31,396
Books added and processed	5,627	5,001	5,001	4,200	5,300	4,500	n.a.

Sources: 2009 - 2010 Final County Budget.

n.a. = no longer available within budget book