

STATE OF CALIFORNIA  
COUNTY OF KINGS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2014

Rebecca Carr, CPA, CGMA  
Director of Finance

**COUNTY OF KINGS  
FOR THE YEAR ENDED JUNE 30, 2014**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>Introductory Section</b>	
Letter of Transmittal .....	i
Organization of Kings County Government.....	iv
List of Elected and Appointed Officials.....	v
<b>Financial Section</b>	
Independent Auditor’s Report .....	1
Management Discussion and Analysis.....	4
<b>Basic Financial Statements</b>	
<b>Government-Wide Financial Statements</b>	
Statement of Net Position.....	13
Statement of Activities .....	14
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds.....	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Statement of Net Position – Proprietary Funds .....	19
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds .....	20
Statement of Cash Flows – Proprietary Funds.....	21
Statement of Fiduciary Net Position – Fiduciary Funds .....	23
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	24
Notes to the Financial Statements.....	25
<b>Required Supplementary Information</b>	
Schedule of Funding Progress – California Public Employees’ Retirement System (CalPERS).....	51
Schedule of Funding Progress Other Postemployment Benefits (OPEB) – Health Insurance .....	52
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund.....	53
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Road Fund.....	55
<b>Supplementary Information</b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund .....	56
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Projects Fund.....	57

Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet – Nonmajor Governmental Funds – Special Revenue Funds .....	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds – Special Revenue Funds .....	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Library Special Revenue Fund .....	65
Fire Special Revenue Fund .....	66
County Fish and Game Special Revenue Fund .....	67
Child Support Services Special Revenue Fund .....	68
Off-Highway Motor Vehicle Special Revenue Fund .....	69
Job Training Office Special Revenue Fund .....	70
Community Development Block Grants Special Revenue Fund .....	71
Criminal Justice Facility Special Revenue Fund .....	72
In-Home Supportive Services (I.H.S.S.) Public Authority Special Revenue Fund .....	73
Children and Families First 5 Commission Special Revenue Fund .....	74
Combining Statement of Net Position – Internal Service Funds .....	76
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Internal Service Funds .....	78
Combining Statement of Cash Flows – Internal Service Funds .....	80
Schedule of Revenues, Expenses, and Changes in Net Position – Budget and Actual:	
Workers’ Compensation Self-Insurance Internal Service Fund .....	84
Fleet Management Internal Service Fund .....	85
Information Services Internal Service Fund .....	86
Health Self-Insurance Internal Service Fund .....	87
Public Works Internal Service Fund .....	88

**Statistical Section**

Statistical Section	
Net Position by Component .....	90
Changes in Net Position .....	91
Fund Balances Governmental Funds .....	93
Changes in Fund Balances Governmental Funds .....	94
Assessed Value and Actual Value of Taxable Property .....	96
Property Tax Rates – Direct and Overlapping Government .....	97
Principal Property Tax Payers .....	98
Property Taxes Levies and Collections .....	99
Ratios of Outstanding Debt by Type .....	100
Direct and Overlapping Debt .....	101
Legal Debt Margin .....	102
Pledged Revenue Bond Coverage .....	103
Demographic and Economic Statistics .....	104
Principal Employers .....	105
Full Time Equivalent County Government Employees by Function .....	106
Operating Indicators by Function/Program .....	107
Capital Assets by Function/Program .....	111

## **Introductory Section**



# COUNTY OF KINGS DEPARTMENT OF FINANCE

REBECCA CARR, CPA CGMA • DIRECTOR OF FINANCE  
1400 W. LACEY BLVD • HANFORD, CA 93230

ACCOUNTING DIVISION  
(559) 852-2455 • FAX: (559) 587-9935

TAX COLLECTOR • TREASURER DIVISION  
TAX: (559) 852-2479 • TREASURER (559) 852-2477  
FAX: (559) 582-1236

The Honorable Members of the Board of Supervisors  
Citizens of the County of Kings, California:

The Annual Basic Financial Report of the County of Kings (County) for the fiscal year ended June 30, 2014, is hereby submitted as mandated by Sections 25250 and 25253 of the Government Code of the State of California. These statutes require that the County publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

These financial statements were independently audited by the firm of Brown Armstrong Accountancy Corporation, licensed certified public accountants authorized to conduct audits in accordance with auditing standards generally accepted in the United States of America.

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.

Brown Armstrong Accountancy Corporation, Certified Public Accountants, issued an unqualified ("clean") opinion on the County of Kings' financial statements for the year ended June 30, 2014. 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 the 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 to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and therefore, should be read in conjunction with the MD&A.

## Profile of the Government

The County of Kings, incorporated in 1893, is positioned midway between Los Angeles and the Bay Area, in the heart of California's San Joaquin Valley. The County covers 1,391 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 10,000.

The County of Kings 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 East 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 Mental 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 and Bridges, Land Use Issues, Building and Safety, Libraries, Parks, Elections, Coroner, and Agricultural Weights and 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 accounting principles generally accepted in the United States of America. Blended component units of the County include the Kings County Finance Authority for jail facility construction, Children and Families First Commission for early childhood development services and In-Home Supportive Services (I.H.S.S.) Public Authority Fund for providing in-house care for the elderly, blind, and disabled.

The County of Kings 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

The County's current population is 150,181 and is projected for expansion to 176,647 by 2020, and to 235,129 by 2040. Kings County has a civilian workforce of 52,551 and the average annual unemployment rate is 10.7 percent as of October 2014.

The gross value of all agricultural crops and products produced during 2013 in Kings County was \$2,267,178,000. This represents an increase of \$52,164,000 (2.4%) from the 2012 record value.

Fruit and Nut Crops had the largest increase in value at \$101,229,000 (24.5%). Livestock and Poultry Products increased \$72,612,000 (10.3%). Seed Crops increased \$4,416,000 (75.4%) due mainly to an increase in acreage. Milk, valued at \$773,219,000, continues to be the top commodity.

The government sector in Kings County accounts for 25% of all jobs and represents the largest source of employment in the County. Other sectors, such as Agriculture (18%); Trade (11%); Manufacturing (7%); Educational and Health Services (22%); Leisure and Hospitality (9%); Professional Business Services and Financial Activities (8%); Transportation and Warehousing and Utilities (5%); and Construction (4%) 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 County has been under Assembly Bill (AB) 900 Realignment now for three years. Funding from the State to house these offenders was approximately \$6 to \$8 million annually. The 2014-15 estimated funding will be down approximately 8%.

In order to meet the additional demand on our local jail, the State has awarded a grant in the amount of \$33 million to Kings County. The purpose of this grant is to expand the existing jail facility. This project is scheduled for completion in spring 2016. In order to meet the County's required match for this grant the County issued Lease Revenue Bonds in July 2014.

The County's General Purpose Fund had revenues that exceeded expenditures by \$3.2 million. A total of \$2.5 million was transferred out including \$2.1 million to Special Revenue Funds supporting the ongoing operations of the Fire Department (\$954 thousand), and the In-Home Supportive Services (I.H.S.S.) Department (\$162 thousand). This resulted in a \$2.1 million draw down of existing fund balance leaving a residual general fund balance of \$25.7 million as of June 30, 2014.

**Major Initiatives**

Kings County has begun an expansion of the County Jail. This project will include 170 additional beds for inmates to avoid early releases. This expansion is necessary due to the effect of realignment of State prisoners to the County Jail. This expansion is possible due to State funding of over \$30 million.

Ongoing capital projects include:

<b><u>Project</u></b>	<b><u>14/15 Budget</u></b>	
New Jail	\$38,828,524	AB 900 funding Impact fees Other financing
Jail Improvements	\$20,654,233	Senate Bill (SB) 1022

Projects due for completion in 2015 include:

<b><u>Project</u></b>	<b><u>14/15 Budget</u></b>	
Jail Tunnel	\$3,242,925	State funding for Realignment 2011
Kings County Morgue	\$2,046,965	Existing fund balance Impact fees

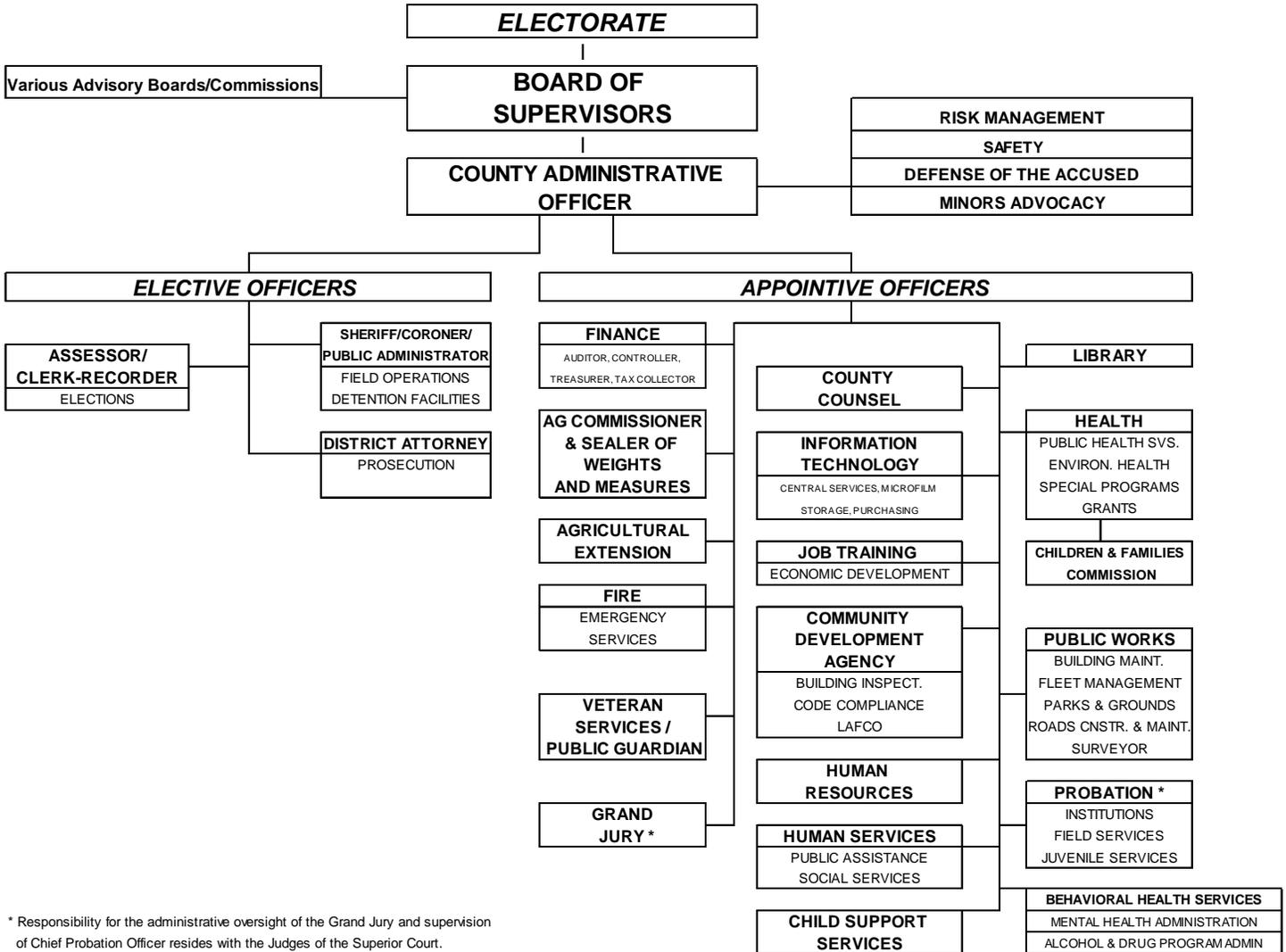
**Acknowledgements**

The preparation of the Annual Basic 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,

Rebecca Carr, CPA CGMA  
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, 2014**

**ELECTED OFFICIALS**

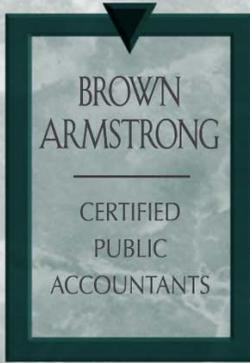
Supervisor – District 1	Joe Neves
Supervisor – District 2	Richard Valle
Supervisor – District 3	Doug Verboon
Supervisor – District 4	Tony Barba
Supervisor – District 5	Richard Fagundes
Assessor/Clerk-Recorder	Vacant
District Attorney	Greg Strickland
Sheriff/Coroner/Public Administrator	David Robinson

**APPOINTED OFFICIALS**

County Administrative Officer	Larry Spikes
Director of Finance	Rebecca Carr, CPA
County Counsel	Colleen Carlson
Clerk to the Board	Catherine Venturella
Agriculture Commissioner/Sealer	Tim Niswander
Agricultural Extension	Jim Sullins
Veterans Services/Public Guardian	Joe Wright
First 5 Children & Families Director	Keith Winkler
Information Technology Director	Mark Dawson
Job Training Office Director	John Lehn
Library Director	Natalie Rencher
Human Resources Director	Greg Borboa
Human Services Department Director	Peggy Montgomery
Child Support Services Department Director	Barbi Brokhoff
Public Health Director	Keith Winkler
Public Works Director	Kevin McAlister
Planning Director	Gregory Gatzka
Fire Chief	Bill Lynch
Chief Probation Officer	Steve Brum
Behavioral Health Services Director	MaryAnn Ford-Sherman

## **Financial Section**

Page is intentionally left blank.



# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

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, (the County) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### MAIN OFFICE

##### 4200 TRUXTON AVENUE

SUITE 300  
BAKERSFIELD, CA 93309  
TEL 661.324.4971  
FAX 661.324.4997  
EMAIL info@bacpas.com

##### 7673 N. INGRAM AVENUE

SUITE 101  
FRESNO, CALIFORNIA 93711  
TEL 559.476.3592  
FAX 559.476.3593

##### 221 E. WALNUT STREET

SUITE 260  
PASADENA, CALIFORNIA 91101  
TEL 626.204.6542  
FAX 626.204.6547

##### 5250 CLAREMONT AVENUE

SUITE 237  
STOCKTON, CA 95207  
TEL 209.451.4833

## **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, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 1 to the financial statements, during the year ended June 30, 2014, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 66 – *Technical Corrections – 2012 – an Amendment of GASB Statements No. 10 and No. 62*, No. 67 – *Financial Reporting for Pension Plans – an Amendment of GASB Statement No. 25*, and No. 70 – *Accounting and Financial Reporting for Nonexchange Guarantees*. Our opinion is not modified with respect to the matter.

## **Other Matters**

### *Required Supplementary Information*

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 the General Fund and Road Fund, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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 the required supplementary information 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.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, statistical section, combining and individual nonmajor fund financial statements and schedules as well as budgetary comparison schedules for the Debt Service Fund and Capital Projects Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

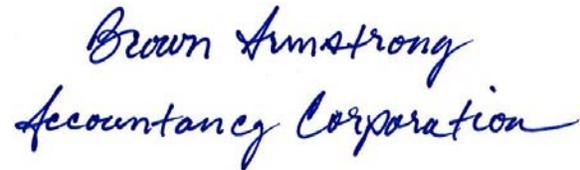
The combining and individual nonmajor fund financial statements and schedules as well as budgetary comparison schedules for the Debt Service Fund and Capital Projects Fund are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules as well as budgetary comparison schedules for the Debt Service Fund and Capital Projects Fund are fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2014, on our consideration of the County's 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California  
December 12, 2014

**COUNTY OF KINGS  
MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2014**

As management of the County of Kings (the 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, 2014. 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 i to vi 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 and deferred inflows of resources of the County exceeded its liabilities and deferred outflows of resources at the close of the most recent fiscal year by \$132,494,746 (net position) and from this amount \$52,441,977 (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors. (See page 13 Statement of Net Position)
- The County's total net position decreased by \$2,053,337 or 1.53% in fiscal year 2014 compared to fiscal year 2013. The amount invested by the County in capital assets (net of related debt) decreased by 1.05% or \$846,314. (See page 13 Statement of Net Position)
- Restricted assets set aside for debt increased to \$885,052 in fiscal year 2014 compared to \$881,118 in fiscal year 2013. No funds for construction were reserved in fiscal years 2013 and 2014.
- Current and other assets increased by \$7,864,389 in fiscal year 2014 while capital assets decreased by \$1,792,448 compared to fiscal year 2013.
- The County's total liabilities increased by \$8,125,278 (9.38%) during the current fiscal year.
- The Statement of Activities (page 14) shows program expenditures for primary government programs in fiscal year 2014 to be \$198,168,903. Program revenues of \$159,955,703 derived from charges for services \$12,007,131, operating grants/contributions \$139,720,063, and capital grants and contributions \$8,228,509. The remaining balance of \$38,213,200 represents the net expense to the County for these programs.
- As of the close of the current fiscal year, the County Governmental Funds Balance Sheet (page 15) reported combined ending fund balances of \$55,319,627, an increase of \$1,230,155 or 2.3% in comparison with fiscal year 2013.
- \$24,737,208 of the total combined ending fund balance amount is available for spending at the County's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$25,630,039 or 15.79% of total General Fund expenditures.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's 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's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 years, such as revenues related to uncollected taxes.

Both of the government-wide financial statements distinguish functions of the County 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 safety, public assistance, health and sanitation, public ways and facilities, culture and recreation, highways and streets, and education. The business-type activities of the County include the following Internal Service Funds: Workers Compensation Self-Insurance, Fleet Management, Information Services, Public Works, and Health Self-Insurance Funds. The government-wide financial statements can be found on pages 13-14 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, 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 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 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, and the Road 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 nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County 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 fund financial statements can be found on pages 15-18 of this report.

**Proprietary funds.** The County 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, information systems management, public works department, workers 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 fund 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 fund financial statements can be found on pages 19-22 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 statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 23-24 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 governmental fund financial statements. The notes to the financial statements can be found on pages 25-50 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's 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 Road fund is required in order to demonstrate compliance with the annual adopted budget. Required supplementary information can be found on pages 51-55 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 56-88 of this report.

## Government-Wide Financial Analysis

As noted earlier and shown below, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceed liabilities by \$132,494,746 at the close of the most recent fiscal year.

**County of Kings  
Net Position  
Governmental Activities  
As of June 30**

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets and other assets	\$ 115,219,785	\$ 107,355,396
Capital assets	<u>112,026,642</u>	<u>113,819,090</u>
Total assets	<u>227,246,427</u>	<u>221,174,486</u>
Liabilities:		
Long-term liabilities outstanding	46,602,348	51,122,736
Other liabilities	<u>48,149,333</u>	<u>35,503,667</u>
Total liabilities	<u>94,751,681</u>	<u>86,626,403</u>
Net position:		
Net investment in capital assets	79,167,717	80,014,031
Restricted	885,052	881,118
Unrestricted	<u>52,441,977</u>	<u>53,652,934</u>
Total net position	<u>\$ 132,494,746</u>	<u>\$ 134,548,083</u>

The largest portion of the County's net position, \$79,167,717 (59.75%), 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 uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position amounting to \$885,052 (0.67%) represents resources subject to external restrictions on how they may be used. These restricted assets are to be used only for debt service payments related to the lease revenue bonds. For fiscal years 2014 and 2013 there were no restricted funds set aside for ongoing construction as there were in the prior fiscal year. The remaining balance of unrestricted net position of \$52,441,977 (39.58%) may be used to meet the County's ongoing obligations to citizens and creditors.

The County's total net position decreased by \$2,053,337 or 1.55%. Following the logic of the Statement of Activities this decrease can be explained as the difference between total general revenues of \$36,159,863 and the net expense of the primary government functions of \$38,213,200. Public Safety, a governmental function, cost the citizens of the County \$66,234,449 in fiscal year 2014. The financial resources to cover this expense derived from Charges for Services of \$5,528,585 and Operating Grants and Contributions of \$29,886,145, the shortfall of \$30,819,719 must be met by other resources with the principal source coming from taxes. Governmental Accounting Standards Board (GASB) Statement No. 34 dictates that ten principal categories constitute Governmental Activities as shown on page 14. The General Revenue sources are listed on page 14 and shown below.

Total liabilities increased by \$8,125,278 in fiscal year 2014. Liabilities are reported net of impact fees that are considered property tax revenues for government-wide reporting purposes rather than as an unearned liability for governmental funds. Liabilities include continued debt service payments for the pension obligation bonds \$7,780,976, lease revenue bonds of \$8,090,000, and capital leases of \$13,910,045.

**Governmental activities.** Governmental activities decreased the County net position by \$2,053,337. Key elements of the decreased in net position are as follows:

**County of Kings  
Changes in Net Position  
Governmental Activities  
For the Year Ended June 30**

	<u>2014</u>	<u>2013</u>
Revenues:		
Program revenues:		
Charges for services	\$ 12,007,131	\$ 12,044,013
Operating grants and contributions	139,720,063	133,945,201
Capital grants and contributions	8,228,509	5,736,119
General revenues:		
Property taxes	26,259,585	26,506,051
Other tax revenue	3,921,676	3,610,683
Other	<u>5,978,602</u>	<u>8,897,065</u>
Total revenues	<u>196,115,566</u>	<u>190,739,132</u>
Expenses:		
General government	22,481,125	17,302,338
Public safety	66,234,449	61,559,740
Public ways and facilities	70,540	123,716
Highways and streets	7,638,948	9,150,427
Health and sanitation	26,324,341	28,430,356
Public assistance	68,281,588	64,090,422
Education	2,014,495	2,168,093
Culture and recreation	2,808,263	1,920,799
Unallocated depreciation	1,115,618	1,136,418
Interest on long-term debt	<u>1,199,536</u>	<u>1,342,003</u>
Total expenses	<u>198,168,903</u>	<u>187,224,312</u>
Increase (Decrease) in net position	(2,053,337)	3,514,820
Beginning net position	<u>134,548,083</u>	<u>133,934,695</u>
Ending net position	<u>\$ 132,494,746</u>	<u>\$ 137,449,515</u>

- Property tax revenues decreased \$246,466 or 0.93% during fiscal year 2014. Assessed values of properties increased 1.62% from fiscal year 2013. However, total delinquencies decreased to \$5,971,411 (14.22%) from \$6,960,920 the prior year due to less foreclosures and the County coming out of the recession.

Sales taxes increased \$226,257 or 10.23%. Early estimates for fiscal year 2015 based on research and data provided by Hinderliter de Llamas and Associates project an upswing in sales tax revenues for the San Joaquin Valley in general.

- Franchise taxes increased \$55,384 or 4.94%. Franchise Taxes are derived from companies with telephone polls, lines, and other equipment throughout the County who pay franchise taxes based on their incomes from contracted agreements in lieu of paying property taxes.
- Rents and concessions revenue decreased by \$104,512.
- Tribal gaming revenues were \$900,000 in fiscal year 2014 as there was no additional State funding above the \$900,000 contributed by the Tachi Palace Hotel and Casino.
- The \$5,774,862 (net) increased in operating grants and contributions can be attributed to decreases of \$1,333,197 from general government, \$1,750,476 from health and sanitation, and \$766 from education. This was offset by increases in public safety \$2,778,787, public assistance \$5,118,933, and culture and recreation \$961,581.
- Investment earnings increased by \$327,815 as historically low interest rates continue unabated. Average investment returns dropped from 0.74% fiscal year 2013 to 0.53% in fiscal year 2014. This is the net yield on pooled treasury funds, the rate pooled investments earn after expenses are deducted for administration and fees, from the Kings County Report of Interest Earnings.
- Miscellaneous revenues, the catchall category on the Statement of Activities, witnessed a decrease of \$2,293,896 or 24.45%. This was primarily due to fewer programs in the General Fund which decreased the Miscellaneous Revenues in the amount of \$2,756,742.

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

The County segregates from the General Fund a number of significant functions in major 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, Roads, Capital Projects, and Debt Service funds, all considered major funds. Data for the other 10 governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$55,319,627, an increase of \$1,230,155 0.02% in comparison with the prior fiscal year. Approximately 0.45% of this total amount or \$24,737,208 constitutes unassigned fund balance, which is available for spending at the County's discretion. A total of \$9,526,578 has been assigned, or constrained for use by the County's intent to be used for a specific purpose but is neither restricted or committed, of this amount \$8,994,319 is for the purposes of advances and loans to other governmental funds, \$506,475 is for the purpose of repayment of debt service, and imprest cash, \$25,784. The remainder of fund balance is restricted, resources subject to external restrictions on their use, or byenabling legislation (1) to pay debt service \$1,325,052, and (2) for other restricted purposes \$19,730,789.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$25,630,039, while total ending fund balance for the General Fund at the conclusion of fiscal year 2014 was \$25,755,906. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As seen from this perspective, unassigned fund balance represents 16% of total General Fund's expenditures, while total fund balance represents 16% of that same amount.

**General Fund.** In fiscal year 2014, the County's General Fund revenues exceeded expenditures by \$3,221,502. A total of \$2,511,300 was transferred out to the following funds: Capital Projects \$1,394,695

and Nonmajor Governmental Funds \$1,116,605. A total of \$229,557 of capital lease proceeds were received from new capital leases in the current year. This increase to fund balance left a residual General Fund balance of \$25,755,906.

Total expenditures increased in the General Fund by \$10,157,928 (\$162,339,507 vs. \$152,181,579 in 2013). The following factors contributed to the additional operating expenditures:

- General government expenditures from the General Fund increased \$1,886,204 due to a general increase in departmental expenditures.
- Public Safety expenditures from the General Fund increased in fiscal year 2014 to \$52,533,506 from \$47,937,603 in fiscal year 2013. The expenditures increased in part due to Public Safety Realignment at the State level.
- Public Assistance expenditures from the General Fund increased by \$4,817,647. The increase was primarily due to an increase in Foster Care expenditures

**Debt Service fund.** The County Debt Service Fund has a total fund balance of \$1,730,690 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, have been pledged to pay the debt service.

**Capital Projects fund.** The County Capital Projects Fund balance decreased \$1,054,721 due to the difference between actual capital outlay revenues and expenditures. Impact fees have been transferred to the Capital Projects Fund due to construction of the Jail expansion project. Major capital outlays included \$559 thousand for the data center remodel and over \$2 million toward morgue and jail improvements.

**Road fund.** The County Road Fund has a total fund balance of \$10,642,437 as of June 30, 2014. This fund holds assets of \$10,642,437, of which \$10,435,610 are invested in the County's portfolio. This fund has no liabilities.

**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 nonmajor fund balance minimally increased by \$196,891

**Proprietary funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of the internal service funds at the end of the fiscal year 2014 amounted to \$6,683,329. Net position from operations decreased \$1,478,316 mainly due to: 1) A decrease to charges for services of \$1.4 million in the Public Works fund. 2) Increase to salaries and employee benefits of \$1 million in the Workers Compensation Self-Insurance Fund and \$1.5 million in the Health Self-Insurance Fund.

### **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 \$461,920 net decreased in appropriations are briefly summarized as follows:

- General government increased appropriations \$131,200.
- Public Safety decreased appropriations \$100,163.
- Health and Sanitation decreased appropriations \$614,928.
- Public Assistance decreased appropriations \$28,464.
- Capital Outlay increased appropriations \$150,435

Overall, the County's actual General Fund revenues were less than budgeted during fiscal year 2014 by \$11,720,746 or 0.07%. Revenues that had significant variances include the following:

- Actual comparison of property tax revenues is \$36,621,000 (Budget) vs. \$18,594,936 (Actual) noting actual receipts less than budgeted by \$18,026,064 or 51.3%. Actual comparison of intergovernmental revenue is \$123,064,352 (Budget) vs. \$128,902,258 (Actual) showing more program revenues than budgeted of \$5,837,906 or 4.5%.
- Sales and use taxes were less than budgeted by \$81,992 or 3.90%.
- Fines and forfeits were more than budgeted by \$219,479 or 36.14%.
- Charges for services were more than budgeted by \$437,460 or 5.24%.
- Investment earnings were less than budgeted by \$176,401 or 41.70%.
- Miscellaneous revenues were less than budgeted by \$335,445 or 8.47%.
- Actual expenditures in the General Fund were less than the final budget by \$18,509,308 or 10.23%. This is in part due to the County using a non-GAAP budget method. Contingencies are budgeted as expenditures.

### Capital Assets and Debt Administration

**Capital assets.** The County's investment in capital assets for its governmental activities as of June 30, 2014, amounts to \$112,026,642 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, roads, bridges, and water and sewer systems. The total decrease in the County's investment in capital assets for the current fiscal year was (0.02)% for governmental activities.

#### County of Kings Capital Assets (Net of Depreciation) As of June 30

	2014	2013
Land	\$ 6,958,299	\$ 7,420,105
Structures and improvements	75,686,913	79,253,380
Equipment	12,472,056	11,843,268
Construction in progress	5,004,695	2,286,322
Infrastructure	11,904,679	13,016,015
 Total	 \$ 112,026,642	 \$ 113,819,090

Additional information on the County's capital assets can be found in note 1.A. (page 31), and note 4 (page 36) of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$15,870,976. From this amount, \$7,780,976 (Pension Obligation) comprises debt backed by the full faith and credit of the County and the remaining amount of \$8,090,000 (Lease Revenue) represents bonds secured by specified revenue sources that are collateralized by certain buildings of the County. In addition, the County has total capital leases outstanding of \$13,910,045.

**County of Kings  
Outstanding Debt  
Pension Obligation Bonds, Lease Revenue  
Bonds, and Capital Leases  
As of June 30**

	<u>2014</u>	<u>2013</u>
Pension Obligation Bonds	\$ 7,780,976	\$ 8,480,037
Lease Revenue Bonds	8,090,000	8,515,000
Capital Leases	<u>13,910,045</u>	<u>14,068,079</u>
 Total	 <u>\$ 29,781,021</u>	 <u>\$ 31,063,116</u>

The County bonded debt decreased by \$1,124,061 or 6.67% and capital lease obligations outstanding decreased by \$158,034 (1.12%) during the current fiscal year representing principal reductions from bond and significant increases in lease payments.

The Lease Revenue Bonds issued by the Kings County Financing Authority in 2005, are, as of May 2009, rated A- by Standard & Poor's. Due to the eroding financial condition of the insuring company, AMBAC, the Bonds' prior rating of AAA was rendered irrelevant and the Bonds are no longer rated by Moody's Investors Service. The bonds continue to be repaid as agreed and the County maintains a reserve fund equal to one year of principal and interest payments.

State statutes limit the amount of debt a County may issue to 5% of its total assessed valuation. The current debt limitation for the County is \$461,896,950, which is significantly in excess of the County's outstanding bonded debt.

Additional information on the County's long-term debt can be found in Note 1 (page 31) and Notes 7 and 8 (pages 38-42) of this report.

**Budget and Economic Factors**

- The unemployment rate for the County is currently 12.70%, which is a decrease from a rate of 13.50% during fiscal year 2013. The unemployment rate for the State has been reported to be 7.4% and remain steady. The State unemployment rate was approximately 8.3% a year ago.
- The 2014-2015 County's Final Budget included an overall budget of 303.3 million, which is 26.6 million or 9% more than the fiscal year final budget. No actual workforce reduction is proposed for this budget year while the general fund budget is looking at a \$6 million increase in expenditures.
- Total allocated positions are 1,252.00 full-time equivalents (FTEs), which is 113 FTEs less than adopted in the 2013-2014 budget.

**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 County of Kings, Department of Finance, 1400 W. Lacey Blvd., Hanford, CA 93230.

**COUNTY OF KINGS  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,536,262
Investments	100,386,955
Receivables	12,200,691
Inventories and prepaids	210,825
Restricted assets	885,052
Capital assets, net of accumulated depreciation	
Land	6,958,299
Structures and Improvements	75,686,913
Equipment	12,472,056
Construction in progress	5,004,695
Infrastructure	11,904,679
	<u>227,246,427</u>
Total Assets	
<b>Liabilities</b>	
Accounts payable and other current liabilities	8,660,713
Accrued interest payable	3,739,126
Advances from grantors and third parties	30,307,621
Noncurrent liabilities	
Due within one year	5,441,873
Due in more than one year	
Claims payable	9,260,096
Capital leases	12,679,168
Pension obligation bonds	7,087,884
Lease revenue bonds	7,650,000
Compensated absences	5,649,770
Net OPEB obligation	4,275,430
	<u>94,751,681</u>
Total Liabilities	
<b>Net Position</b>	
Net investment in capital assets	79,167,717
Restricted for debt service	885,052
Unrestricted	52,441,977
	<u>\$ 132,494,746</u>
Total Net Position	

The accompanying notes are an integral part of these financial statements.

**COUNTY OF KINGS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2014**

Function/Program Activities	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary Government Governmental Activities					
General government	\$ 22,481,125	\$ 4,575,440	\$ 19,145,282	\$ 635,884	\$ 1,875,481
Public safety	66,234,449	5,528,585	29,886,145	-	(30,819,719)
Public ways and facilities	70,540	-	-	-	(70,540)
Highways and streets	7,638,948	394,904	-	7,592,625	348,581
Health and sanitation	26,324,341	1,056,741	24,452,204	-	(815,396)
Public assistance	68,281,588	13,555	64,481,468	-	(3,786,565)
Education	2,014,495	351,683	23,604	-	(1,639,208)
Culture and recreation	2,808,263	86,223	1,731,360	-	(990,680)
Unallocated depreciation	1,115,618	-	-	-	(1,115,618)
Interest on long-term debt	1,199,536	-	-	-	(1,199,536)
<b>Total Primary Government</b>	<b>\$ 198,168,903</b>	<b>\$ 12,007,131</b>	<b>\$ 139,720,063</b>	<b>\$ 8,228,509</b>	<b>\$ (38,213,200)</b>
<b>General Revenues</b>					
Property taxes					\$ 26,259,585
Sales tax					2,437,502
Franchise taxes					1,177,332
Hotel taxes					306,842
Investment earnings					393,305
Loss on sale of capital assets					(1,260,754)
Miscellaneous					6,846,051
<b>Total General Revenues</b>					<b>36,159,863</b>
Change in Net Position					(2,053,337)
Net Position, Beginning of Year					134,548,083
Net Position, End of Year					<b>\$ 132,494,746</b>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF KINGS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2014**

	General Fund	Debt Service	Capital Projects	Road	Nonmajor Governmental Funds	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 489,269	\$ 8,179	\$ 101,201	\$ 90,837	\$ 77,878	\$ 767,364
Imprest cash	25,030	-	-	-	754	25,784
Treasurer's investments	50,674,116	937,035	11,568,985	10,435,610	8,929,458	82,545,204
Deposit with others	25,000	-	-	-	66,195	91,195
Investments	511,782	-	-	-	-	511,782
Receivables	10,690,644	1,261	88,632	115,990	1,098,646	11,995,173
Due from other funds	709,956	-	-	-	-	709,956
Due from other governments	3,000	-	-	-	-	3,000
Deposit with others - restricted	100,837	784,215	-	-	-	885,052
<b>Total Assets</b>	<b>\$ 63,229,634</b>	<b>\$ 1,730,690</b>	<b>\$ 11,758,818</b>	<b>\$ 10,642,437</b>	<b>\$ 10,172,931</b>	<b>\$ 97,534,510</b>
<b>Liabilities</b>						
Accrued expenses payable	\$ 6,246,681	\$ -	\$ 585,214	\$ -	\$ 722,165	\$ 7,554,060
Advances from grantors and third parties	28,118,769	-	2,179,285	-	-	30,298,054
Due to other funds	694,379	-	-	-	834,269	1,528,648
<b>Total Liabilities</b>	<b>35,059,829</b>	<b>-</b>	<b>2,764,499</b>	<b>-</b>	<b>1,556,434</b>	<b>39,380,762</b>
<b>Deferred Inflows of Resources</b>						
Deferred inflows from property taxes	947,478	-	-	-	420,222	1,367,700
Deferred inflows from grantors	1,466,421	-	-	-	-	1,466,421
<b>Total Deferred Inflows of Resources</b>	<b>2,413,899</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>420,222</b>	<b>2,834,121</b>
<b>Fund Balances</b>						
Restricted	100,837	1,224,215	-	10,642,437	9,088,352	21,055,841
Assigned	25,030	506,475	8,994,319	-	754	9,526,578
Unassigned	25,630,039	-	-	-	(892,831)	24,737,208
<b>Total Fund Balances</b>	<b>25,755,906</b>	<b>1,730,690</b>	<b>8,994,319</b>	<b>10,642,437</b>	<b>8,196,275</b>	<b>55,319,627</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 63,229,634</b>	<b>\$ 1,730,690</b>	<b>\$ 11,758,818</b>	<b>\$ 10,642,437</b>	<b>\$ 10,172,931</b>	<b>\$ 97,534,510</b>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF KINGS  
RECONCILIATION OF THE BALANCE SHEET OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2014**

Total fund balances - total governmental funds	\$ 55,319,627
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	106,637,226
Certain accrued revenues are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. (Property Taxes \$1,466,421 and Impact Fees \$1,367,700)	2,834,121
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 \$3,541,182, Lease Revenue Bonds \$84,755, Capital Leases \$113,195)	(3,739,132)
Internal service funds are used by management to charge the costs of public works, fleet management, information services, 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 position.	11,572,271
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. (Pension Obligation Bonds \$7,780,976, Lease Revenue Bonds \$8,090,000, Capital Leases \$13,409,571, Compensated Absences \$5,009,390, General Liabilities - IBNR \$1,564,000, Net OPEB Obligation \$4,275,430)	<u>(40,129,367)</u>
Total net position - governmental activities	<u><u>\$ 132,494,746</u></u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF KINGS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	General Fund	Debt Service	Capital Projects	Road	Nonmajor Governmental Funds	Total
<b>Revenues</b>						
Taxes:						
Property taxes	\$ 18,594,936	\$ -	\$ -	\$ -	\$ 7,754,397	\$ 26,349,333
Sales tax	2,018,008	-	-	419,494	-	2,437,502
Franchise taxes	1,177,332	-	-	-	-	1,177,332
Hotel taxes	306,842	-	-	-	-	306,842
Licenses and permits	386,364	-	-	-	-	386,364
Fines and forfeits	826,718	-	-	394,904	868,830	2,090,452
Intergovernmental revenues	128,902,258	-	253,000	7,592,625	11,083,216	147,831,099
Charges for services	8,791,244	-	-	-	51,715	8,842,959
Rents and concessions	644,218	-	-	-	420	644,638
Investment earnings	246,599	10,957	38,049	36,713	34,438	366,756
Contributions and donations	41,017	-	-	-	1,701	42,718
Miscellaneous revenues	3,625,473	7,322	365,345	79,294	2,768,617	6,846,051
<b>Total revenues</b>	<b>165,561,009</b>	<b>18,279</b>	<b>656,394</b>	<b>8,523,030</b>	<b>22,563,334</b>	<b>197,322,046</b>
<b>Expenditures</b>						
Current:						
General government	16,724,941	-	32,201	-	-	16,757,142
Public safety	52,533,506	-	-	-	12,952,100	65,485,606
Public ways and facilities	31,180	2,000	37,360	-	-	70,540
Highways and streets	-	-	-	7,638,948	-	7,638,948
Health and sanitation	26,179,673	-	-	-	-	26,179,673
Public assistance	60,590,357	-	-	-	7,052,580	67,642,937
Education	169,978	-	-	-	1,822,259	1,992,237
Culture and recreation	2,808,263	-	-	-	-	2,808,263
Debt service:						
Principal	1,380,265	425,000	-	-	200,759	2,006,024
Interest	777,865	354,425	-	-	71,571	1,203,861
Capital outlay	1,143,479	-	3,036,249	-	607,900	4,787,628
<b>Total expenditures</b>	<b>162,339,507</b>	<b>781,425</b>	<b>3,105,810</b>	<b>7,638,948</b>	<b>22,707,169</b>	<b>196,572,859</b>
Excess (deficiency) of revenues over (under) expenditures	3,221,502	(763,146)	(2,449,416)	884,082	(143,835)	749,187
Other financing sources (uses)						
Capital leases - other financing sources	229,557	-	-	-	251,411	480,968
Transfers in	159,830	867,460	1,394,695	-	1,116,605	3,538,590
Transfers out	(2,511,300)	-	-	-	(1,027,290)	(3,538,590)
<b>Total other financing sources (uses)</b>	<b>(2,121,913)</b>	<b>867,460</b>	<b>1,394,695</b>	<b>-</b>	<b>340,726</b>	<b>480,968</b>
<b>Net change in fund balances</b>	<b>1,099,589</b>	<b>104,314</b>	<b>(1,054,721)</b>	<b>884,082</b>	<b>196,891</b>	<b>1,230,155</b>
Fund balances - beginning	24,656,317	1,626,376	10,049,040	9,758,355	7,999,384	54,089,472
<b>Fund balances - ending</b>	<b>\$ 25,755,906</b>	<b>\$ 1,730,690</b>	<b>\$ 8,994,319</b>	<b>\$ 10,642,437</b>	<b>\$ 8,196,275</b>	<b>\$ 55,319,627</b>

The accompanying notes are an integral part of these financial statements.

**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, 2014**

Net change in fund balances - total governmental funds	\$ 1,230,155
Amounts reported for governmental activities in the Statement of Net Position are different because:	
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 \$4,786,216 exceeded depreciation \$(6,004,550) in the current period.	(1,218,334)
In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from such sales increase financial resources. The net effect from the sale, trade-in transactions, and transfers involving capital assets is to decrease net position.	(1,323,375)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. Deferred inflows from property tax receivables \$1,457,448 and intergovernmental revenue \$1,398,782 are unavailable current year revenues.	(22,109)
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 \$983,214, Pension Obligation Bonds \$699,061, Lease Revenue Bonds \$425,000, offset by the reversal of loan and capital lease proceeds \$(834,549).	1,272,726
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 governmental funds. In the governmental activities, expense and liabilities are reported when amounts are due and payable. General liability - claims payable \$(387,000) and accrued interest \$(59,943).	(446,943)
Governmental funds expense payments for compensated absences and other postemployment 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 the net accrued expenses for the Net OPEB Obligation \$(645,474) and Compensated Absences \$578,338.	(67,136)
Internal service funds are used by management to charge the costs of public works, fleet management, information services, health self-insurance, and workers' compensation self-insurance to individual funds. The net (expense) of activities from internal service funds is reported within governmental activities.	<u>(1,478,321)</u>
Change in net position of governmental activities	<u>\$ (2,053,337)</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF KINGS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2014**

	<u>Internal Service Funds</u>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 151,589
Imprest cash	330
Treasurer's investments	17,329,969
Deposit with others	500,000
Receivables	180,047
Due from other funds	915,270
Due from other governments	22,471
Inventories and prepaids	<u>210,825</u>
Total current assets	<u>19,310,501</u>
Noncurrent assets	
Capital assets:	
Equipment	15,746,510
Less: accumulated depreciation	<u>(10,357,094)</u>
Total noncurrent assets	<u>5,389,416</u>
Total Assets	<u>24,699,917</u>
<b>Liabilities</b>	
Current liabilities	
Accrued expenses payable	1,106,653
Due to other funds	96,577
Advances from grantors and third parties	9,567
Capital leases payable	267,347
Claims payable	<u>2,478,343</u>
Total current liabilities	<u>3,958,487</u>
Noncurrent liabilities	
Leases payable	233,127
IBNR claims	8,295,657
Compensated absences payable	<u>640,380</u>
Total noncurrent liabilities	<u>9,169,164</u>
Total Liabilities	<u>13,127,651</u>
<b>Net Position</b>	
Net investment in capital assets	4,888,942
Unrestricted	<u>6,683,324</u>
Total Net Position	<u><u>\$ 11,572,266</u></u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF KINGS  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Internal Service Funds</u>
<b>Operating revenues</b>	
Charges for services	\$ 21,060,696
Miscellaneous revenues	<u>12,534,821</u>
Total operating revenues	<u>33,595,517</u>
<b>Operating expenses</b>	
Salaries and employee benefits	19,831,239
Services and supplies	13,166,742
Administration	1,062,246
Depreciation	<u>1,115,618</u>
Total operating expenses	<u>35,175,845</u>
Operating loss	(1,580,328)
<b>Nonoperating revenues (expenses)</b>	
Intergovernmental revenues	49,834
Investment earnings	26,549
Interest expense	(36,983)
Net gain on sale of assets	<u>62,607</u>
Total nonoperating revenues (expenses)	<u>102,007</u>
Change in net position	(1,478,321)
Net position, beginning of year	<u>13,050,587</u>
Net position, end of year	<u><u>\$ 11,572,266</u></u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF KINGS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Internal Service Funds</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from interfund services provided	\$ 34,055,463
Payments to suppliers	(13,988,435)
Payments to and on behalf of employees	(18,128,523)
Payments for interfund services used	<u>(271,062)</u>
Net Cash Provided by Operating Activities	<u>1,667,443</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Transfers in	<u>49,834</u>
Net Cash Provided by Non-Capital Financing Activities	<u>49,834</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Interest expense	<u>(36,983)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(36,983)</u>
<b>Cash Flows from Investing Activities</b>	
Proceeds from sales and maturities of investments	15,920,484
Purchase of investments	(18,078,612)
Investment earnings	<u>26,549</u>
Net Cash Used by Investing Activities	<u>(2,131,579)</u>
Net Change in Cash and Cash Equivalents	(451,285)
Cash and Cash Equivalents, Beginning of Year	<u>602,874</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 151,589</u></u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF KINGS  
STATEMENT OF CASH FLOWS (Continued)  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Internal Service Funds</u>
<b>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities</b>	
Operating Loss	\$ (1,580,328)
Adjustment to Reconcile Operating Loss	
Depreciation expense	1,115,619
Net gain on sale of assets	62,607
(Increase) Decrease in receivables	438,251
Increase (Decrease) in deposits with others	(44,644)
(Increase) Decrease in due from other funds	(41,941)
(Increase) Decrease in due from other governments	1,230
(Increase) Decrease in inventories and prepaids	(13,631)
Increase (Decrease) in advances from grantors and third parties	(200)
Increase (Decrease) in accrued expenses payable	5,667
Increase (Decrease) in due to other funds	6,427
Increase (Decrease) in capital leases payable	(10,792)
Increase (Decrease) in compensated absences payable	13,444
Increase (Decrease) in accrued interest payable	(20,266)
Increase (Decrease) in claims payable	<u>1,736,000</u>
Total Adjustments	<u>3,247,771</u>
Net Cash Provided By Operating Activities	<u>\$ 1,667,443</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF KINGS  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2014**

	Retiree Health Trust	Private-Purpose Trust	Agency Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 3,757	\$ -	\$ 1,459,466
Treasurer's investments	430,616	-	164,702,227
Deposit with others	-	-	1,078,108
Receivables	-	-	13,074,334
Prepaid expenses	-	-	74,530
 Total assets	 <u>434,373</u>	 <u>-</u>	 <u>180,388,665</u>
 <b>Liabilities</b>			
Due to other agencies	<u>-</u>	<u>-</u>	<u>180,388,665</u>
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>180,388,665</u>
 <b>Net Position</b>			
Net position held in trust	<u>\$ 434,373</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF KINGS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Retiree Health Trust</u>	<u>Private-Purpose Trust</u>
<b>Additions</b>		
Contributions		
Employer contributions	\$ 140,929	\$ -
Plan members contributions	70,349	-
Redevelopment Agency administration contribution	-	5,000
	<u>211,278</u>	<u>5,000</u>
Total contributions	211,278	5,000
Interest and investment revenue		
Investment earnings	(530)	55
	<u>210,748</u>	<u>5,055</u>
Total additions	210,748	5,055
<b>Deductions</b>		
Health insurance premiums	180,150	-
Professional and special services	-	927
Administrative allocation	-	4,128
	<u>180,150</u>	<u>5,055</u>
Total deductions	180,150	5,055
Change in net position	30,598	-
Net position, beginning of year	<u>403,775</u>	<u>-</u>
Net position, end of year	<u>\$ 434,373</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**COUNTY OF KINGS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The County of Kings (County) was incorporated in 1893 under laws of the State of California and currently consists of approximately 1,391 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 (Board) that is 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, 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, and are therefore included within the reporting entity.

The financial statements of the County 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 County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are in substance a part of the County 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 the 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 the County's financial statement reports. Criteria used for determination of blended component units include a shared governing body, exclusive or almost exclusive benefit to the County Government, and that the County is financially responsible. Blended component units of the County include the County Financing Authority for jail facility construction, Children and Families First Commission for early childhood development services, In-Home Supportive Services (I.H.S.S.) Public Authority for providing an alternative to out of home care for the elderly, disabled and/or blind. The Kings County Financing Authority is reported in the Capital Projects and Debt Service Funds to account for the bond proceeds used for jail construction. The Children and Families First Commission and I.H.S.S. Public Authority 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: Rebecca Carr, CPA, CGMA – Director of Finance – Accounting, telephone number 559-852-2460.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### **Reporting Entity** (Continued)

**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 County Board has authority to appoint the majority of members for the Law Library Board, Corcoran Cemetery District, Hanford Cemetery District, Lemoore Cemetery District, Cross Creek Flood Control District, the Excelsior-Kings River Resource Conservation District and Mosquito Abatement District. The Law 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 district'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 Abatement District defines the policies for operations and employs the necessary staff with resources necessary to control mosquitoes.

### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the County of Kings.

The statement of activities demonstrates 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.

### **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 County considers revenues to be available if they are collected within nine months 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.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation** (Continued)

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. Account groups are no longer presented as such in the financial statements, but the information is incorporated in the governmental activities column of the government-wide statement of net position. 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 the **Road Fund which is considered a major fund** for financial reporting purposes.

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

*Capital Projects 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 Services* – 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.

## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

#### 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 County'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 Redevelopment Successor Agency Trust Fund (Private-Purpose Trust) accumulates and distributes the proceeds that remain within the Kings County Redevelopment Agency upon the dissolution of California Redevelopment Agencies, as set forth by State Assembly Bill X1 26. 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 the County, including special districts, school districts, colleges and hospitals.

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, Information Technology 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.

#### A. Assets, Liabilities, and Net Position or Equity

##### 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.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### A. Assets, Liabilities, and Net Position or Equity (Continued)

#### **Deposits and Investments** (Continued)

State statutes authorize the County 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 backed 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 to invest within the parameters of the California State statutes except that the County does not invest in asset-backed 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 Statement No. 31 accounting pronouncement requires 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, 2014. As a result, the County increased treasurer investments and investment earnings in Governmental Funds by \$281,396, Proprietary Funds \$133,772 and Fiduciary Funds by \$855,951.

#### **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).

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 collectability of receivables as adequate to report them as gross receivables without a deduction for discounts and allowances.

Property taxes are levied as of October 6 on property values assessed as of the preceding January 1 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.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### A. Assets, Liabilities, and Net Position or Equity (Continued)

#### **Receivables and Payables** (Continued)

Property taxes on the secured roll are due in two installments during the fiscal year and become delinquent on December 10 and April 10, respectively. 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 30 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 10 and the second on April 10. 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.

#### **Inventories and Prepaid Items**

Inventories of materials and supplies are for the Information Services 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.

#### **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 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 \$1,224,215. 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 \$100,837 for the current fiscal year.

## **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### A. Assets, Liabilities, and Net Position or Equity (Continued)

#### **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 financial statements. The proprietary fund financial statements include capital assets which are also reported in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Capital assets, other than infrastructure assets, are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

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 GASB. 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	10-25
Infrastructure	10-50
Vehicles	3-15
Machinery and Equipment	5-20
Office Equipment	5-20
Computer Equipment	5-10

#### **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.

#### **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 position. 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.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. Assets, Liabilities, and Net Position or Equity (Continued)

**Fund Equity**

In the fund financial statements, fund balance is reported in classifications that comprise a hierarchy based on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications of fund balance are:

Nonspendable - includes fund balance amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints.

Restricted - includes fund balance amounts that are constrained for specific purposes that are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the County through formal action (Resolution) of the highest level of decision making authority (Board of Supervisors) and do not lapse at year-end.

Assigned - includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by management decision. The assigned balances in this report represent budgeted amounts set by Board of Supervisor's approval of the subsequent year budget.

Unassigned - Unassigned includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for specific expenditures, restricted resources are considered spent before unrestricted resources. Within unrestricted resources, committed and assigned are considered spent (if available) before unassigned amounts.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)A. Assets, Liabilities, and Net Position or Equity (Continued)**Fund Equity** (Continued)

As of June 30, 2014, the fund balance details by classification are listed below:

	General Fund	Debt Service	Capital Projects	Road	Nonmajor Governmental Funds	Total
Restricted for:						
Library	\$ -	\$ -	\$ -	\$ -	\$ 3,286,110	\$ 3,286,110
Road	-	-	-	10,642,437	-	10,642,437
Fire	-	-	-	-	1,768,872	1,768,872
County Fish and Game	-	-	-	-	14,880	14,880
Child Support Services	-	-	-	-	71,948	71,948
Off-Highway Motor Vehicle	-	-	-	-	45,641	45,641
Community Development Block Grants	-	-	-	-	1,318,323	1,318,323
Criminal Justice Facility	-	-	-	-	68,864	68,864
Children and Families First Commission	-	-	-	-	2,513,714	2,513,714
Debt Service Reserve Funds	100,837	1,224,215	-	-	-	1,325,052
<b>Total Restricted Fund Balance</b>	<b>100,837</b>	<b>1,224,215</b>	<b>-</b>	<b>10,642,437</b>	<b>9,088,352</b>	<b>21,055,841</b>
Assigned:						
Debt Service	-	506,475	-	-	-	506,475
Imprest Cash	25,030	-	-	-	754	25,784
Capital Projects	-	-	8,994,319	-	-	8,994,319
<b>Total Assigned Fund Balance</b>	<b>25,030</b>	<b>506,475</b>	<b>8,994,319</b>	<b>-</b>	<b>754</b>	<b>9,526,578</b>
Unassigned:						
General	25,630,039	-	-	-	(428,873)	25,201,166
Job Training Office	-	-	-	-	(463,958)	(463,958)
<b>Total Unassigned Fund Balance</b>	<b>25,630,039</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(892,831)</b>	<b>24,737,208</b>
<b>Total Fund Balances</b>	<b>\$ 25,755,906</b>	<b>\$ 1,730,690</b>	<b>\$ 8,994,319</b>	<b>\$ 10,642,437</b>	<b>\$ 8,196,275</b>	<b>\$ 55,319,627</b>

**Deficit Fund Equity/Net Position**

The following special revenue funds, included in the column for nonmajor governmental funds, had deficit unassigned fund balances as follows: The Job Training Office for \$428,873 and the I.H.S.S. for \$463,958 as of June 30, 2014. Both funds 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. In addition, included in the Internal Service Funds, the Workers' Compensation Fund had a deficit of net position balance of \$3,305,369.

**Allocation of Investment Income Among Funds**

It is presumed under 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. See additional detail in Note 16.

**Accounting Standards Update**

During the fiscal year ending June 30, 2014, the County implemented the following GASB standards:

**GASB Statement No. 66 - Technical Corrections - 2012 - an Amendment of GASB Statements No. 10 and No. 62.** The provisions of GASB Statement No. 66 are effective for financial statements beginning after December 15, 2012. There was no effect on the County's accounting or financial reporting as a result of implementing this standard.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. Assets, Liabilities, and Net Position or Equity (Continued)

**Accounting Standards Update** (Continued)

**GASB Statement No. 67 - Financial Reporting for Pension Plans - an Amendment of GASB Statement No. 25.** The provisions of GASB Statement No. 67 are effective for financial statements beginning after June 15, 2013. There was no effect on the County's accounting or financial reporting as a result of implementing this standard.

**GASB Statement No. 70 - Accounting and Financial Reporting for Nonexchange Financial Guarantees.** The provisions of GASB Statement No. 70 are effective for financial statements beginning after June 15, 2013. There was no effect on the County's accounting or financial reporting as a result of implementing this standard.

Recently released standards by GASB affecting future fiscal years are as follows:

**GASB Statement No. 68 - Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27.** The provisions of GASB Statement No. 68 are effective for financial statements beginning after June 15, 2014. The County has not fully judged the effect of the implementation fo GASB Statement No. 68 as of the date of the basic financial statements.

**GASB Statement No. 69 - Government Combinations and Disposals of Government Operations.** The provisions of GASB Statement No. 69 are effective for financial statements beginning after December 15, 2013. The County has not fully judged the effect of the implementation of GASB Statement No. 69 as of the date of the basic financial statements.

**GASB Statement No. 71 - Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68.** The provisions of this statement will be applied simultaneously with the provisions of GASB Statement No. 68.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

As of June 30, 2014, the County had the following investments and maturities:

Investment Type	Investment Maturities					
	Total	Less than 1 Year	1 Year	2 Years	3 Years	4 Years
Money Market Mutual Funds	\$ 261,826	\$ 261,826	\$ -	\$ -	\$ -	\$ -
Federal Agencies	157,128,795	88,307	22,100,044	51,678,829	76,589,740	6,671,875
Local Agency Investment Fund	30,924,354	30,924,354	-	-	-	-
Medium-Term Corporate Notes	69,134,288	27,109,358	17,197,243	17,354,100	7,634,358	(160,771)
Commercial Paper	35,508	35,508	-	-	-	-
Collateralized Time Deposits	5,000,000	5,000,000	-	-	-	-
Negotiable Certificates of Deposit	3,035,027	3,035,027	-	-	-	-
Total	<u>\$ 265,519,798</u>	<u>\$ 66,454,380</u>	<u>\$ 39,297,287</u>	<u>\$ 69,032,929</u>	<u>\$ 84,224,098</u>	<u>\$ 6,511,104</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.

**NOTE 2 – DEPOSITS AND INVESTMENTS** (Continued)

*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. 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, 2014, the County's investments in medium-term notes were rated A+ to AA+ by Standard & Poor's and A1 to Aa2 by Moody's Investors Service. The Federal Agencies, Money Market Mutual Funds, and Collateralized Time Deposits are rated AA to AA+ by Standard & Poor's and Aa2 to AAA by Moody's Investors Service.

*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 issuer exceeded 5 percent: Bank of New York (5.75 percent), Toyota Motor Credit Corp. (5.75 percent) and Berkshire Hathaway (5.54 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, 2014, the County's remaining unamortized balance is \$511,782.

**NOTE 3 – 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 Fund	Debt Service	Capital Projects	Road	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Fiduciary Funds	Total
Receivables									
Accounts	\$ -	\$ -	\$ -	\$ -	\$ 159,192	\$ 159,192	\$ 105,603	\$ 5,399	\$ 270,194
Intergovernmental	9,632,869	-	59,715	92,670	495,859	10,281,113	53,188	9,398,083	19,732,384
Taxes	900,439	-	-	-	421,347	1,321,786	-	3,925,189	5,246,975
Interest	157,336	1,261	28,917	23,320	22,248	233,082	21,256	(254,337)	1
<b>Total Receivables</b>	<b>\$ 10,690,644</b>	<b>\$ 1,261</b>	<b>\$ 88,632</b>	<b>\$ 115,990</b>	<b>\$ 1,098,646</b>	<b>\$ 11,995,173</b>	<b>\$ 180,047</b>	<b>\$ 13,074,334</b>	<b>\$ 25,249,554</b>

#### NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 7,420,105	\$ -	\$ (461,806)	\$ -	\$ 6,958,299
Construction in progress	2,286,322	2,718,373	-	-	5,004,695
Total capital assets, not being depreciated	9,706,427	2,718,373	(461,806)	-	11,962,994
Capital assets, being depreciated:					
Structures and improvements	122,464,274	443,791	(986,237)	24,400	121,946,228
Equipment	33,274,156	3,499,609	(1,812,812)	1,411	34,962,364
Infrastructure	42,525,803	-	-	-	42,525,803
Total capital assets, being depreciated	198,264,233	3,943,400	(2,799,049)	25,811	199,434,395
Less accumulated depreciation					
Structures and improvements	(43,210,894)	(3,116,974)	68,553	-	(46,259,315)
Equipment	(21,430,888)	(2,891,858)	1,832,438	-	(22,490,308)
Infrastructure	(29,509,788)	(1,111,336)	-	-	(30,621,124)
Total accumulated depreciation	(94,151,570)	(7,120,168)	1,900,991	-	(99,370,747)
Total capital assets being depreciated, net	104,112,663	(3,176,768)	(898,058)	25,811	100,063,648
Governmental activities capital assets, net	<u>\$ 113,819,090</u>	<u>\$ (458,395)</u>	<u>\$ (1,359,864)</u>	<u>\$ 25,811</u>	<u>\$ 112,026,642</u>

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

Governmental Activities	
General Government	\$ 5,565,751
Public Safety	748,843
Health and Sanitation	144,668
Public Assistance	638,648
Education	22,258
Grand Total	<u>\$ 7,120,168</u>

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of June 30, 2014, is as follows:

Due to/from Funds		Amount
Receivable Fund	Payable Fund	
General Fund	Nonmajor Governmental Funds	\$ 709,956
Health Self-Insurance Fund (1)	General Fund	694,379
	Nonmajor Governmental Funds	124,313
	Internal Service Funds	96,577
Total		<u>\$ 1,625,225</u>

(1) Internal Service Fund

Short-term working capital loans payable to the General Fund represent \$709,956 of the total interfund balance amount of \$1,625,225 as noted above. The remaining \$915,269 reflects a timing difference between the current year insurance contributions withheld from payroll using a clearing account verses the allocation of these contributions to the Health Self-Insurance Fund subsequent to year-end.

Interfund transfers:

	Transfers In:				Total
	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Transfers Out:					
General Fund	\$ -	\$ -	\$ 1,394,695	\$ 1,116,605	\$ 2,511,300
Nonmajor	159,830	867,460	-	-	1,027,290
Total	<u>\$ 159,830</u>	<u>\$ 867,460</u>	<u>\$ 1,394,695</u>	<u>\$ 1,116,605</u>	<u>\$ 3,538,590</u>

(1) Nonmajor Funds = Special Revenue Funds

The \$867,460 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 \$1,394,695 represents \$381,530 received from the Williamson Act contract and transferred to the Capital Projects Funds for general projects, \$464,165 transferred from the Human Services Fund for the capital projects and \$549,000 transferred from the Behavioral Health Fund for capital projects. The \$1,116,605 above represents \$254,353 from the Williamson Act contract and \$700,000 from Tribal Mitigation Fees to support the Fire Department as well as \$162,252 to support the I.H.S.S. Fund. The above \$109,993 represents the transfer of Homeland Security Grant funds from the Fire Department to the General Fund and \$49,837 from Off Highway Motor Vehicle Fund to support Sheriff's operations.

## **NOTE 6 – ADVANCES FROM GRANTORS AND THIRD PARTIES**

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when earned. Therefore, the government-wide Statement of Net Position as well as governmental and internal service funds defer revenue recognition in connection with resources that have been received as of year-end, but not yet earned. Assets recognized in connection with a transaction before the earnings process is complete are offset by a corresponding liability for advances from grantors and third parties.

At June 30, 2014, the various components of advances from grantors and third parties reported as follows:

	<u>Advances</u>
General Fund:	
Solar project application	\$ 9,378
Grant drawdowns and fees collected	<u>28,109,391</u>
Total General Fund	<u>28,118,769</u>
Capital Projects Fund:	
Impact Fees collected on new developments	2,179,285
Internal Service Fund:	
Environmental impact studies	<u>9,567</u>
Total advances from grantors and third parties	<u><u>\$ 30,307,621</u></u>

## **NOTE 7 – LEASES**

The government leases buildings and office facilities, vehicles, and office equipment under noncancelable operation leases. Total estimated costs for such leases were \$938,594 for the year ended June 30, 2014. The future minimum lease payments for the leases are estimated as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2015	\$ 667,339
2016	514,946
2017	420,449
2018	298,827
2019 - 2022	285,905
2013 - 2023	<u>1,219,190</u>
Total	<u><u>\$ 3,406,656</u></u>

The County has entered into the following lease agreements as lessee for the following purposes: 1) Energy Conservation Equipment (February 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 (September 2008) representing a major upgrade costing \$8,372,764 for the construction and installation of a central heating, cooling and storage plant including a new energy management system. 4) Dell Financial Services (February 2011) SAN system replacement computers in the amount of \$524,252 to finance the acquisition. 5) A Fire Truck engine (June 2011) in the amount of \$949,705 to finance the acquisition. 6) Dell Financials Services (February 2012) replacement computers in the amount of \$478,784 to finance the acquisition. 7) Equipment Lease for the Solar Project in the amount of \$4,146,899 to finance the acquisition and installation of solar panels at the County Government Center and Hanford Library.

**NOTE 7 – LEASES** (Continued)

8) Several copiers in the amount of \$523,939 to finance the acquisition. 9) A truck for the Fire Department in the amount of \$39,389. 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	\$ 15,524,663
Equipment	<u>3,540,490</u>
Total	19,065,153
Less: Accumulated Depreciation	<u>(7,406,353)</u>
Total	<u>\$ 11,658,800</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2015	\$ 1,807,365
2016	1,693,483
2017	1,590,311
2018	1,431,428
2019	1,348,143
2020-2024	5,711,351
2025-2029	<u>4,523,462</u>
Total minimum lease payments	18,105,543
Less: amount representing interest	<u>(4,195,498)</u>
Present value of minimum lease payments	<u>\$ 13,910,045</u>

## **NOTE 8 – LONG-TERM DEBT**

### **Pension Obligation Bonds**

On June 29, 2004, Kings County issued \$13,877,742 in taxable Pension Obligation Bonds. The 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 (2015-2019)	5.94 - 6.38%	\$ 1,829,666
CalPERS UAAL (2020-2024)	6.45 - 6.58%	<u>1,531,309</u>
Total		<u>\$ 3,360,975</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>
2015	\$ 393,092	\$ 351,908
2016	379,471	395,529
2017	365,703	439,297
2018	352,554	482,446
2019	338,846	526,154
2020-2024	<u>1,531,309</u>	<u>3,308,691</u>
Total	<u>\$ 3,360,975</u>	<u>\$ 5,504,025</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, Wells Fargo Bank, 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 \$100,837 for the 2014 fiscal year, to ensure that debt service funds will be sufficient in the event that the LIBOR rate exceeds projections.

**NOTE 8 – LONG-TERM DEBT** (Continued)**Pension Obligation Bonds** (Continued)2004 Series B Pension Obligation Bonds (Index Bonds) (Continued)

Series B Pension Obligation Bonds currently outstanding are as follows:

Purpose	Current Interest Rate	Amount
CalPERS UAAL	0.170% as of 06/13 (variable)	\$ 4,420,000

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>Interest</u>
2015	\$ 300,000	\$ 35,520
2016	330,000	53,820
2017	360,000	87,630
2018	390,000	113,850
2019	415,000	131,580
2020-2024	<u>2,625,000</u>	<u>549,400</u>
Total	<u>\$ 4,420,000</u>	<u>\$ 971,800</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 1, 2009, to April 1, 2015, are subject to optional call redemptions by the County on or after April 1, 2008, as a whole or in part. In addition, bonds are redeemable on or after April 1, 2015, for bonds maturing April 1, 2016, to April 1, 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 \$784,215 for fiscal year 2014.

Series A Lease Revenue Bonds currently outstanding are as follows:

Purpose	Interest Rates	Amount
Jail Construction (2015-2019)	3.75-4.00%	\$ 2,385,000
Jail Construction (2020-2024)	4.13-4.25%	2,905,000
Jail Construction (2025-2029)	4.25-4.50%	<u>2,800,000</u>
Total		<u>\$ 8,090,000</u>

**NOTE 8 – LONG-TERM DEBT** (Continued)**Lease Revenue Bonds** (Continued)

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 440,000	\$ 339,019
2016	460,000	322,519
2017	475,000	305,269
2018	495,000	286,863
2019	515,000	267,063
2020-2024	2,905,000	1,000,344
2025-2028	2,800,000	320,113
	<u>2,800,000</u>	<u>320,113</u>
Total	<u>\$ 8,090,000</u>	<u>\$ 2,841,190</u>

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2014, 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	\$ 3,770,037	\$ -	\$ (409,061)	\$ 3,360,976	\$ 393,092
Pension obligation bonds Series B	4,710,000	-	(290,000)	4,420,000	300,000
Lease revenue bonds	8,515,000	-	(425,000)	8,090,000	440,000
Total bonds payable	16,995,037	-	(1,124,061)	15,870,976	1,133,092
Capital leases	14,068,079	1,049,276	(1,207,310)	13,910,045	1,230,877
Claims	10,215,000	6,397,404	(4,274,404)	12,338,000	3,077,904
Compensated absences	6,214,664	6,201,869	(6,766,764)	5,649,769	-
Long-term liabilities	<u>\$ 47,492,780</u>	<u>\$ 13,648,549</u>	<u>\$ (13,372,539)</u>	<u>\$ 47,768,790</u>	<u>\$ 5,441,873</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, \$10,774,000 of claims, \$640,380 of compensated absences, and \$500,474 of capital leases from internal service funds are included in the above amounts.

**NOTE 9 – DEFERRED INFLOW OF RESOURCES**

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the County recognized deferred inflows of resources in the governmentwide fund statements. These items are an acquisition of net position by the County that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenues not susceptible to accrual as deferred inflows of resources. Deferred inflows consisted of \$1,367,700 from property taxes and \$1,466,421 from grantors, for a grand total of \$2,834,121 for the year ended June 30, 2014.

## **NOTE 10 – 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. In 1979 the County established 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 3.0% 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 through \$25,000,000 and workers compensation claims exceeding \$300,000.

	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Year Ended June 30, 2014</u>
Unpaid claims, beginning of fiscal year	\$ 1,177,000	9,038,000	\$ 10,215,000
Incurred claims (including IBNRs)	1,271,258	5,126,146	6,397,404
Claim payments	<u>(884,258)</u>	<u>(3,390,146)</u>	<u>(4,274,404)</u>
Unpaid claims, end of fiscal year	<u>\$ 1,564,000</u>	<u>10,774,000</u>	<u>\$ 12,338,000</u>

The County has medical malpractice coverage with limits of \$21,500,000 over the \$5,000 deductible. Fully insured programs include property insurance with limits of \$600,000,000, master crime liability program with limits of \$15,000,000 over the \$25,000 deductible, a pollution liability program with limitations to \$10,000,000 and a fiduciary liability program with limits of \$5,000,000. In addition, the County has designated funds to manage risk as follows: Earthquake Self-Insurance for \$500,000, Liability Self-Insurance for \$2,328,015, Economic Uncertainties for \$3,300,271 and reserves for Contingencies amounting to \$28,362,223.

## **NOTE 11 – 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.

## **NOTE 12 – 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 County expects such amounts, if any, to be immaterial.

County tax collectors administer collection and distribution of property taxes pursuant to the California Revenue and Taxation Code, including the charge of Property Tax Administration Fee (PTAF). Some cities have disputed the way their County was charging the PTAF. On November 19, 2012 the California Supreme Court ruled that such administration fees were being improperly collected. Although there are still remaining questions about statute of limitations and interest, all counties in the state, including the County of Kings, are working with cities to repay improperly collected fees. The County received claims from all four cities. To date, the County has settled with one city, is in settlement discussions with another city, and was recently sued by the remaining two cities. The exposure ranges from \$1,939,000 (for 6 years) to 1,009,000 (for 3 years) plus potential annual interest of 7%

As a public entity and due to its size and its activities, at virtually all times, the County is a defendant, co-defendant, or cross-defendant in various court cases in which money damages are sought. The majority of these lawsuits are not presently determinable; in the opinion of the County's counsel, the resolution of these matters, other than the contingent PTAF item noted above, will not have a material adverse effect on the financial condition of the government.

## **NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

### **Plan Description:**

The County contributes to 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 2010 Annual Actuarial Valuation Report may be obtained from their Executive Offices – Lincoln Plaza – 400 Q Street – Sacramento, CA 95814.

### **Funding Policy:**

The contribution requirement 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 9% for the Safety Plan of their annual covered salary. The County is required to contribute at an actuarially determined rate; the current rate is 11.146% for non-safety employees (Miscellaneous Plan) and 17.451% for safety employees (Safety Plan) of annual covered payroll. Within the Miscellaneous Plan, for the fiscal year 2013-2014 the County did not fund the employees required contribution except for the Board of Supervisors entire required contribution, 7%. Within the Safety Plan the County did not fund the employees required contribution and the Probation, Sheriffs and Sheriff Management employees contributed their required 9% and 4% of the County's required contribution.

**NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS** (Continued)**Annual Pension Cost:**

For the fiscal year 2013-2014, the County's annual pension cost is \$9,040,607. The annual pension cost for the Miscellaneous Plan is \$5,512,718 (exclusive of the employees share) for CalPERS and the annual pension cost for the Safety Plan is \$3,527,889 (exclusive of the employees share) for CalPERS. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses), (b) projected salary increases of 3.30% to 14.20% depending on age, service, and type of employment, increased annually, (c) assumed annual inflation growth rate of 2.75% and payroll growth of 3.00%. 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. The remaining period at June 30, 2011 was 23 years for the Miscellaneous Plan and 32 years for the Safety Plan.

**Funded Status:**

The following table shows the County's required contributions, annual pension cost and the net pension asset for the current and two preceding years:

## Miscellaneous Plan

	Annual Pension Cost (APC)	Contributions	% of APC Contributed
June 30, 2014	\$ 5,512,718	\$ 4,831,292	88%
June 30, 2013	5,254,294	4,444,392	85%
June 30, 2012	5,266,411	5,266,411	100%

## Safety Plan

	Annual Pension Cost (APC)	Contributions	% of APC Contributed
June 30, 2014	\$ 3,527,889	\$ 3,175,498	90%
June 30, 2013	3,297,699	2,872,453	87%
June 30, 2012	3,323,187	3,323,187	100%

## **NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The County provides health insurance benefits (medical, dental, vision, chiropractic, and mental health) through a self-insured plan administered by Health Now using the Blue Shield PPO. The County contributes toward the cost of such coverage for its employees as set forth in a bargaining memorandum 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 Statement No. 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 Statement No. 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 portion of cash 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.

### **Funding Policy:**

As required by GASB Statement No. 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 UAAL over a period not to exceed 30 years. However, GASB Statement No. 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 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 and Net OPEB Obligation:**

The County's annual OPEB cost (expense) is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

**NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)** (Continued)

Annual required contribution	\$ 1,190,510
Interest on net OPEB obligation	145,198
Adjustment to annual required contribution	<u>(209,921)</u>
Annual OPEB cost (expense)	1,125,787
Contributions made	<u>(480,313)</u>
Increase in net OPEB obligation	645,474
Net OPEB obligation - beginning of year	<u>3,629,956</u>
Net OPEB obligation - end of year	<u><u>\$ 4,275,430</u></u>

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation for the fiscal year ended June 30, 2014 and the proceeding year was 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>
6/30/2012	\$ 1,140,369	\$ 597,109	52.36%	\$ 2,898,911
6/30/2013	1,138,822	407,777	35.81%	3,629,956
6/30/2014	1,125,787	480,313	42.66%	4,275,430

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 most recent actuarial valuation was performed as of July 1, 2013. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0 percent. 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, 2014, was 30 years.

**NOTE 15 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2014, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category	Excess Expenditures
Major Funds	
General Fund	
Interest Expense	\$ 777,865
Road Fund	
Highways and Streets	283,948
Debt Service Fund	
Interest Expense	354,425
Nonmajor Funds	
Library Fund	
Debt Service	84,311
Interest Expense	23,244
Fire Fund	
Debt Service	104,192
Interest Expense	46,183
Capital Outlay	76,490
Child Support Services	
Debt Service	4,715
Interest Expense	913
Job Training Office Fund	
Debt Service	2,817
Interest Expense	659
Off-Highway Motor Vehicle	
Public Safety	1,305
Community Development Block Grants	
Public Assistance Expenditures	273,800
In-Home Supportive Services	
Debt Service	2,785
Interest Expense	418
Children and Families First	
Debt Service	
Interest Expense	1,939
Internal Service Funds	154
Workers' Compensation Self-Insurance Fund	
Salaries and Employee Benefits	2,069,421
Services and Supplies	12,630
Administration	4,840
Fleet Management	
Interest Expense	985
Information Services Fund	
Administrative Expense	18,971
Depreciation Expense	251,182
Interest Expense	23,720
Health Self-Insurance Fund	
Salaries and Employee Benefits	882,043
Public Works Fund	
Administrative Expenditures	10,328
Interest Expense	20,073

**NOTE 16 – 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>
Internal Service Fund		\$ 39,149
Fiduciary Fund		1,403
Fiduciary Fund		300
Fiduciary Fund		64
Fiduciary Fund		1
Fiduciary Fund		3,866
Fiduciary Fund		112
Fiduciary Fund		204
Fiduciary Fund		2,194
Fiduciary Fund		2,960
Fiduciary Fund		194
Fiduciary Fund		776
Fiduciary Fund		1,616
Fiduciary Fund		663
		<u>\$ 53,502</u>

A Fiduciary Fund called 'Department Trust' reported investment income of \$9,736 which includes all fund types that were directly assigned to the benefit of the General Fund.

**NOTE 17 – SUBSEQUENT EVENT**

**Debt Issuance**

On July 1, 2014 the County and the California Statewide Communities Development Authority entered into a Facility Lease as part of the issuance of Lease Revenue Bonds described below.

The California Statewide Communities Development Authority Lease Revenue Bonds (Facilities Expansion Project) (County of Kings, California) Series 2014 (the "Series 2014 Bonds") were issued in the aggregate principal amount of \$4,985,000 pursuant to Article 4 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the "Marks-Roos Law) and an Indenture, dated as of July 1, 2014, by and among the California Statewide communities Development Authority, the County and Wiliming Trust, N.A. as trustee. The proceeds of the Series 2014 Bonds will be used to (i) finance the acquisition, construction and improvement of certain jail facilities in the County, (ii) fund a reserve fund, (iii) and pay certain costs of issuance incurred in connection with the Series 2014 Bonds.

Principal and interest on the Series 2014 Bonds are payable from Base Rental Payments to be made by the County pursuant to the Facility Lease, dated as of July 1, 2014, by and between the Authority and the County.

The bonds were issued according to the following maturity schedule.

**NOTE 17 – SUBSEQUENT EVENT** (Continued)**Debt Issuance** (Continued)

	<u>Maturity Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>
Serials:					
	6/1/2016	\$ 265,000	3.000%	0.600%	\$ 105.513
	6/1/2017	275,000	4.000%	0.970%	108.626
	6/1/2018	285,000	4.000%	1.310%	110.179
	6/1/2019	295,000	5.000%	1.660%	115.637
	6/1/2020	310,000	5.000%	1.980%	116.721
	6/1/2021	325,000	5.000%	2.290%	117.190
	6/1/2022	345,000	5.000%	2.560%	117.338
	6/1/2023	360,000	5.000%	2.790%	117.298
	6/1/2024	380,000	5.000%	2.960%	111.383
	6/1/2025	395,000	5.000%	3.130%	115.803
	6/1/2026	415,000	3.250%	3.480%	97.773
	6/1/2027	430,000	3.375%	3.620%	97.490
	6/1/2028	445,000	3.500%	3.710%	97.733
	6/1/2029	460,000	3.625%	3.790%	98.132

**Required Supplementary  
Information**

**COUNTY OF KINGS  
SCHEDULE OF FUNDING PROGRESS  
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (CalPERS)  
FOR THE YEAR ENDED JUNE 30, 2014  
LAST 10 YEARS**

**Miscellaneous Plan (Non-Safety)**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (Entry Age)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	(Overfunded) AAL Percentage of Covered Payroll
2001	\$ 147,139,738	\$ 116,306,273	\$ (30,833,465)	126.5%	\$ 31,880,982	-96.7%
2002	138,532,056	127,834,418	(10,697,638)	108.4%	35,079,465	-30.5%
2003	78,156,781	90,794,141	12,637,360	86.1%	13,787,105	91.7%
2004	147,285,370	154,954,922	7,669,552	95.1%	35,101,173	21.8%
2005	157,417,167	167,860,950	10,443,783	93.8%	36,707,124	28.5%
2006	169,450,555	181,127,876	11,677,321	93.6%	37,988,203	30.7%
2007	183,906,512	196,655,853	12,749,341	93.5%	42,338,924	30.1%
2008	197,990,793	212,155,872	14,165,079	93.3%	46,813,581	30.3%
2009	208,741,913	228,858,969	20,117,056	91.2%	46,025,287	43.7%
2010	219,802,384	240,233,601	20,431,217	91.5%	45,250,618	45.2%
2011	232,098,152	256,950,451	24,852,299	90.3%	45,262,231	54.9%
2012	242,972,174	269,402,794	26,430,620	90.2%	45,654,884	57.9%
2013	224,342,035	282,466,756	58,124,721	79.4%	46,210,280	125.8%

**Safety Plan**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) (Entry Age)	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Unfunded (Overfunded) AAL Percentage of Covered Payroll
2005	\$ 97,831,081	\$ 100,136,652	\$ 2,305,571	97.7%	\$ 14,614,667	15.8%
2005	105,933,868	107,950,259	2,016,391	98.1%	15,219,303	13.2%
2006	114,158,296	116,899,376	2,741,080	97.7%	16,061,956	17.1%
2007	124,199,564	128,359,684	4,160,120	96.8%	17,429,831	23.9%
2008	133,358,580	138,613,602	5,255,022	96.2%	18,253,435	28.8%
2008	140,267,899	146,892,194	6,624,295	95.5%	18,311,261	36.2%
2010	147,464,928	153,953,560	6,488,632	95.8%	18,464,314	35.1%
2011	156,093,387	166,546,673	10,453,286	93.7%	18,500,575	56.5%
2012	162,957,735	175,238,734	12,280,999	93.0%	18,903,707	65.0%
2013	150,174,225	183,751,063	33,576,838	81.7%	19,056,235	176.2%

**COUNTY OF KINGS  
SCHEDULE OF FUNDING PROGRESS  
OTHER POSTEMPLOYMENT BENEFITS (OPEB) – HEALTH INSURANCE  
FOR THE YEAR ENDED JUNE 30, 2014  
LAST 10 YEARS**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Overfunded (Underfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2008	\$ -	\$ 10,182,975	(10,182,975)	0.0%	\$ 64,336,548	-15.8%
2010	-	8,129,733	(8,129,733)	0.0%	63,714,932	-12.8%
2012	-	8,240,190	(8,240,190)	0.0%	64,558,591	-12.8%

Note: GASB Statement No. 45 requires an actuarial valuation for the County's retiree health insurance program at least once every two fiscal years with ten fiscal years of comparison data. However GASB Statement No. 45 was implemented in 2008, and no data was available prior. As more information becomes available, the County will continue to expand the comparison of data until the requirement of ten years has been met.

**COUNTY OF KINGS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 36,621,000	\$ 36,621,000	\$ 18,594,936	\$ (18,026,064)
Sales tax	2,100,000	2,100,000	2,018,008	(81,992)
Franchise taxes	1,090,000	1,090,000	1,177,332	87,332
Hotel taxes	280,000	280,000	306,842	26,842
Licenses and permits	342,698	342,698	386,364	43,666
Fines and forfeits	607,239	607,239	826,718	219,479
Intergovernmental revenues	117,992,525	123,064,352	128,902,258	5,837,906
Charges for services	7,568,726	8,353,784	8,791,244	437,460
Rents and concessions	438,764	438,764	644,218	205,454
Investment earnings	423,000	423,000	246,599	(176,401)
Contributions and donations	-	-	41,017	41,017
Miscellaneous revenues	3,915,853	3,960,918	3,625,473	(335,445)
<b>Total Revenues</b>	<b>171,379,805</b>	<b>177,281,755</b>	<b>165,561,009</b>	<b>(11,720,746)</b>
<b>Expenditures</b>				
Current:				
General government	17,977,306	18,108,506	16,724,941	1,383,565
Public safety	56,799,999	56,699,836	52,533,506	4,166,330
Public ways and facilities	39,970	39,970	31,180	8,790
Health and sanitation	31,045,650	30,430,722	26,179,673	4,251,049
Public assistance	65,198,239	65,169,775	60,590,357	4,579,418
Education	199,281	199,281	169,978	29,303
Culture and recreation	5,517,981	5,517,981	2,808,263	2,709,718
Debt service:				
Principal	2,483,956	2,483,956	1,380,265	1,103,691
Interest	-	-	777,865	(777,865)
Capital outlay	2,048,354	2,198,789	1,143,479	1,055,310
<b>Total Expenditures</b>	<b>181,310,736</b>	<b>180,848,816</b>	<b>162,339,507</b>	<b>18,509,309</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<b>\$ (9,930,931)</b>	<b>\$ (3,567,061)</b>	<b>\$ 3,221,502</b>	<b>\$ 6,788,563</b>

**COUNTY OF KINGS  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND (Continued)  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Other Financing Sources (Uses)</b>				
Capital leases - other financing sources	\$ -	\$ -	\$ 229,557	\$ 229,557
Transfers in	1,709,369	1,856,156	159,830	(1,696,326)
Transfers out	(3,384,644)	(3,977,764)	(2,511,300)	1,466,464
loan Proceeds	-	(355,000)	-	355,000
Appropriation for contingencies	(8,813,102)	(8,681,902)	-	8,681,902
Total Other Financing Sources (Uses)	<u>(10,488,377)</u>	<u>(11,158,510)</u>	<u>(2,121,913)</u>	<u>9,036,597</u>
Net Change in Fund Balance	(20,419,308)	(14,725,571)	1,099,589	15,825,160
Fund Balance, Beginning of Year	<u>24,656,317</u>	<u>24,656,317</u>	<u>24,656,317</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 4,237,009</u>	<u>\$ 9,930,746</u>	<u>\$ 25,755,906</u>	<u>\$ 15,825,160</u>

Note: The basis of budgeting for the County is essentially a Non-GAAP accounting basis less contingencies that differs from cash basis. If contingencies of \$8,681,902 is removed from the final budgeted fund balance then the ending variance would be \$18,612,648 of final budget vs. \$25,755,905 of actual which would equal \$7,143,257 of 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  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
ROAD FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes:				
Sales tax	\$ 20,000	\$ 20,000	\$ 419,494	\$ 399,494
Fines and forfeits	410,000	410,000	394,904	(15,096)
Intergovernmental revenues	6,800,000	6,800,000	7,592,625	792,625
Investment earnings	100,000	100,000	36,713	(63,287)
Miscellaneous revenues	25,000	25,000	79,294	54,294
Total Revenues	7,355,000	7,355,000	8,523,030	1,168,030
<b>Expenditures</b>				
Current:				
Highways and streets	7,355,000	7,355,000	7,638,948	(283,948)
Total Expenditures	7,355,000	7,355,000	7,638,948	(283,948)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	884,082	884,082
Fund Balance, Beginning of Year	9,758,355	9,758,355	9,758,355	-
Fund Balance, End of Year	\$ 9,758,355	\$ 9,758,355	\$ 10,642,437	\$ 884,082

Note: The basis of budgeting for the County is essentially a Non-GAAP accounting basis less contingencies that differs from cash basis. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting.

**Supplementary Information**

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Investment earnings	\$ 5,400	\$ 10,957	\$ 5,557
Miscellaneous revenues	-	7,322	7,322
<b>Total Revenues</b>	<u>5,400</u>	<u>18,279</u>	<u>12,879</u>
<b>Expenditures</b>			
Current:			
Public ways and facilities	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Debt service:			
Principal	779,425	425,000	354,425
Interest	<u>-</u>	<u>354,425</u>	<u>(354,425)</u>
<b>Total Expenditures</b>	<u>781,425</u>	<u>781,425</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(776,025)</u>	<u>(763,146)</u>	<u>12,879</u>
<b>Other Financing Sources</b>			
Transfers in	<u>776,025</u>	<u>867,460</u>	<u>91,435</u>
<b>Total Other Financing Sources</b>	<u>776,025</u>	<u>867,460</u>	<u>91,435</u>
Net Change in Fund Balance	-	104,314	104,314
Fund Balance, Beginning of Year	<u>1,626,376</u>	<u>1,626,376</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,626,376</u>	<u>\$ 1,730,690</u>	<u>\$ 104,314</u>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Intergovernmental revenues	\$ 53,253,000	\$ 253,000	\$ (53,000,000)
Investment earnings	60,000	38,049	(21,951)
Miscellaneous revenues	<u>6,215,023</u>	<u>365,345</u>	<u>(5,849,678)</u>
Total Revenues	<u>59,528,023</u>	<u>656,394</u>	<u>(58,871,629)</u>
<b>Expenditures</b>			
Current:			
General government	42,000	32,201	9,799
Public ways and facilities	70,615	37,360	33,255
Capital outlay	<u>66,933,776</u>	<u>3,036,249</u>	<u>63,897,527</u>
Total Expenditures	<u>67,046,391</u>	<u>3,105,810</u>	<u>63,940,581</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,518,368)</u>	<u>(2,449,416)</u>	<u>5,068,952</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,822,318	1,394,695	(427,623)
Transfers out	(170,000)	-	170,000
Appropriation for contingencies	<u>(2,789,720)</u>	<u>-</u>	<u>2,789,720</u>
Total Other Financing Sources (Uses)	<u>(1,137,402)</u>	<u>1,394,695</u>	<u>2,532,097</u>
Net Change in Fund Balance	(8,655,770)	(1,054,721)	7,601,049
Fund Balance, Beginning of Year	<u>10,049,040</u>	<u>10,049,040</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,393,270</u>	<u>\$ 8,994,319</u>	<u>\$ 7,601,049</u>

## **SPECIAL REVENUE FUNDS (Unaudited)**

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.

**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 and Avenal and the unincorporated areas in the County.

**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 of off-road recreation areas.

**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 Grants 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.

**In-Home Supportive Services (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 Supportive Services Program providing in-house care for indigents.

**Children and Families First 5 Commission 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.

Major Fund during 2014 Fiscal Year:

**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.

**COUNTY OF KINGS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
JUNE 30, 2014**

	Library	Fire	and Game and Game	Services Services
<b>Assets</b>				
Cash and cash equivalents	\$ 29,013	\$ 15,811	\$ 124	\$ 1,461
Imprest cash	454	200	-	-
Treasurer's investments	3,289,583	1,897,804	14,719	180,750
Deposit with others	-	-	-	-
Receivables	108,641	526,558	37	947
Total Assets	<u>\$ 3,427,691</u>	<u>\$ 2,440,373</u>	<u>\$ 14,880</u>	<u>\$ 183,158</u>
<b>Liabilities</b>				
Accrued expenses payable	\$ 29,855	\$ 291,739	\$ -	\$ 80,657
Due to other funds	11,398	59,214	-	30,553
Total Liabilities	<u>41,253</u>	<u>350,953</u>	<u>-</u>	<u>111,210</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflow from property taxes	99,874	320,348	-	-
Total Deferred Inflows of Resources	<u>99,874</u>	<u>320,348</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted	3,286,110	1,768,872	14,880	71,948
Assigned	454	200	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>3,286,564</u>	<u>1,769,072</u>	<u>14,880</u>	<u>71,948</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,427,691</u>	<u>\$ 2,440,373</u>	<u>\$ 14,880</u>	<u>\$ 183,158</u>

**COUNTY OF KINGS**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE FUNDS**  
**JUNE 30, 2014**

	Off-Highway Motor Vehicle	Job Training Office	Community Development Block Grants	Criminal Justice Facility
<b>Assets</b>				
Cash and cash equivalents	\$ 388	\$ 432	\$ 11,510	\$ 8
Imprest cash	-	-	-	-
Treasurer's investments	45,143	(13,552)	1,313,090	260
Deposit with others	-	-	-	-
Receivables	110	(1,327)	3,197	69,065
Total Assets	<u>\$ 45,641</u>	<u>\$ (14,447)</u>	<u>\$ 1,327,797</u>	<u>\$ 69,333</u>
<b>Liabilities</b>				
Accrued expenses payable	\$ -	\$ 225,388	\$ -	\$ 469
Due to other funds	-	189,038	9,474	-
Total Liabilities	<u>-</u>	<u>414,426</u>	<u>9,474</u>	<u>469</u>
<b>Deferred Inflows of Resources</b>				
Deferred inflow from property taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>				
Restricted	45,641	-	1,318,323	68,864
Assigned	-	-	-	-
Unassigned	-	(428,873)	-	-
Total Fund Balances	<u>45,641</u>	<u>(428,873)</u>	<u>1,318,323</u>	<u>68,864</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 45,641</u>	<u>\$ (14,447)</u>	<u>\$ 1,327,797</u>	<u>\$ 69,333</u>

**COUNTY OF KINGS  
COMBINING BALANCE SHEET (Continued)  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
JUNE 30, 2014**

	In-Home Supportive Services Public Authority	Children and Families First 5 Commission	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ 19,131	\$ 77,878
Imprest cash	-	100	754
Treasurer's investments	(601)	2,202,262	8,929,458
Deposit with others	66,195	-	66,195
Receivables	-	391,418	1,098,646
	<u>-</u>	<u>391,418</u>	<u>1,098,646</u>
Total Assets	<u>\$ 65,594</u>	<u>\$ 2,612,911</u>	<u>\$ 10,172,931</u>
<b>Liabilities</b>			
Accrued expenses payable	\$ (1,241)	\$ 95,298	\$ 722,165
Due to other funds	530,793	3,799	834,269
	<u>530,793</u>	<u>3,799</u>	<u>834,269</u>
Total Liabilities	<u>529,552</u>	<u>99,097</u>	<u>1,556,434</u>
<b>Deferred Inflows of Resources</b>			
Deferred inflow from property taxes	-	-	420,222
	<u>-</u>	<u>-</u>	<u>420,222</u>
Total Inflows of Resources	<u>-</u>	<u>-</u>	<u>420,222</u>
<b>Fund Balances</b>			
Restricted	-	2,513,714	9,088,352
Assigned	-	100	754
Unassigned	(463,958)	-	(892,831)
	<u>(463,958)</u>	<u>-</u>	<u>(892,831)</u>
Total Fund Balances	<u>(463,958)</u>	<u>2,513,814</u>	<u>8,196,275</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 65,594</u>	<u>\$ 2,612,911</u>	<u>\$ 10,172,931</u>

**COUNTY OF KINGS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Library</u>	<u>Fire</u>	<u>County Fish and Game</u>	<u>Child Support Services</u>
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 1,958,167	\$ 5,796,230	\$ -	\$ -
Fines and forfeits	-	-	387	-
Intergovernmental revenues	23,604	2,405,606	366	3,938,220
Charges for services	42,119	9,596	-	-
Rents and concessions	420	-	-	-
Investment earnings (loss)	13,560	3,685	63	1,649
Contributions and donations	956	745	-	-
Miscellaneous revenues	91,720	589,112	-	11,556
	<u>2,130,546</u>	<u>8,804,974</u>	<u>816</u>	<u>3,951,425</u>
Total Revenues				
<b>Expenditures</b>				
Current:				
Public safety	-	9,050,910	2,907	3,896,978
Public assistance	-	-	-	-
Education	1,822,259	-	-	-
Debt service:				
Principal	84,311	104,192	-	4,715
Interest	23,244	46,183	-	913
Capital outlay	72,944	468,100	-	21,580
	<u>2,002,758</u>	<u>9,669,385</u>	<u>2,907</u>	<u>3,924,186</u>
Total Expenditures				
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>127,788</u>	<u>(864,411)</u>	<u>(2,091)</u>	<u>27,239</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	954,353	-	-
Transfers out	-	(109,993)	-	-
Capital leases - other financing sources	-	251,411	-	-
	<u>-</u>	<u>1,095,771</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	127,788	231,360	(2,091)	27,239
Fund Balances, Beginning of Year	<u>3,158,776</u>	<u>1,537,712</u>	<u>16,971</u>	<u>44,709</u>
Fund Balances, End of Year	<u>\$ 3,286,564</u>	<u>\$ 1,769,072</u>	<u>\$ 14,880</u>	<u>\$ 71,948</u>

**COUNTY OF KINGS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Off-Highway Motor Vehicle	Job Training Office	Community Development Block Grants	Criminal Justice Facility
<b>Revenues</b>				
Taxes:				
Property taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeits	-	-	-	868,443
Intergovernmental revenues	-	1,527,237	611,010	-
Charges for services	-	-	-	-
Rents and concessions	-	-	-	-
Investment earnings (loss)	332	(470)	4,923	1,688
Contributions and donations	-	-	-	-
Miscellaneous revenues	-	1,934,977	-	-
<b>Total Revenues</b>	<b>332</b>	<b>3,461,744</b>	<b>615,933</b>	<b>870,131</b>
<b>Expenditures</b>				
Current:				
Public safety	1,305	-	-	-
Public assistance	-	3,495,342	273,800	-
Education	-	-	-	-
Debt service:				
Principal	-	2,817	-	-
Interest	-	659	-	-
Capital outlay	-	45,276	-	-
<b>Total Expenditures</b>	<b>1,305</b>	<b>3,544,094</b>	<b>273,800</b>	<b>-</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(973)	(82,350)	342,133	870,131
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	(49,837)	-	-	(867,460)
Capital leases - other financing sources	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(49,837)</b>	<b>-</b>	<b>-</b>	<b>(867,460)</b>
Net Change in Fund Balances	(50,810)	(82,350)	342,133	2,671
Fund Balances, Beginning of Year	96,451	(346,523)	976,190	66,193
Fund Balances, End of Year	\$ 45,641	\$ (428,873)	\$ 1,318,323	\$ 68,864

**COUNTY OF KINGS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (Continued)  
NONMAJOR GOVERNMENTAL FUNDS  
SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	In-Home Supportive Services Public Authority	Children and Families First 5 Commission	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Taxes:			
Property taxes	\$ -	\$ -	\$ 7,754,397
Fines and forfeits	-	-	868,830
Intergovernmental revenues	671,471	1,905,702	11,083,216
Charges for services	-	-	51,715
Rents and concessions	-	-	420
Investment earnings (loss)	-	9,008	34,438
Contributions and donations	-	-	1,701
Miscellaneous revenues	114,334	26,918	2,768,617
	<u>785,805</u>	<u>1,941,628</u>	<u>22,563,334</u>
Total Revenues			
<b>Expenditures</b>			
Current:			
Public safety	-	-	12,952,100
Public assistance	1,342,353	1,941,085	7,052,580
Education	-	-	1,822,259
Debt service:			
Principal	2,785	1,939	200,759
Interest	418	154	71,571
Capital outlay	-	-	607,900
	<u>1,345,556</u>	<u>1,943,178</u>	<u>22,707,169</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(559,751)</u>	<u>(1,550)</u>	<u>(143,835)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	162,252	-	1,116,605
Transfers out	-	-	(1,027,290)
Capital leases - other financing sources	-	-	251,411
	<u>162,252</u>	<u>-</u>	<u>340,726</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balances	(397,499)	(1,550)	196,891
Fund Balances, Beginning of Year	<u>(66,459)</u>	<u>2,515,364</u>	<u>7,999,384</u>
Fund Balances, End of Year	<u>\$ (463,958)</u>	<u>\$ 2,513,814</u>	<u>\$ 8,196,275</u>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
LIBRARY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Taxes:			
Property taxes	\$ 1,894,000	\$ 1,958,167	\$ 64,167
Intergovernmental revenues	20,000	23,604	3,604
Charges for services	24,000	42,119	18,119
Rents and concessions	-	420	420
Investment earnings	20,000	13,560	(6,440)
Contributions and donations	-	956	956
Miscellaneous revenues	25,130	91,720	66,590
	<u>1,983,130</u>	<u>2,130,546</u>	<u>147,416</u>
Total Revenues			
<b>Expenditures</b>			
Current:			
Education	2,202,779	1,822,259	380,520
Debt service:			
Principal	-	84,311	(84,311)
Interest	-	23,244	(23,244)
Capital outlay	87,881	72,944	14,937
	<u>2,290,660</u>	<u>2,002,758</u>	<u>287,902</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(307,530)</u>	<u>127,788</u>	<u>435,318</u>
<b>Other Financing Sources (Uses)</b>			
Appropriation for contingencies	(2,582,817)	-	(2,582,817)
Capital leases - other financing sources	-	-	-
	<u>(2,582,817)</u>	<u>-</u>	<u>(2,582,817)</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	(2,890,347)	127,788	3,018,135
Fund Balance, Beginning of Year	<u>3,158,776</u>	<u>3,158,776</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 268,429</u>	<u>\$ 3,286,564</u>	<u>\$ 3,018,135</u>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
FIRE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Taxes:			
Property taxes	\$ 6,229,252	\$ 5,796,230	\$ (433,022)
Franchise taxes	-	-	-
Intergovernmental revenues	2,486,383	2,405,606	(80,777)
Charges for services	9,650	9,596	(54)
Investment earnings	5,000	3,685	(1,315)
Contributions and donations	-	745	745
Miscellaneous revenues	345,000	589,112	244,112
	<u>9,075,285</u>	<u>8,804,974</u>	<u>(270,311)</u>
Total Revenues			
<b>Expenditures</b>			
Current:			
Public safety	9,329,927	9,050,910	279,017
Debt service:			
Principal	-	104,192	(104,192)
Interest	-	46,183	(46,183)
Capital outlay	391,610	468,100	(76,490)
	<u>9,721,537</u>	<u>9,669,385</u>	<u>52,152</u>
Total Expenditures			
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(646,252)</u>	<u>(864,411)</u>	<u>(218,159)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	925,000	954,353	29,353
Transfers out	(210,163)	(109,993)	100,170
Appropriation for contingencies	(2,096,857)	-	2,096,791
Capital leases - other financing sources	-	251,411	251,411
	<u>(1,382,020)</u>	<u>1,095,771</u>	<u>2,477,725</u>
Total Other Financing Sources (Uses)			
Net Change in Fund Balance	(2,028,272)	231,360	2,259,632
Fund Balance, Beginning of Year	<u>1,537,712</u>	<u>1,537,712</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (490,560)</u>	<u>\$ 1,769,072</u>	<u>\$ 2,259,632</u>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
COUNTY FISH AND GAME SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Fines and forfeits	\$ 750	\$ 387	\$ (363)
Intergovernmental revenues	1,000	366	(634)
Investment earnings	500	63	(437)
Total Revenues	<u>2,250</u>	<u>816</u>	<u>(1,434)</u>
<b>Expenditures</b>			
Current:			
Public safety	<u>6,650</u>	<u>2,907</u>	<u>3,743</u>
Total Expenditures	<u>6,650</u>	<u>2,907</u>	<u>3,743</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,400)</u>	<u>(2,091)</u>	<u>2,309</u>
<b>Other Financing Sources (Uses)</b>			
Appropriation for contingencies	<u>(15,570)</u>	-	<u>15,570</u>
Total Other Financing Sources (Uses)	<u>(15,570)</u>	-	<u>15,570</u>
Net Change in Fund Balance	(19,970)	(2,091)	17,879
Fund Balance, Beginning of Year	<u>16,971</u>	<u>16,971</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (2,999)</u>	<u>\$ 14,880</u>	<u>\$ 17,879</u>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
CHILD SUPPORT SERVICES SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Intergovernmental revenues	\$ 4,174,677	\$ 3,938,220	\$ (236,457)
Investment earnings	4,000	1,649	(2,351)
Miscellaneous revenues	11,000	11,556	556
Total Revenues	<u>4,189,677</u>	<u>3,951,425</u>	<u>(238,252)</u>
<b>Expenditures</b>			
Current:			
Public safety	4,206,222	3,896,978	309,244
Debt service:			
Principal	-	4,715	(4,715)
Interest	-	913	(913)
Capital outlay	<u>28,000</u>	<u>21,580</u>	<u>6,420</u>
Total Expenditures	<u>4,234,222</u>	<u>3,924,186</u>	<u>310,036</u>
Net Change in Fund Balance	(44,545)	27,239	71,784
Fund Balance, Beginning of Year	<u>44,709</u>	<u>44,709</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 164</u>	<u>\$ 71,948</u>	<u>\$ 71,784</u>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
OFF-HIGHWAY MOTOR VEHICLE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Investment earnings	\$ -	\$ 332	\$ 332
Total Revenues	-	332	332
<b>Expenditures</b>			
Current:			
Public safety	-	1,305	(1,305)
Public ways and facilities	-	-	-
Total Expenditures	-	1,305	(1,305)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(973)	(973)
<b>Other Financing Sources (Uses)</b>			
Transfers out	-	(49,837)	(49,837)
Net Change in Fund Balance	-	(50,810)	(50,810)
Fund Balance, Beginning of Year	96,451	96,451	-
Fund Balance, End of Year	\$ 96,451	\$ 45,641	\$ (50,810)

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
JOB TRAINING OFFICE SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental revenues	\$ 2,434,278	\$ 1,527,237	\$ (907,041)
Investment loss	-	(470)	(470)
Miscellaneous revenues	<u>2,874,648</u>	<u>1,934,977</u>	<u>(939,671)</u>
Total Revenues	<u>5,308,926</u>	<u>3,461,744</u>	<u>(1,847,182)</u>
<b>Expenditures</b>			
Current:			
Public assistance	<u>5,262,926</u>	<u>3,495,342</u>	<u>1,767,584</u>
Debt service:			
Principal	-	2,817	(2,817)
Interest	-	659	(659)
Capital outlay	<u>46,000</u>	<u>45,276</u>	<u>724</u>
Total Expenditures	<u>5,308,926</u>	<u>3,544,094</u>	<u>1,764,832</u>
Net Change in Fund Balance	-	(82,350)	(82,350)
Fund Balance, Beginning of Year	(346,523)	(346,523)	-
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (346,523)</u>	<u>\$ (428,873)</u>	<u>\$ (82,350)</u>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
COMMUNITY DEVELOPMENT BLOCK GRANTS SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Intergovernmental revenues	\$ -	\$ 611,010	\$ 611,010
Investment earnings	-	4,923	4,923
 Total Revenues	 -	 615,933	 615,933
<b>Expenditures</b>			
Current:			
Public assistance	-	273,800	(273,800)
 Total Expenditures	 -	 273,800	 (273,800)
 Net Change in Fund Balance	 -	 342,133	 342,133
 Fund Balance, Beginning of Year	 976,190	 976,190	 -
 Fund Balance, End of Year	 <u>\$ 976,190</u>	 <u>\$ 1,318,323</u>	 <u>\$ 342,133</u>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
CRIMINAL JUSTICE FACILITY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Fines and forfeits	\$ -	\$ 868,443	\$ 868,443
Investment earnings	-	1,688	1,688
<b>Total Revenues</b>	<b>-</b>	<b>870,131</b>	<b>870,131</b>
<b>Expenditures</b>			
Current:			
Public safety	-	-	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>870,131</b>	<b>870,131</b>
<b>Other Financing Sources (Uses)</b>			
Transfers out	-	(867,460)	(867,460)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(867,460)</b>	<b>(867,460)</b>
<b>Net Change in Fund Balance</b>	<b>-</b>	<b>2,671</b>	<b>2,671</b>
Fund Balance, Beginning of Year	66,193	66,193	-
Prior Period Adjustment	-	-	-
<b>Fund Balance, End of Year</b>	<b>\$ 66,193</b>	<b>\$ 68,864</b>	<b>\$ 2,671</b>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
IN-HOME SUPPORTIVE SERVICES (I.H.S.S.)  
PUBLIC AUTHORITY SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Intergovernmental revenues	\$ 1,233,142	\$ 671,471	\$ (561,671)
Miscellaneous revenues	68,355	114,334	45,979
Total Revenues	<u>1,301,497</u>	<u>785,805</u>	<u>(515,692)</u>
<b>Expenditures</b>			
Current:			
Public assistance	1,540,820	1,342,353	198,467
Debt service:			
Principal	-	2,785	(2,785)
Interest	-	418	(418)
Total Expenditures	<u>1,540,820</u>	<u>1,345,556</u>	<u>195,264</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(239,323)</u>	<u>(559,751)</u>	<u>(320,428)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers in	239,323	162,252	(77,071)
Capital leases - other financing sources	-	-	-
Total Other Financing Sources (Uses)	<u>239,323</u>	<u>162,252</u>	<u>(77,071)</u>
Net Change in Fund Balance	-	(397,499)	(397,499)
Fund Balance, Beginning of Year	<u>(66,459)</u>	<u>(66,459)</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (66,459)</u>	<u>\$ (463,958)</u>	<u>\$ (397,499)</u>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
CHILDREN AND FAMILIES FIRST 5 COMMISSION SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Intergovernmental revenues	\$ 1,752,793	\$ 1,905,702	\$ 152,909
Investment earnings	36,913	9,008	(27,905)
Contributions and donations	-	-	-
Miscellaneous revenues	254,542	26,918	(227,624)
<b>Total Revenues</b>	<b>2,044,248</b>	<b>1,941,628</b>	<b>(102,620)</b>
<b>Expenditures</b>			
Current:			
Public assistance	2,050,296	1,941,085	109,211
Debt service:			
Principal	-	1,939	(1,939)
Interest	-	154	(154)
Capital outlay	-	-	-
<b>Total Expenditures</b>	<b>2,050,296</b>	<b>1,943,178</b>	<b>107,118</b>
<b>Net Change in Fund Balance</b>	<b>(6,048)</b>	<b>(1,550)</b>	<b>4,498</b>
Fund Balance, Beginning of Year	2,515,364	2,515,364	-
Fund Balance, End of Year	<u>\$ 2,509,316</u>	<u>\$ 2,513,814</u>	<u>\$ 4,498</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.

Workers' 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.

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

Health Self-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**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2014**

	Workers' Compensation Self-Insurance	Fleet Management	Information Services
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 64,809	\$ 29,403	\$ 13,197
Imprest cash	-	-	-
Treasurer's investments	7,423,336	3,323,728	1,527,434
Deposit with others	210,000	-	-
Receivables	-	60,205	108,783
Due from other funds	-	-	-
Due from other governments	-	-	-
Inventories and prepaids	-	181,727	29,098
	<u>7,698,145</u>	<u>3,595,063</u>	<u>1,678,512</u>
Total Current Assets			
Noncurrent assets:			
Capital assets:			
Equipment	-	10,463,041	4,769,481
Accumulated depreciation - equipment	-	(6,945,304)	(3,110,730)
	<u>-</u>	<u>3,517,737</u>	<u>1,658,751</u>
Total capital assets (net of accumulated depreciation)			
	<u>-</u>	<u>3,517,737</u>	<u>1,658,751</u>
Total Noncurrent Assets	<u>-</u>	<u>3,517,737</u>	<u>1,658,751</u>
Total Assets	<u>7,698,145</u>	<u>7,112,800</u>	<u>3,337,263</u>
<b>Liabilities</b>			
Current liabilities:			
Accrued expenses payable	229,515	42,716	431,127
Due to other funds	-	5,208	38,691
Advances from grantors and third parties	-	-	-
Leases payable - current	-	-	266,100
Claims payable	2,478,343	-	-
	<u>2,707,858</u>	<u>47,924</u>	<u>735,918</u>
Total Current Liabilities			
	<u>2,707,858</u>	<u>47,924</u>	<u>735,918</u>
Noncurrent liabilities:			
Leases payable	-	-	229,282
Claims payable	8,295,657	-	-
Compensated absences payable	-	49,814	236,297
	<u>8,295,657</u>	<u>49,814</u>	<u>465,579</u>
Total Noncurrent Liabilities			
	<u>8,295,657</u>	<u>49,814</u>	<u>465,579</u>
Total Liabilities	<u>11,003,515</u>	<u>97,738</u>	<u>1,201,497</u>
<b>Net Position</b>			
Net investment in capital assets	-	3,517,737	1,163,369
Unrestricted	(3,305,370)	3,497,325	972,397
	<u>(3,305,370)</u>	<u>3,497,325</u>	<u>972,397</u>
Total Net Position	<u>\$ (3,305,370)</u>	<u>\$ 7,015,062</u>	<u>\$ 2,135,766</u>

**COUNTY OF KINGS**  
**COMBINING STATEMENT OF NET POSITION (Continued)**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2014**

	Health Self- Insurance	Public Works	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 34,511	\$ 9,669	\$ 151,589
Imprest cash	-	330	330
Treasurer's investments	3,961,765	1,093,706	17,329,969
Deposit with others	290,000	-	500,000
Receivables	10,938	121	180,047
Due from other funds	915,270	-	915,270
Due from other governments	22,471	-	22,471
Inventories and prepaids	-	-	210,825
<b>Total Current Assets</b>	<b>5,234,955</b>	<b>1,103,826</b>	<b>19,310,501</b>
Noncurrent assets:			
Capital assets:			
Equipment	-	513,988	15,746,510
Accumulated depreciation - equipment	-	(301,060)	(10,357,094)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>-</b>	<b>212,928</b>	<b>5,389,416</b>
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>212,928</b>	<b>5,389,416</b>
<b>Total Assets</b>	<b>5,234,955</b>	<b>1,316,754</b>	<b>24,699,917</b>
<b>Liabilities</b>			
Current liabilities:			
Accrued expenses payable	-	403,295	1,106,653
Due to other funds	-	52,678	96,577
Advances from grantors and third parties	-	9,567	9,567
Leases payable - current	-	1,247	267,347
Claims payable	-	-	2,478,343
<b>Total Current Liabilities</b>	<b>-</b>	<b>466,787</b>	<b>3,958,487</b>
Noncurrent liabilities:			
Leases payable	-	3,845	233,127
Claims payable	-	-	8,295,657
Compensated absences payable	-	354,269	640,380
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>358,114</b>	<b>9,169,164</b>
<b>Total Liabilities</b>	<b>-</b>	<b>824,901</b>	<b>13,127,651</b>
<b>Net Position</b>			
Net investment in capital assets	-	207,836	4,888,942
Unrestricted	5,234,955	284,017	6,683,324
<b>Total Net Position</b>	<b>\$ 5,234,955</b>	<b>\$ 491,853</b>	<b>\$ 11,572,266</b>

**COUNTY OF KINGS  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Workers' Compensation Self-Insurance	Fleet Management	Information Services
<b>Operating Revenues</b>			
Charges for services	\$ -	\$ 2,650,856	\$ 6,524,156
Miscellaneous revenues	168,750	101,336	(2,449)
<b>Total Operating Revenues</b>	<u>168,750</u>	<u>2,752,192</u>	<u>6,521,707</u>
<b>Operating Expenses</b>			
Salaries and employee benefits	1,269,877	438,023	3,455,588
Services and supplies	104,886	1,579,949	2,671,806
Administration	791,184	189,241	(10,164)
Depreciation	-	613,488	474,295
<b>Total Operating Expenses</b>	<u>2,165,947</u>	<u>2,820,701</u>	<u>6,591,525</u>
<b>Operating Income (Loss)</b>	<u>(1,997,197)</u>	<u>(68,509)</u>	<u>(69,818)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Intergovernmental revenues	-	49,834	-
Investment earnings	(38,198)	12,985	4,572
Interest expense	-	(985)	(23,720)
Sale of capital assets	-	62,607	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(38,198)</u>	<u>124,441</u>	<u>(19,148)</u>
<b>Change in Net Position</b>	<u>(2,035,395)</u>	<u>55,932</u>	<u>(88,966)</u>
<b>Net Position, Beginning of Year</b>	<u>(1,269,975)</u>	<u>6,959,130</u>	<u>2,224,732</u>
<b>Net Position, End of Year</b>	<u>\$ (3,305,370)</u>	<u>\$ 7,015,062</u>	<u>\$ 2,135,766</u>

**COUNTY OF KINGS  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET POSITION (Continued)  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Health Self- Insurance	Public Works	Total
<b>Operating Revenues</b>			
Charges for services	\$ -	\$ 11,885,684	\$ 21,060,696
Miscellaneous revenues	12,134,972	132,212	12,534,821
<b>Total Operating Revenues</b>	<u>12,134,972</u>	<u>12,017,896</u>	<u>33,595,517</u>
<b>Operating Expenses</b>			
Salaries and employee benefits	10,374,492	4,293,259	19,831,239
Services and supplies	1,298,730	7,511,371	13,166,742
Administration	-	91,985	1,062,246
Depreciation	-	27,835	1,115,618
<b>Total Operating Expenses</b>	<u>11,673,222</u>	<u>11,924,450</u>	<u>35,175,845</u>
Operating Income (Loss)	<u>461,750</u>	<u>93,446</u>	<u>(1,580,328)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Intergovernmental revenues	-	-	49,834
Investment earnings	(345)	47,535	26,549
Interest expense	-	(12,278)	(36,983)
Sale of capital assets	-	-	62,607
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(345)</u>	<u>35,257</u>	<u>102,007</u>
Change in Net Position	461,405	128,703	(1,478,321)
Net Position, Beginning of Year	<u>4,773,550</u>	<u>363,150</u>	<u>13,050,587</u>
Net Position, End of Year	<u>\$ 5,234,955</u>	<u>\$ 491,853</u>	<u>\$ 11,572,266</u>

**COUNTY OF KINGS  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Workers' Compensation Self-Insurance	Fleet Management	Information Services
<b>Cash Flows from Operating Activities</b>			
Receipts from interfund services provided	\$ 168,750	\$ 3,227,296	\$ 6,533,723
Payments to suppliers	(892,294)	(1,628,485)	(2,501,394)
Payments to and on behalf of employees	466,123	(437,901)	(3,446,167)
Payments for interfund services used	-	(189,241)	10,164
Total Cash Flows from Operating Activities	<u>(257,421)</u>	<u>971,669</u>	<u>596,326</u>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Transfers in	-	-	-
Intergovernmental revenues	-	49,834	-
Total Cash Flows from Non-Capital Financing Activities	<u>-</u>	<u>49,834</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	-	-	-
Interest expense	-	(985)	(23,720)
Total Cash Flows from Capital and Related Financing Activities	<u>-</u>	<u>(985)</u>	<u>(23,720)</u>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sales and maturities of investments	6,819,580	3,053,402	1,403,204
Purchase of investments	(7,062,026)	(4,057,502)	(1,967,185)
Investment earnings	(38,198)	12,985	4,572
Total Cash Flows from Investing Activities	<u>(280,644)</u>	<u>(991,115)</u>	<u>(559,409)</u>
Net Increase in Cash and Cash Equivalents	(538,065)	29,403	13,197
Cash and Cash Equivalents, Beginning of Year	602,874	-	-
Cash and Cash Equivalents, End of Year	<u>\$ 64,809</u>	<u>\$ 29,403</u>	<u>\$ 13,197</u>

**COUNTY OF KINGS  
COMBINING STATEMENT OF CASH FLOWS (Continued)  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2014**

	Health Self- Insurance	Public Works	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from interfund services provided	\$ 12,095,541	\$ 12,030,153	\$ 34,055,463
Payments to suppliers	(1,330,295)	(7,635,967)	(13,988,435)
Payments to and on behalf of employees	(10,419,136)	(4,291,442)	(18,128,523)
Payments for interfund services used	-	(91,985)	(271,062)
	<u>346,110</u>	<u>10,759</u>	<u>1,667,443</u>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Transfers in	-	-	-
Intergovernmental revenues	-	-	49,834
	<u>-</u>	<u>-</u>	<u>49,834</u>
Total Cash Flows from Non-Capital Financing Activities	-	-	49,834
<b>Cash Flows from Capital and Related Financing Activities</b>			
Purchase of capital assets	-	-	-
Interest expense	-	(12,278)	(36,983)
	<u>-</u>	<u>(12,278)</u>	<u>(36,983)</u>
Total Cash Flows from Capital and Related Financing Activities	-	(12,278)	(36,983)
<b>Cash Flows from Investing Activities</b>			
Proceeds from sales and maturities of investments	3,639,546	1,004,752	15,920,484
Purchase of investments	(3,950,800)	(1,041,099)	(18,078,612)
Investment earnings	(345)	47,535	26,549
	<u>(311,599)</u>	<u>11,188</u>	<u>(2,131,579)</u>
Total Cash Flows from Investing Activities	(311,599)	11,188	(2,131,579)
Net Increase in Cash and Cash Equivalents	34,511	9,669	(451,285)
Cash and Cash Equivalents, Beginning of Year	-	-	602,874
	<u>-</u>	<u>-</u>	<u>602,874</u>
Cash and Cash Equivalents, End of Year	<u>\$ 34,511</u>	<u>\$ 9,669</u>	<u>\$ 151,589</u>

**COUNTY OF KINGS**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Workers' Compensation Self-Insurance	Fleet Management	Information Services
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ (1,997,197)	\$ (68,509)	\$ (69,818)
Adjustments to reconcile operating income (loss):			
Depreciation	\$ -	\$ 613,488	\$ 474,295
Gain on sale of capital assets	-	62,607	-
(Increase) Decrease in receivables	-	412,498	12,016
Increase (Decrease) in deposits with others	-	-	-
(Increase) Decrease in due from other funds	-	-	-
(Increase) Decrease in due from other governments	-	-	-
(Increase) Decrease in inventories and prepaids	-	(13,631)	-
Increase (Decrease) in advances from grantors and third parties	-	-	-
Increase (Decrease) in accrued expenses payable	3,776	(37,114)	197,891
Increase (Decrease) in due to other funds	-	124	2,386
Increase (Decrease) in capital leases payable	-	-	(9,599)
Increase (Decrease) in compensated absences payable	-	2,206	9,421
Increase (Decrease) in interest payable	-	-	(20,266)
Increase (Decrease) in claims payable	1,736,000	-	-
Total adjustments	1,739,776	1,040,178	666,144
Net cash provided (used) by operating activities	\$ (257,421)	\$ 971,669	\$ 596,326

**COUNTY OF KINGS**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Health Self- Insurance	Public Works	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ 461,750	\$ 93,446	\$ (1,580,328)
Adjustments to reconcile operating income (loss):			
Depreciation	\$ -	\$ 27,836	\$ 1,115,619
Sale of capital assets	-	-	62,607
(Increase) Decrease in receivables	1,280	12,457	438,251
Increase (Decrease) in deposits with others	(44,644)	-	(44,644)
(Increase) Decrease in due from other funds	(41,941)	-	(41,941)
(Increase) Decrease in due from other governments	1,230	-	1,230
(Increase) Decrease in inventories and prepaids	-	-	(13,631)
Increase (Decrease) in advances from grantors and third parties	-	(200)	(200)
Increase (Decrease) in accrued expenses payable	(31,565)	(127,321)	5,667
Increase (Decrease) in due to other funds	-	3,917	6,427
Increase (Decrease) in capital leases payable	-	(1,193)	(10,792)
Increase (Decrease) in compensated absences payable	-	1,817	13,444
Increase (Decrease) in interest payable	-	-	(20,266)
Increase (Decrease) in claims payable	-	-	1,736,000
Total adjustments	(115,640)	(82,687)	3,247,771
Net cash provided (used) by operating activities	\$ 346,110	\$ 10,759	\$ 1,667,443

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL  
WORKERS' COMPENSATION SELF-INSURANCE INTERNAL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Operating Revenues</b>			
Miscellaneous revenues	\$ 79,106	\$ 168,750	\$ 89,644
Total Operating Revenues	<u>79,106</u>	<u>168,750</u>	<u>89,644</u>
<b>Operating Expenses</b>			
Salaries and employee benefits	(799,544)	1,269,877	(2,069,421)
Services and supplies	92,256	104,885	(12,629)
Administration	786,344	791,184	(4,840)
Total Operating Expenses	<u>79,056</u>	<u>2,165,946</u>	<u>(2,086,890)</u>
Operating Income (Loss)	<u>50</u>	<u>(1,997,196)</u>	<u>(1,997,146)</u>
<b>Nonoperating Revenues (Expenses)</b>			
Investment earnings	-	(38,198)	(38,198)
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>(38,198)</u>	<u>(38,198)</u>
Income (Loss) Before Operating Transfers	50	(2,035,394)	(2,035,344)
Transfers In	-	-	-
Change in Net Position	50	(2,035,394)	(2,035,344)
Net Position, Beginning of Year	<u>(1,269,975)</u>	<u>(1,269,975)</u>	<u>-</u>
Net Position, End of Year	<u>\$ (1,269,925)</u>	<u>\$ (3,305,369)</u>	<u>\$ (2,035,344)</u>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL  
FLEET MANAGEMENT INTERNAL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Operating Revenues</b>			
Charges for services	\$ 2,813,867	\$ 2,650,856	\$ (163,011)
Miscellaneous revenues	150,000	101,336	(48,664)
Total Operating Revenues	<u>2,963,867</u>	<u>2,752,192</u>	<u>(211,675)</u>
<b>Operating Expenses</b>			
Salaries and employee benefits	449,186	438,023	11,163
Services and supplies	2,933,407	1,579,949	1,353,458
Administration	191,459	189,241	2,218
Depreciation	640,236	613,488	26,748
Total Operating Expenses	<u>4,214,288</u>	<u>2,820,701</u>	<u>1,393,587</u>
Operating Income (Loss)	<u>(1,250,421)</u>	<u>(68,509)</u>	<u>1,181,912</u>
<b>Nonoperating Revenues (Expenses)</b>			
Intergovernmental revenues	327,971	49,834	(278,137)
Investment earnings	35,000	12,985	(22,015)
Interest expense	-	(985)	(985)
Sale of capital assets	-	62,607	62,607
Total Nonoperating Revenues (Expenses)	<u>362,971</u>	<u>124,441</u>	<u>(238,530)</u>
Income (Loss) Before Operating Transfers	<u>(887,450)</u>	<u>55,932</u>	<u>943,382</u>
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>(887,450)</u>	<u>55,932</u>	<u>943,382</u>
Net Position, Beginning of Year	<u>6,959,130</u>	<u>6,959,130</u>	<u>-</u>
Net Position, End of Year	<u><u>\$ 6,071,680</u></u>	<u><u>\$ 7,015,062</u></u>	<u><u>\$ 943,382</u></u>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL  
INFORMATION SERVICES INTERNAL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Operating Revenues</b>			
Charges for services	\$ 7,079,350	\$ 6,524,156	\$ (555,194)
Miscellaneous revenues	-	(2,449)	(2,449)
<b>Total Operating Revenues</b>	<u>7,079,350</u>	<u>6,521,707</u>	<u>(557,643)</u>
<b>Operating Expenses</b>			
Salaries and employee benefits	3,829,290	3,455,588	373,702
Services and supplies	3,286,426	2,671,806	614,620
Administration	(29,135)	(10,164)	(18,971)
Depreciation	223,113	474,295	(251,182)
<b>Total Operating Expenses</b>	<u>7,309,694</u>	<u>6,591,525</u>	<u>718,169</u>
Operating Income (Loss)	<u>(230,344)</u>	<u>(69,818)</u>	<u>160,526</u>
<b>Nonoperating Revenues (Expenses)</b>			
Investment earnings	4,000	4,572	572
Interest expense	-	(23,720)	(23,720)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>4,000</u>	<u>(19,148)</u>	<u>(23,148)</u>
Income (Loss) Before Operating Transfers	(226,344)	(88,966)	137,378
Transfers In	-	-	-
Change in Net Position	(226,344)	(88,966)	(137,378)
Net Position, Beginning of Year	<u>2,224,732</u>	<u>2,224,732</u>	<u>-</u>
Net Position, End of Year	<u>\$ 1,998,388</u>	<u>\$ 2,135,766</u>	<u>\$ (137,378)</u>

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL  
HEALTH SELF-INSURANCE INTERNAL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Operating Revenues</b>			
Miscellaneous revenues	\$ 11,058,952	\$ 12,134,972	\$ 1,076,020
Total Operating Revenues	11,058,952	12,134,972	1,076,020
<b>Operating Expenses</b>			
Salaries and employee benefits	9,492,449	10,374,492	(882,043)
Services and supplies	1,591,503	1,298,731	292,772
Total Operating Expenses	11,083,952	11,673,223	(589,271)
Operating Income (Loss)	(25,000)	461,749	486,749
<b>Nonoperating Revenues (Expenses)</b>			
Investment earnings	25,000	(345)	(25,345)
Total Nonoperating Revenues (Expenses)	25,000	(345)	(25,345)
Change in Net Position	-	461,404	461,404
Net Position, Beginning of Year	4,773,550	4,773,550	-
Net Position, End of Year	\$ 4,773,550	\$ 5,234,954	\$ 461,404

**COUNTY OF KINGS  
SCHEDULE OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
BUDGET AND ACTUAL  
PUBLIC WORKS INTERNAL SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2014**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Operating Revenues</b>			
Charges for services	\$ 16,293,322	\$ 11,885,684	\$ (4,407,638)
Miscellaneous revenues	150,000	132,212	(17,788)
Total Operating Revenues	<u>16,443,322</u>	<u>12,017,896</u>	<u>(4,425,426)</u>
<b>Operating Expenses</b>			
Salaries and employee benefits	4,615,962	4,293,259	322,703
Services and supplies	11,722,097	7,511,371	4,210,726
Administration	102,313	91,985	10,328
Depreciation	7,762	27,835	(20,073)
Total Operating Expenses	<u>16,448,134</u>	<u>11,924,450</u>	<u>4,523,684</u>
Operating Income (Loss)	<u>(4,812)</u>	<u>93,446</u>	<u>98,258</u>
<b>Nonoperating Revenues (Expenses)</b>			
Intergovernmental	-	-	-
Investment earnings	-	47,535	47,535
Interest expense	(253)	(12,278)	(12,025)
Total Nonoperating Revenues (Expenses)	<u>(253)</u>	<u>35,257</u>	<u>35,510</u>
Change in Net Position	(5,065)	128,703	133,768
Net Position, Beginning of Year	363,150	363,150	-
Prior Period Adjustment	-	-	-
Net Position, End of Year	<u>\$ 358,085</u>	<u>\$ 491,853</u>	<u>\$ 133,768</u>

**Statistical Section**

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the Comprehensive Annual Financial Report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess the County's economic condition.

## Contents

Financial Trends	90 - 95
<i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	
Revenue Capacity	96 - 99
<i>These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.</i>	
Debt Capacity	100 - 103
<i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	104 - 105
<i>These schedules offer economic and demographic indicators to help the reader understand the socioeconomic environment within which the County's financial activities take place.</i>	
Operating Information	106 - 111
<i>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.</i>	

**COUNTY OF KINGS**  
**NET POSITION BY COMPONENT (UNAUDITED)**  
**LAST TEN FISCAL YEARS (in thousands)**  
**(accrual basis of accounting)**

	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2006</u>	<u>6/30/2005</u>
Governmental Activities										
Net investment in capital assets	\$ 79,168	\$ 80,014	\$ 78,927	\$ 95,097	\$ 95,077	\$ 96,084	\$ 89,999	\$ 86,581	\$ 65,193	\$ 47
Restricted	885	881	892	901	994	3,357	1,057	954	870	11,806
Unrestricted	<u>52,442</u>	<u>53,653</u>	<u>56,205</u>	<u>37,937</u>	<u>36,615</u>	<u>36,383</u>	<u>37,057</u>	<u>31,013</u>	<u>28,549</u>	<u>27,442</u>
Total Governmental Activities Net Position	<u>\$ 132,495</u>	<u>\$ 134,548</u>	<u>\$ 136,024</u>	<u>\$ 133,935</u>	<u>\$ 132,686</u>	<u>\$ 135,824</u>	<u>\$ 128,113</u>	<u>\$ 118,548</u>	<u>\$ 94,612</u>	<u>\$ 39,295</u>

Notes: 1. Accounting standards require that net position be reported in the three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net position is considered restricted when (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

**COUNTY OF KINGS**  
**CHANGES IN NET POSITION (UNAUDITED)**  
**LAST TEN FISCAL YEARS (in thousands)**  
**(accrual basis of accounting)**

	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 22,481	\$ 17,302	\$ 17,083	\$ 18,951	\$ 16,125
Public safety	66,234	61,560	59,219	59,837	58,422
Public ways and facilities	71	124	278	2,471	-
Highways and streets	7,639	9,150	6,533	34	4,130
Health and sanitation	26,324	28,430	26,918	25,885	25,791
Public assistance	68,282	64,090	59,435	68,258	70,489
Education	2,014	2,168	1,844	2,054	2,099
Culture and recreation	2,808	1,921	1,814	1,827	1,633
Unallocated depreciation	1,116	1,136	5,171	5,316	4,540
Interest on long-term debt	1,200	1,342	2,340	1,768	1,401
Total governmental activities expenses	<u>198,169</u>	<u>(187,223)</u>	<u>(180,635)</u>	<u>(186,401)</u>	<u>(184,630)</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General government	4,575	4,710	4,755	2,836	3,297
Public safety	5,529	5,502	8,039	5,416	3,434
Public ways and facilities	-	-	38	463	71
Highways and streets	395	434	504	587	525
Health and sanitation	1,057	953	919	1,258	1,283
Public assistance	14	19	23	108	78
Education	352	348	344	33	37
Culture and recreation	86	77	76	129	84
Operating grants and contributions	139,720	133,945	135,900	136,437	138,215
Capital grants and contributions	8,229	5,736	-	-	-
Total governmental activities program revenues	<u>159,957</u>	<u>151,724</u>	<u>150,598</u>	<u>147,267</u>	<u>147,024</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>(38,212)</u>	<u>(35,499)</u>	<u>(30,037)</u>	<u>(39,134)</u>	<u>(37,606)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Property taxes	26,260	26,506	19,720	23,835	23,748
Sales taxes	2,438	2,211	2,032	1,669	1,430
Franchise taxes	1,177	1,122	1,157	1,629	2,128
Hotel taxes	307	277	280	233	199
Investment earnings (loss)	393	(100)	1,077	1,559	1,802
Gain (loss) on sale of capital assets	(1,261)	(386)	40	(317)	(1,376)
Miscellaneous	6,846	9,383	7,540	11,469	6,537
Extraordinary item	-	-	1,246	-	-
Total General Revenues and Other Changes in Net Position	<u>36,160</u>	<u>39,013</u>	<u>33,092</u>	<u>40,077</u>	<u>34,468</u>
<b>Change in Net Position</b>					
Governmental Activities	<u>\$ (2,052)</u>	<u>\$ 3,514</u>	<u>\$ 3,055</u>	<u>\$ 943</u>	<u>\$ (3,138)</u>

**COUNTY OF KINGS**  
**CHANGES IN NET POSITION (UNAUDITED) (Continued)**  
**LAST TEN FISCAL YEARS (in thousands)**  
**(accrual basis of accounting)**

	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2006</u>	<u>6/30/2005</u>
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 17,124	\$ 18,020	\$ 16,499	\$ 14,349	\$ 27,250
Public safety	58,485	53,977	54,435	47,856	46,976
Public ways and facilities	35	144	312	1,717	5,718
Highways and streets	3,704	4,693	5,120	6,311	9,774
Health and sanitation	27,687	25,662	23,926	21,730	21,091
Public assistance	65,086	64,589	63,022	60,923	54,900
Education	1,987	1,957	1,760	1,445	1,232
Culture and recreation	1,603	1,593	1,559	1,380	1,233
Unallocated depreciation	4,235	4,195	3,820	2,243	-
Interest on long-term debt	1,426	1,408	1,532	1,608	1,059
Total governmental activities expenses	<u>(181,372)</u>	<u>(176,238)</u>	<u>(171,985)</u>	<u>(159,562)</u>	<u>(169,233)</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General government	3,735	3,190	3,601	3,750	9,938
Public safety	3,561	3,778	3,795	4,387	3,916
Public ways and facilities	-	31	42	13	8,376
Highways and streets	451	309	370	497	501
Health and sanitation	1,258	1,261	1,183	875	765
Public assistance	57	40	42	51	14
Education	50	53	42	42	41
Culture and recreation	59	76	105	141	142
Operating grants and contributions	143,090	134,893	132,662	127,852	116,532
Capital grants and contributions	-	-	-	-	600
Total governmental activities program revenues	<u>152,261</u>	<u>143,631</u>	<u>141,842</u>	<u>137,608</u>	<u>140,825</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>(29,111)</u>	<u>(32,607)</u>	<u>(30,143)</u>	<u>(21,954)</u>	<u>(28,408)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Property taxes	24,211	24,444	20,546	16,971	25,926
Sales taxes	1,917	1,727	1,817	2,146	1,866
Franchise taxes	2,809	3,334	3,458	3,367	2,567
Hotel taxes	213	234	234	212	201
Investment earnings (loss)	2,289	3,215	3,199	2,486	1,503
Gain (loss) on sale of capital assets	-	-	-	27	(5)
Miscellaneous	5,383	9,218	5,302	4,767	11,302
Extraordinary item	-	-	-	-	-
Total General Revenues and Other Changes in Net Position	<u>36,822</u>	<u>42,172</u>	<u>34,556</u>	<u>29,976</u>	<u>43,360</u>
<b>Change in Net Position</b>					
Governmental Activities	<u>\$ 7,711</u>	<u>\$ 9,565</u>	<u>\$ 4,413</u>	<u>\$ 8,022</u>	<u>\$ 14,952</u>

**COUNTY OF KINGS**  
**FUND BALANCE GOVERNMENTAL FUNDS (UNAUDITED)**  
**LAST TEN FISCAL YEARS (in thousands)**  
**(modified accrual basis of accounting)**

	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2006</u>	<u>6/30/2005</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 1,652	\$ 1,435	\$ 1,453	\$ 1,742	\$ 2,102	\$ 2,443
Unreserved	-	-	-	-	19,442	25,195	28,112	29,460	31,881	24,477
Restricted	101	103	113	118	-	-	-	-	-	-
Assigned	25	25	25	26	-	-	-	-	-	-
Unassigned	25,630	24,528	21,315	14,091	-	-	-	-	-	-
<b>Total General Fund</b>	<b><u>\$ 25,756</u></b>	<b><u>\$ 24,656</u></b>	<b><u>\$ 21,453</u></b>	<b><u>\$ 14,235</u></b>	<b><u>\$ 21,094</u></b>	<b><u>\$ 26,630</u></b>	<b><u>\$ 29,565</u></b>	<b><u>\$ 31,202</u></b>	<b><u>\$ 33,983</u></b>	<b><u>\$ 26,920</u></b>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ 3,799	\$ 3,048	\$ 796	\$ 809	\$ 2,115	\$ 11,822
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	13,377	13,261	10,754	-	10,732	12,639
Capital Projects Funds	-	-	-	-	6,404	12,166	9,958	7,482	2,479	7,301
Debt Service Funds	-	-	-	-	578	464	317	274	268	-
Nonspendable	-	-	-	3,000	-	-	-	-	-	-
Restricted	20,955	19,306	24,277	20,853	-	-	-	-	-	-
Assigned	9,502	10,473	12,839	7,139	-	-	-	-	-	-
Unassigned	(893)	(347)	(356)	(856)	-	-	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b><u>\$ 29,564</u></b>	<b><u>\$ 29,432</u></b>	<b><u>\$ 36,760</u></b>	<b><u>\$ 30,136</u></b>	<b><u>\$ 24,158</u></b>	<b><u>\$ 28,939</u></b>	<b><u>\$ 21,825</u></b>	<b><u>\$ 8,565</u></b>	<b><u>\$ 15,594</u></b>	<b><u>\$ 31,762</u></b>

Note: In FY 2010-11 the County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. FY 2009-10 fund balances have been recharacterized to comply with GASB Statement No. 54 in order to facilitate year-to-year comparisons.

**COUNTY OF KINGS**  
**CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS (UNAUDITED)**  
**LAST TEN FISCAL YEARS (in thousands)**  
**(modified accrual basis of accounting)**

	6/30/2014	6/30/2013	6/30/2012	6/30/2011	6/30/2010
Revenues					
Taxes					
Property taxes	\$ 26,349	\$ 25,049	\$ 24,032	\$ 23,477	\$ 22,833
Sales tax	2,438	2,211	2,032	1,669	1,430
Franchise taxes	1,177	1,122	1,157	1,629	2,128
Hotel taxes	307	277	280	233	199
Licenses and permits	386	380	389	360	354
Fines and forfeits	2,090	2,074	2,606	2,408	815
Intergovernmental revenue	147,831	137,839	135,881	133,348	136,409
Charges for services	8,843	8,803	10,987	8,440	8,488
Rents and concessions	645	749	651	686	676
Investment earnings (loss)	367	(16)	962	1,340	1,504
Contributions and donations	43	38	65	97	426
Miscellaneous revenues	6,846	9,383	7,143	9,331	6,824
<b>Total Revenues</b>	<b>197,322</b>	<b>187,909</b>	<b>186,185</b>	<b>183,018</b>	<b>182,086</b>
Expenditures					
General government	16,757	14,839	14,368	16,003	17,204
Public safety	65,486	60,907	58,755	57,213	57,566
Public ways and facilities	71	124	278	1,186	421
Highways and streets	7,639	9,150	6,533	6,045	4,329
Health and sanitation	26,180	28,255	26,760	25,801	25,714
Public assistance	67,643	63,520	59,086	67,340	71,022
Education	1,992	2,157	1,841	2,045	2,083
Culture and recreation	2,808	1,921	1,814	1,866	1,633
Debt service:					
Principal	2,006	2,009	2,122	1,521	1,482
Interest expense	1,204	1,214	1,517	1,029	1,027
Capital outlay	4,788	6,160	4,948	4,353	9,898
<b>Total Expenditures</b>	<b>196,574</b>	<b>190,256</b>	<b>178,022</b>	<b>184,402</b>	<b>192,379</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	748	(2,347)	8,163	(1,384)	(10,293)
Other Financing Sources (Uses)					
Capital leases - other financing sources	481	328	189	-	-
Loan proceeds	-	-	4,147	-	-
Transfers in	3,539	2,276	2,407	1,743	3,062
Transfers out	(3,539)	(3,276)	(2,407)	(1,784)	(3,087)
<b>Total other financing sources (uses)</b>	<b>481</b>	<b>(672)</b>	<b>4,336</b>	<b>(41)</b>	<b>(25)</b>
Extraordinary Items					
State of California AB 99 reversal	-	-	1,238	-	-
Redevelopment Agency dissolution gain	-	-	8	-	-
<b>Total extraordinary items</b>	<b>-</b>	<b>-</b>	<b>1,246</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>\$ 1,229</b>	<b>\$ (3,019)</b>	<b>\$ 13,745</b>	<b>\$ (1,425)</b>	<b>\$ (10,318)</b>

**COUNTY OF KINGS**  
**CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS (UNAUDITED) (Continued)**  
**LAST TEN FISCAL YEARS (in thousands)**  
**(modified accrual basis of accounting)**

	6/30/2009	6/30/2008	6/30/2007	6/30/2006	6/30/2005
Revenues					
Taxes					
Property taxes	\$ 24,128	\$ 22,074	\$ 20,283	\$ 16,702	\$ 25,571
Sales tax	1,917	1,727	1,817	2,146	1,866
Franchise taxes	2,809	3,334	3,458	3,367	2,567
Hotel taxes	213	234	234	212	201
Licenses and permits	370	453	447	516	476
Fines and forfeits	584	444	524	862	718
Intergovernmental revenue	142,967	134,893	132,662	127,852	119,018
Charges for services	9,010	8,372	8,252	8,014	7,710
Rents and concessions	673	834	1,050	968	863
Investment earnings (loss)	2,092	3,054	3,026	2,397	1,444
Contributions and donations	65	35	53	82	54
Miscellaneous revenues	5,293	9,126	5,216	4,640	3,481
<b>Total Revenues</b>	<b>190,121</b>	<b>184,580</b>	<b>177,022</b>	<b>167,758</b>	<b>163,969</b>
Expenditures					
General government	19,199	21,684	18,146	14,454	13,851
Public safety	57,538	54,145	53,778	47,366	44,637
Public ways and facilities	448	281	683	1,723	306
Highways and streets	4,048	4,727	5,475	6,293	4,887
Health and sanitation	27,627	25,793	23,901	21,673	20,861
Public assistance	65,716	65,230	63,321	61,464	54,586
Education	1,969	1,955	1,742	1,433	1,227
Culture and recreation	1,603	1,593	1,559	1,380	1,233
Debt service:					
Principal	1,394	1,375	1,341	616	763
Interest expense	962	954	1,007	1,003	289
Capital outlay	12,823	6,105	3,294	18,921	19,112
<b>Total Expenditures</b>	<b>193,327</b>	<b>183,842</b>	<b>174,247</b>	<b>176,326</b>	<b>161,752</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(3,206)	738	2,775	(8,568)	2,217
Other Financing Sources (Uses)					
Capital leases - other financing sources	7,213	-	-	-	2,460
Loan proceeds	-	-	-	-	11,470
Transfers in	5,839	7,417	9,221	2,170	4,846
Transfers out	(5,669)	(7,437)	(10,898)	(2,709)	(4,846)
<b>Total other financing sources (uses)</b>	<b>7,383</b>	<b>(20)</b>	<b>(1,677)</b>	<b>(539)</b>	<b>13,930</b>
Extraordinary Items					
State of California AB 99 reversal	-	-	-	-	-
Redevelopment Agency dissolution gain	-	-	-	-	-
<b>Total extraordinary items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Changes in Fund Balances</b>	<b>\$ 4,177</b>	<b>\$ 718</b>	<b>\$ 1,098</b>	<b>\$ (9,107)</b>	<b>\$ 16,147</b>
Debt Services as a Percentage of Non-Capital Expenditures	1.27%	1.28%	1.34%	1.02%	0.73%

**COUNTY OF KINGS**  
**ASSESSED VALUE OF TAXABLE PROPERTY AND ACTUAL VALUE OF PROPERTY (UNAUDITED)**  
**LAST TEN FISCAL YEARS (in thousands)**

Fiscal Year	(1) Secured	(2) Unsecured	(3) Unitary	(4) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate
2014	\$ 8,538,342	\$ 409,271	\$ 404,653	\$ (114,327)	\$ 9,237,939	1.000
2013	8,408,031	404,407	393,694	(115,272)	9,090,860	1.000
2012	8,297,367	388,710	384,122	(117,416)	8,952,783	1.000
2011	8,221,077	375,894	364,993	(120,141)	8,841,823	1.000
2010	8,060,625	370,456	366,975	(120,256)	8,677,800	1.000
2009	8,055,538	408,958	361,410	(120,836)	8,705,070	1.000
2008	7,179,901	318,322	354,786	(121,244)	7,731,765	1.000
2007	6,353,608	276,156	355,881	(121,649)	6,863,996	1.000
2006	5,723,986	231,472	345,447	(121,956)	6,178,949	1.000
2005	5,142,668	236,547	341,532	(121,155)	5,599,592	1.000

Notes:

- (1) Local assessed secured property is generally real property, defined as land, mines, minerals, timber, and improvements such as buildings, structures, crops, trees, and vines.
- (2) Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.
- (3) Unitary properties are rail roads and utilities crossing the County and are assessed by the State Board of Equalization.
- (4) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- (5) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop 13), the County does not track the estimated actual value of all County properties. Under Prop 13, property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

Source: Department of Finance, County of Kings

**COUNTY OF KINGS**  
**PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS (UNAUDITED)**  
**(\$1 PER \$100 OF ASSESSED VALUE)**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year</b>	<b>Direct Rates</b>	<b>Overlapping Rates</b>			
	<b>County General</b>	<b>Schools</b>	<b>Hospitals</b>	<b>Cities</b>	<b>Total</b>
2014	1.000%	0.650%	0.073%	0.000%	1.723%
2013	1.000%	0.568%	0.073%	0.000%	1.641%
2012	1.000%	0.568%	0.073%	0.034%	1.675%
2011	1.000%	0.619%	0.082%	0.054%	1.755%
2010	1.000%	0.505%	0.046%	0.056%	1.607%
2009	1.000%	0.332%	0.045%	0.057%	1.434%
2008	1.000%	0.669%	0.044%	0.062%	1.775%
2007	1.000%	0.559%	0.049%	0.069%	1.677%
2006	1.000%	0.636%	0.001%	0.076%	1.713%
2005	1.000%	0.631%	0.000%	0.082%	1.713%

Source: Department of Finance, County of Kings

**COUNTY OF KINGS  
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED)  
JUNE 30, 2014 AND JUNE 30, 2005 (in thousands)**

Tax Payer	2014			2005		
	(1) Net Assessed Secured Value	Rank	Percentage of Total Tacable Assessed Value	(1) Net Assessed Secured Value	Rank	Percentage of Total Tacable Assessed Value
Leprino Foods	\$ 453,666	1	5.07%	\$ 42,030	1	5.56%
Melga Canal Co (JG Boswell)	315,778	2	3.53%	182,552	2	3.33%
Pacific Gas & Electric Co	159,883	3	1.79%	83,329	4	1.52%
Del Monte Corporation	101,501	4	1.13%	83,191	5	1.52%
OLAM Tomato Processing	89,297	5	1.00%	-		- %
Sandridge Partners	79,883	6	0.89%	32,610	8	0.60%
GWF Energy LLC - Hanford	76,900	7	0.86%	151,817	3	2.77%
Chevron Corporation	74,841	8	0.84%	-		- %
Cloverdale Dairy LLC	54,246	9	0.61%	-		- %
Passco Hanford Mall LLC	52,515	10	0.59%	38,836	7	0.71%
S.K. Foods	-		- %	52,342	6	0.96%
Westlake Farms	-		- %	29,357	9	0.54%
Waste Management Holdings	-		- %	27,220	10	0.50%
<b>Total</b>	<b>\$ 1,458,510</b>		<b>16.30%</b>	<b>\$ 723,284</b>		<b>18.00%</b>

Note: (1) Net Assessed Secured amounts includes Secured and Unitary less exemptions

Source: Department of Finance, County of Kings, and County of Kings CAFR for the fiscal year ended June 30, 2005.

**COUNTY OF KINGS  
PROPERTY TAXES LEVIED AND COLLECTIONS (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands)**

Fiscal Year	Taxes Levied	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2014	\$ 103,162	\$ 101,635	98.52%	\$ 1,683	\$ 103,318	100.15%
2013	103,166	101,270	98.16%	1,909	103,179	100.01%
2012	100,113	97,692	97.58%	1,360	99,052	98.94%
2011	99,075	96,322	97.22%	2,469	98,791	99.71%
2010	96,402	92,882	96.35%	2,261	95,143	98.69%
2009	94,339	90,359	95.78%	1,850	92,209	97.74%
2008	87,325	83,985	96.18%	1,053	85,038	97.38%
2007	77,288	75,092	97.16%	1,004	76,096	98.46%
2006	67,694	66,496	98.23%	785	67,281	99.39%
2005	61,805	60,556	97.98%	845	61,401	99.35%

Source: Department of Finance, County of Kings

**COUNTY OF KINGS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)**  
**LAST TEN FISCAL YEARS**  
**(in thousands, except per capita)**

Fiscal Year	Governmental Activities			Total Governmental Activities	Percentage of Personal Income (1)	Debt per Capita (2)
	Pension Obligation Bonds	Lease Revenue Bonds	Capital Leases			
2014	\$ 7,781	\$ 8,090	\$ 13,910	\$ 29,781	N/A	N/A
2013	8,480	8,515	14,068	31,063	N/A	N/A
2012	9,199	8,925	14,893	33,017	0.69%	219
2011	9,931	9,325	9,756	29,012	0.60%	191
2010	10,667	9,710	9,776	30,153	0.71%	197
2009	11,406	10,085	10,193	31,684	0.82%	204
2008	12,158	10,450	3,297	25,905	0.64%	168
2007	12,928	10,805	3,618	27,351	0.68%	179
2006	13,698	11,150	3,935	28,783	0.81%	192
2005	13,798	11,470	3,912	29,180	0.83%	195

Note: (1) See the "Demographics and Economic Statistics" schedule for personal income and population data for each corresponding year.

(2) See the "Demographics and Economic Statistics" schedule for population figures.

Source: Department of Finance, County of Kings

**COUNTY OF KINGS  
DIRECT AND OVERLAPPING DEBT (UNAUDITED)  
LAST TEN FISCAL YEARS (in thousands)**

	Percentage Applicable	Debt Outstanding
<b>Overlapping Tax and Assessment Debt</b>		
College of Sequoias Hanford and Tulare School Facilities Improvement Districts	98.848 & 11.828 %	\$ 25,304
State Center Community College District	0.21	214
West Hills Community College District and School Facilities Improvement District #3	32.879 & 75.826	18,338
Reef-Sunset Unified School District	100	11,839
Hanford Joint Union High School District	98.85	41,578
Lemoore Union High School District	100	2,847
Armona union School District	100	2,290
Hanford School District	100	6,673
Pioneer Union School District	100	4,320
Other School Districts	Various	1,571
Corcoran Hospital District	100	14,024
City of Hanford Community Facilities District No. 91-1	100	1,245
 Total Direct Debt		 \$ 130,243
<b>Direct and Overlapping Fund Debt</b>		
Kings County General Fund Obligations	100.00%	\$8,090
Kings County Pension Obligations	100	7,781
Community College District General Fund Obligations	Various	24,955
Reef-Sunset Unified School District Certificates of Participation	100	2,925
Hanford Joint Union High School District Certificates of Participation	100	13,498
Pioneer Union School District Certificates of Participation	100	2,895
Other School District General Fund Obligations	Various	1,711
City of Lemoore Certificates of Participation	100	1,855
 Total Direct and Overlapping General Funded Debt		 \$ 63,710
<b>Overlapping Tax Increment Debt (Successor Agency)</b>		\$ 42,240
 <b>Combined Total Debt (1)</b>		 \$ 236,194

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

**Ratios to 2013-14 Assessed Valuation**

---

Total Overlapping Tax and Assessment Debt	1.38%
Combined Direct Debt (\$15,870,977)	0.17%
Combined Total Debt	2.50%

**Ratio to Redevelopment Incremental Valuation**

---

Total Overlapping Tax Increment Debt	2.91%
--------------------------------------	-------

Source: California Municipal Statistics

**COUNTY OF KINGS  
LEGAL DEBT MARGIN (UNAUDITED)  
AS OF JUNE 30, 2014 (in thousands)**

<b>Legal Debt Margin Calculation for Fiscal Year</b>	<b>2014</b>
Total Assessed Value	\$ 9,237,939
Debt Limit (1.25% of Total Assessed Value)	115,474
Less: Total Net Debt Applicable to Limit	<u>-</u>
Legal Debt Margin	<u><u>\$ 115,474</u></u>

<b>Fiscal Year</b>	<b>(1) Total Assessed Value</b>	<b>(2) Legal Debt Limit</b>	<b>Total Net Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>
2014	\$ 9,237,939	\$ 115,474	\$ -	\$ 115,474
2013	9,090,860	113,636	-	113,636
2012	8,952,783	111,910	-	111,910
2011	8,841,823	110,523	-	110,523
2010	8,677,800	108,473	-	108,473
2009	8,705,070	108,813	-	108,813
2008	7,731,765	96,647	-	96,647
2007	6,863,996	85,800	-	85,800
2006	6,178,949	77,237	-	77,237
2005	5,599,592	69,995	-	69,995

Notes:

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value of Taxable Property and Actual Value of Property" schedule.
- (2) Article XIII A of the California State Constitution provided for changing assessed value from 25% of cash value to full cash value. Hence, the 5% limitation on general obligation bond indebtedness imposed by Section 29909 of the Government Code become 1.25% of assessed value.

Source: Department of Finance, County of Kings

**COUNTY OF KINGS  
PLEGGED REVENUE BOND COVERAGE (UNAUDITED)  
LAST TEN FISCAL YEARS**

Fiscal Year	Penalty Assessment Collection	Less: Operating Expenses	Available Revenue (A)	Principal	Interest	Total	(B)	Coverage (A/B)
2014	\$ 867,682	\$ -	\$ 867,682	\$ 425,000	\$ 354,425	\$ 779,425		1.11
2013	867,165	-	867,165	410,000	368,775	778,775		1.11
2012	862,275	-	862,275	400,000	381,775	781,775		1.1
2011	814,474	-	814,474	385,000	393,325	778,325		1.05
2010	830,452	-	830,452	375,000	403,638	778,638		1.07
2009	915,064	5,717	920,781	365,000	413,675	778,675		1.18
2008	841,135	11,247	852,382	355,000	424,325	779,325		1.09
2007	815,055	12,747	827,802	345,000	434,675	779,675		1.06
2006	739,096	7,438	746,534	320,000	462,349	782,349		0.95
2005	-	-	-	-	-	-	-	N/A

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

Source: Department of Finance, County of Kings

**COUNTY OF KINGS  
DEMOGRAPHICS AND ECONOMIC STATISTICS (UNAUDITED)  
LAST TEN FISCAL YEARS (In thousands)**

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2014	151	N/A	N/A	12.70%
2013	151	N/A	N/A	13.50%
2012	151	\$ 4,818,680	\$ 23	15.50%
2011	152	4,827,381	32	16.00%
2010	153	4,245,279	28	17.00%
2009	155	3,863,511	25	15.00%
2008	154	4,044,533	26	10.50%
2007	153	4,033,945	26	8.70%
2006	150	3,545,113	24	8.40%
2005	150	3,510,370	23	9.50%

Sources: State of California, Employment Development Department. 2014 unemployment rate is projected by Kings Economic Development Corporation.

**COUNTY OF KINGS  
PRINCIPAL EMPLOYERS (UNAUDITED)  
JUNE 30, 2014 AND JUNE 30, 2005  
CURRENT YEAR AND NINE YEARS AGO**

Employer	2014			2005		
	(1)Employees	Rank	Percentage of Total Employment	(2)Employees	Rank	Percentage of Total Employment
Lemoore Naval Air Station	7,900	1	15.15%	9,500	1	17.59%
California State Prisons	5,306	2	10.18%	1,700	2	3.15%
Kings County School Districts	4,058	3	7.78%			
Tachi Palace Hotel & Casino	2,100	4	4.03%	1,300	4	2.59%
Adventist Medical Center	1,406	5	2.70%	750	7	2.41%
County of Kings	1,365	6	2.62%	1,210	5	2.24%
JG Boswell Co	1,300	7	2.49%	1,200	6	2.22%
Leprino Foods	1,285	8	2.46%	618	8	1.39%
Del Monte Foods Co	1,240	9	2.38%	1,400	3	1.14%
Olam Tomato Processors	1,000	10	1.92%			
Marquez Brothers				306	9	0.57%
Central Valley Meat Co				270	10	0.50%
Total ten largest	26,960		51.71%	18,254		33.80%
Total all other	25,178		48.29%	35,752		66.20%
Total employees	52,138		100.00%	54,006		100.00%

Sources: (1) Kings County Economic Development Corporation.  
(2) County of Kings 2005 CAFR.

**COUNTY OF KINGS  
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION (UNAUDITED)  
LAST TEN FISCAL YEARS**

Function/Program	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2006</u>	<u>6/30/2005</u>
General government	189	182	179	182	183	197	195	192	178	188
Public safety	600	579	558	546	562	577	563	564	562	548
Health and sanitation	126	136	141	138	124	124	127	109	106	100
Public assistance	319	292	285	286	291	291	305	298	325	285
Education	18	18	15	16	18	18	19	19	19	17
Total full-time government employees	<u>1,252</u>	<u>1,207</u>	<u>1,178</u>	<u>1,168</u>	<u>1,178</u>	<u>1,207</u>	<u>1,209</u>	<u>1,182</u>	<u>1,190</u>	<u>1,138</u>

Sources: Human Resources, County of Kings

**COUNTY OF KINGS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED)**  
**LAST TEN FISCAL YEARS**

Function/Program	2014	2013	2012	2011	2010
<b>General Government</b>					
Human Resources:					
Recruitments	120	119	122	119	86
Applicant written exams	2,000	1,936	2,091	1,992	1,300
Classifications and compensation review	45	50	47	47	N/A
Major grievances, investigations, legal	80	89	76	99	74
Oral board days	95	97	86	73	65
Treasurer - Tax Collector:					
Investment Pool Return	1,509,912	1,854,022	2,750,304	3,423,105	3,911,423
Assessor:					
Properties reassessed involving transfers	8,300	8,127	7,823	6,001	5,792
Properties assessed involving construction	4,300	3,476	4,791	5,407	5,920
Business/Agricultural property statements	9,700	9,437	9,259	8,566	9,101
Unsecured roll	4,400	4,427	4,951	5,340	5,365
Audits conducted	34	17	50	56	37
Assessment appeals	85	131	145	27	152
Clerk - Recorder:					
Recorded documents	19,168	13,485	13,073	14,292	22,739
Certified copies	9,655	9,264	9,443	10,025	10,538
Vitals	9,484	6,610	8,440	9,027	9,435
Marriage licenses	1,280	1,649	1,152	1,074	1,094
Fictitious business statements	466	408	439	494	468
Passport applications	1,360	1,233	1,130	1,032	1,372
Elections:					
Elections conducted	3	2	2	1	2
Absentee ballots issued	67,493	67,493	65,296	21,860	59,942
Voter registrations	3,500	8,656	3,530	16,246	16,224
<b>Public Safety</b>					
District Attorney:					
Cases reviewed	7,139	6,999	6,927	6,999	7,024
Felonies filed	1,979	2,124	1,800	1,537	1,523
Misdemeanors filed	3,309	3,745	3,471	3,802	3,229
Minor's Advocacy:					
Juvenile delinquency cases	1,544	1,848	2,295	2,091	2,333
Sheriff (Administrations):					
Civil cases processed	3,126	2,976	2,325	3,061	2,450
Reports processed	3,100	3,098	2,823	2,385	2,753
Citations and warrants	4,286	5,614	5,126	5,162	4,877
Sheriff (Operations):					
Arrests	3,196	2,931	2,835	2,444	2,400
Calls for service	42,844	58,220	31,649	33,683	26,000
Written reports	3,271	3,094	2,790	2,422	2,685

**COUNTY OF KINGS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED) (Continued)**  
**LAST TEN FISCAL YEARS**

Function/Program	2009	2008	2007	2006	2005
<b>General Government</b>					
Human Resources:					
Recruitments	101	155	166	140	140
Applicant written exams	1,198	2,073	1,714	1,234	698
Classifications and compensation review	50	77	86	40	36
Major grievances, investigations, legal	50	56	53	48	36
Oral board days	48	78	97	77	53
Treasurer-Tax Collector:					
Investment Pool Return	5,347,697	9,869,953	9,114,800	6,339,891	3,605,507
Assessor:					
Properties reassessed involving transfers	6,500	8,178	10,214	10,600	11,182
Properties assessed involving construction	4,500	5,808	6,466	5,448	4,837
Business/Agricultural property statements	12,000	12,043	11,744	11,530	11,473
Unsecured roll	5,300	5,400	5,415	5,123	5,213
Audits conducted	50	48	30	46	30
Assessment appeals	42	25	152	60	63
Clerk-Recorder:					
Recorded documents	30,319	27,052	36,229	41,372	40,658
Certified copies	12,901	12,901	12,827	11,812	11,561
Vitals	11,614	11,735	11,045	9,994	9,437
Marriage licenses	1,061	1,063	1,063	1,068	1,159
Fictitious business statements	556	600	575	554	574
Passport applications	2,597	2,548	2,163	1,196	932
Elections:					
Elections conducted	2	2	1	3	2
Absentee ballots issued	55,100	49,260	24,652	40,303	25,128
Voter registrations	11,000	13,752	10,883	14,432	17,758
<b>Public Safety</b>					
District Attorney:					
Cases reviewed	8,912	8,401	10,164	10,486	10,263
Felonies filed	2,079	1,988	1,983	2,080	2,055
Misdemeanors filed	3,800	3,461	5,153	5,798	5,699
Minor's Advocacy:					
Juvenile delinquency cases	2,639	2,680	3,108	3,124	3,217
Sheriff (Administrations):					
Civil cases processed	2,421	2,401	2,403	2,555	2,379
Reports processed	2,484	2,374	3,942	3,995	4,194
Citations and warrants	4,734	5,322	8,154	8,732	7,992
Sheriff (Operations):					
Arrests	1,978	2,205	2,465	2,814	2,764
Calls for service	19,468	19,468	17,524	18,188	18,931
Written reports	2,291	2,291	2,864	3,300	3,267

**COUNTY OF KINGS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED) (Continued)**  
**LAST TEN FISCAL YEARS**

	2014	2013	2012	2011	2010
<b>Public Safety</b>					
Probation:					
Total juvenile intake/traffic	848	659	775	1,006	1,453
Number of felony, juvenile, and in-court rpts	1,650	1,571	1,670	1,360	3,375
Number of adults and juveniles supervised	4,560	4,542	5,328	5,272	4,358
Average daily population - juvenile hall	55	49	39	39	42
Fire:					
Emergency and non-emergency calls	4,657	4,464	4,416	4,371	4,278
Fire investigations	325	288	288	273	337
Inspections	400	388	635	678	720
Ag Commissioner-Sealer:					
Ag inspections	95,000	97,916	77,706	135,709	62,378
Weight and measure inspections	10,800	11,079	10,677	10,033	9,152
Community Development Agency (Building Inspection in hrs):					
Administration	4,724	4,761	4,113	2,730	2,600
Inspections	1,305	1,413	1,765	2,379	3,000
Plan check	1,182	1,063	1,042	509	900
Community Development Agency (Planning in hrs):					
Zoning administration	4,068	3,033	3,670	3,649	4,000
Land division administration	1,275	1,213	1,197	1,215	1,550
General plan	191	79	283	629	2,700
Code compliance	65	47	1	105	N/A
Public Guardian:					
Total caseload units	215	202	199	202	201
Veterans Services:					
Claims	6,000	5,868	6,706	4,286	1,528
Office contacts	5,500	5,743	5,532	3,500	3,396
Telephone contacts	7,000	7,423	7,228	6,700	6,528
<b>Health and sanitation</b>					
Number of clients served:					
Communicable diseases	1,671	2,186	2,559	1,661	3,616
Family planning visits	2,641	7,659	8,239	8,609	8,230
Women, infants, and children	7,772	8,110	8,251	8,372	8,234
Targeted case management	320	701	1,172	1,302	713
Child health and disability prevention	13,366	12,423	13,035	11,216	11,018
California children services	1,450	1,356	1,330	1,205	1,254
Lab services-specimens	8,943	10,032	11,044	11,458	12,472
Pre-employment exams	145	209	206	125	82
Environmental health services and inspects	N/A	18,858	19,196	19,622	19,843
<b>Public Assistance</b>					
Caseloads (average monthly cases):					
California work opport. and respon. to kids	3,050	3,006	3,144	3,243	3,082
Adoptions assistance	445	418	388	374	365
Foster care	505	459	414	368	402
Indigent burial	58	51	52	44	42
In-home supportive services	2,020	1,956	1,718	1,695	1,560

**COUNTY OF KINGS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM (UNAUDITED) (Continued)**  
**LAST TEN FISCAL YEARS**

	2009	2008	2007	2006	2005
<b>Public Safety</b>					
Probation:					
Total juvenile intake/traffic	2,698	2,814	2,776	2,687	2,217
Number of felony, juvenile, and in-court rpt	3,535	3,442	2,549	2,394	2,422
Number of adults and juveniles supervised	5,110	4,604	5,102	4,842	4,558
Average daily population - juvenile hall	63	62	62	60	60
Fire:					
Emergency and non-emergency calls	4,700	4,719	4,597	4,635	4,483
Fire investigations	630	514	721	724	700
Inspections	780	795	830	804	815
Ag Commissioner-Sealer:					
Ag inspections	105,000	110,362	89,889	101,664	90,860
Weight and measure inspections	13,000	9,128	13,473	9,427	10,997
Community Development Agency (Building Inspection in hrs):					
Administration	2,781	2,929	3,245	N/A	N/A
Inspections	2,588	2,523	2,790	N/A	N/A
Plan check	890	980	878	N/A	N/A
Community Development Agency (Planning in hrs):					
Zoning administration	3,794	4,429	3,006	3,674	3,088
Land division administration	1,414	1,670	1,030	2,069	1,618
General plan	2,587	2,211	1,328	297	171
Code compliance	3,322	3,468	2,246	3,268	3,541
Public Guardian:					
Total caseload units	202	179	178	182	179
Veterans Services:					
Claims	1,800	1,493	1,299	752	890
Office contacts	3,500	2,534	1,904	1,582	1,673
Telephone contacts	7,500	5,591	6,510	5,775	5,120
<b>Health and sanitation</b>					
Number of clients served:					
Communicable diseases	2,220	2,133	1,893	26,000	26,000
Family planning visits	8,499	8,481	8,548	10,000	10,000
Women, infants, and children	7,992	5,222	5,030	86,400	84,000
Targeted case management	1,023	973	1,174	700	600
Child health and disability prevention	10,996	9,728	10,445	9,000	8,800
California children services	1,311	1,025	1,036	650	600
Lab services-specimens	11,029	11,609	15,100	17,300	17,300
Pre-employment exams	90	226	194	200	190
Environmental health services and inspects	21,208	21,809	21,538	14,000	14,758
<b>Public Assistance</b>					
Caseloads (average monthly cases):					
California work opport. and respon. to kids	2,731	2,670	2,610	2,705	2,719
Adoptions assistance	330	328	310	291	267
Foster care	435	428	402	381	363
Indigent burial	30	43	26	28	27
In-home supportive services	1,792	1,682	1,520	1,479	1,435

**COUNTY OF KINGS  
CAPITAL ASSETS BY FUNCTION/PROGRAM (UNAUDITED)  
LAST TEN FISCAL YEARS**

Function/Program	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General government										
Administration buildings	7	7	7	7	7	7	7	7	7	7
Public safety										
Administration buildings	5	5	5	5	5	5	5	5	5	5
Fire Station	11	11	11	11	11	11	11	11	11	11
Jail and detention facilities	6	6	6	6	6	6	6	6	6	6
Court building	5	5	5	5	5	5	5	5	5	5
Health and sanitation										
Administration building	2	2	2	2	2	2	2	2	2	2
Clinics	3	3	3	3	3	3	3	3	3	3
Education										
Library	7	7	7	7	7	7	7	7	7	7
Culture and recreation										
Veterans hall	1	1	1	1	1	1	1	1	1	1
Parks	2	2	2	2	2	2	2	2	2	2

Sources: Department of Finance, County of Kings