

**KINGS COUNTY, CALIFORNIA**

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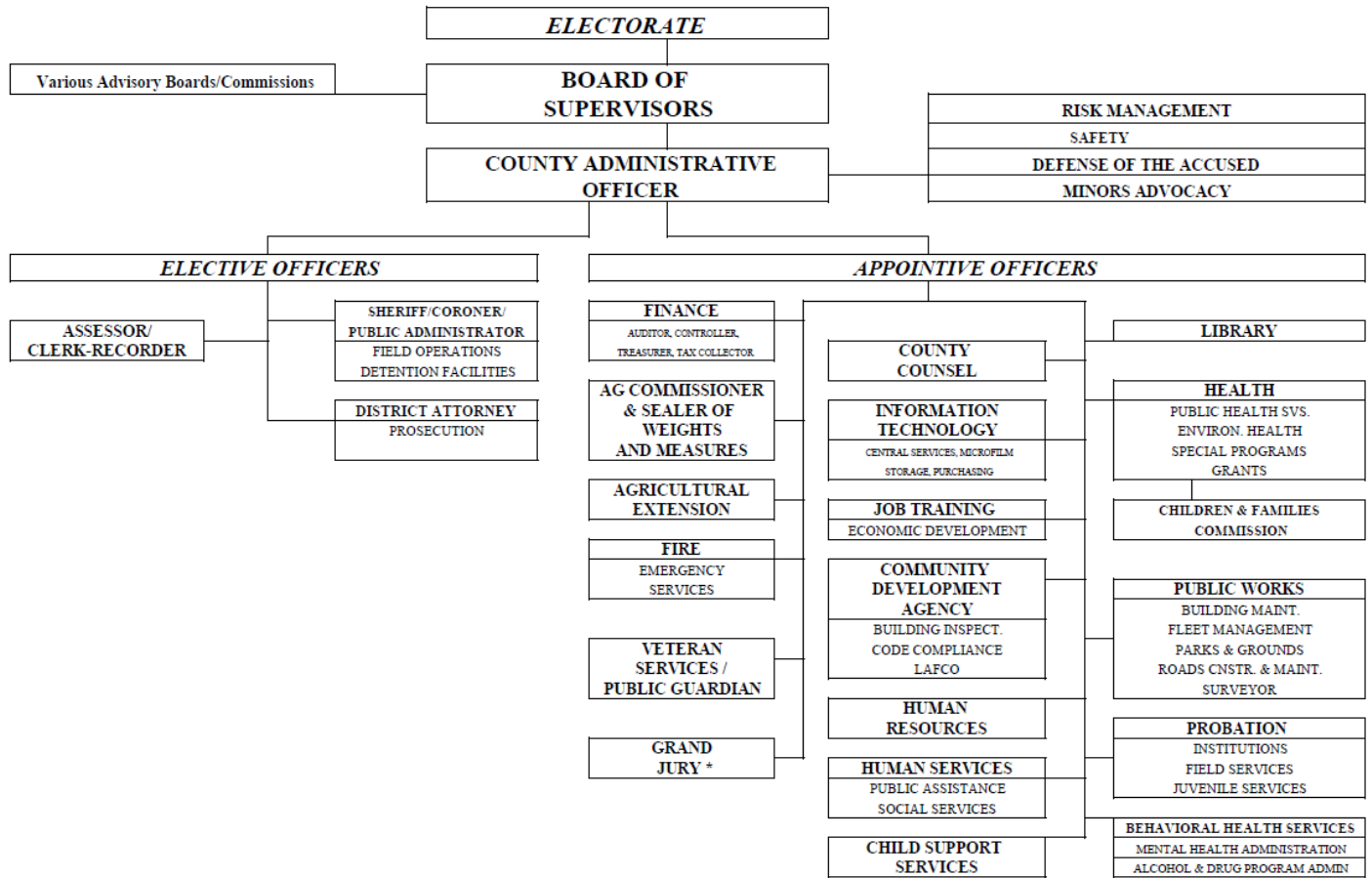
**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2022**

**County of Kings**  
**For the Year Ended June 30, 2022**  
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# ORGANIZATION OF KINGS COUNTY GOVERNMENT



\* Responsibility for the administrative oversight of the Grand Jury resides with the Judges of the Superior Court.

**County of Kings**  
**List of Elected and Appointed Officials**  
**June 30, 2022**

**ELECTED OFFICIALS**

Supervisor – District 1  
Supervisor – District 2  
Supervisor – District 3  
Supervisor – District 4  
Supervisor – District 5

Joe Neves  
Richard Valle  
Doug Verboon  
Craig Pedersen  
Richard Fagundes

Assessor/Clerk-Recorder/Registrar of Voters  
District Attorney  
Sheriff/Coroner/Public Administrator

Kristine Lee  
Sarah Hacker  
David Robinson

**APPOINTED OFFICIALS**

Agriculture Commissioner/Sealer  
Agricultural Extension  
Behavioral Health Services Director  
Chief Probation Officer  
Child Support Services Department Director  
Clerk to the Board  
County Administrative Officer  
County Counsel  
Director of Finance  
Fire Chief  
First 5 Children & Families Director  
Human Resources Director  
Human Services Department Director  
Information Technology Director  
Job Training Office Director  
Library Director  
Planning Director  
Public Health Director  
Public Works Director  
Registrar of Voters  
Veterans Services/Public Guardian

Jimmy Hook  
Karmjot Randhawa  
Lisa Lewis  
Leonard Bakker  
Marie Waite  
Catherine Venturella  
Kyria Martinez  
Diane Freeman  
Erik Urena, CPA  
Bill Lynch  
Rose Mary Rahn  
Carolyn Leist  
Wendy Osikafo  
John Devlin  
Julieta Martinez  
Natalie Rencher  
Chuck Kinney  
Rose Mary Rahn  
Dominic Tyburski  
Lupe Villa  
Scott Holwell

**Financial Section**

## Report of Independent Auditors

The Board of Supervisors  
County of Kings, California

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the discretely presented component unit, 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Kings, California as of June 30, 2022, 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.

We did not audit the financial statements of Children & Families First 5 Commission, the discretely presented component unit of the County, which represents 100% of the assets, 100% of the net position, and 100% of the revenues of the discretely presented component unit of County of Kings, California. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Children & Families First 5 Commission, is based solely on the report of the other auditors.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Correction of Prior Year Financial Statements*

As discussed in Note 15 to the financial statements, the County has restated the financial statements of the County for the year ended June 30, 2021, to correct for misstatements related to the recognition of revenue. Our opinion is not modified with respect to these matters.

### ***Adoption of New Accounting Standard***

As discussed in Note 6 to the financial statements, the County adopted the provisions of GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the net pension liability and related ratios, schedule of plan contributions, schedule of changes in total OPEB liability and related ratios, schedule of plan contributions – OPEB, budgetary comparison schedule – General Fund, budgetary comparison schedule – Road Fund, and notes to budgetary comparison schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to 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.

### ***Supplementary 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 supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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.



Medford, Oregon  
April 5, 2024



**County of Kings**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2022**

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 for the fiscal year ended June 30, 2022. 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 outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$68,106,372 (net position) and from this amount \$(110,583,165) (unrestricted net position) is primarily the result of the County's unfunded pension and Other Postemployment Benefits (OPEB) liabilities (see page 14, Statement of Net Position).
- The County's total net position increased by \$9,438,360 or 16.09% in fiscal year 2022 compared to fiscal year 2021. The amount net investment in capital assets increased by 13.46% or \$18,030,194. (See page 14, Statement of Net Position).
- Restricted assets set aside for debt decreased to \$194,715 in fiscal year 2022 compared to \$443,332 in fiscal year 2021. Other restrictions include \$15,402,678 for capital improvements and \$11,111,954 for other items in fiscal year 2022.
- Current and other assets increased by \$28,781,525 in fiscal year 2022 and capital assets increased by \$19,604,201 compared to fiscal year 2021.
- The County's total liabilities decreased by \$39,903,910 or (11.78%) during the current fiscal year primarily due to the decrease in the County's net pension liability.
- The Statement of Activities (page 15) shows program expenses for primary government programs in fiscal year 2022 to be \$301,407,620. Program revenues of \$263,456,677 derived from charges for services \$22,757,113, operating grants and contributions \$229,656,694, and capital grants and contributions \$11,042,870. The balance of \$37,950,943 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 16) reported combined ending fund balances of \$81,879,276, a total decrease of \$24,264,550 or (22.86%) in comparison with fiscal year 2021.
- \$43,231,055 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 \$43,890,994 or 15.82 % of total General Fund expenditures.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2022**

**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 of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains the 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 the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four 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.

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.

**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 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 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 in the combining statements and schedules section of the 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 16-19 of this report.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2022**

**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 technology 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 20-22 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 25-61 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 and budgetary comparison schedules can be found on pages 62-71 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 72-81 of this report.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2022**

**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 and deferred outflows exceed liabilities and deferred inflows by \$71,636,150 at the close of the most recent fiscal year.

<b>County of Kings</b>		
<b>Net Position</b>		
<b>Government Activities</b>		
	2022	Restated 2021
<b>Assets:</b>		
Current assets and other assets	\$ 228,277,049	\$ 195,965,746
Capital assets	172,480,491	152,876,290
Total assets	400,757,540	348,842,036
Deferred outflows of resources	41,414,791	49,243,341
<b>Liabilities:</b>		
Long-term liabilities outstanding	183,686,358	268,484,710
Other liabilities	115,091,171	85,057,772
Total liabilities	298,777,529	353,542,482
Deferred inflows of resources	71,758,652	735,926
<b>Net position:</b>		
Net investment in capital assets	151,980,190	133,949,996
Restricted	26,709,347	23,053,921
Unrestricted	(107,053,387)	(113,196,948)
Total net position	\$ 71,636,150	\$ 43,806,969

The largest portion of the County's net assets, \$151,980,190, 223.15%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, construction in progress, infrastructure, intangible assets, and right-to-use assets), 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 \$26,709,347, 39.22% 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 pension obligation bonds, capital improvements and other programs. The remaining balance of unrestricted net position of \$(107,053,387) (149.44%) is primarily the result of the County's unfunded pension.

The County's total net position increased by \$27,829,181 or 63.53%. Following the logic of the Statement of Activities this increase can be explained by the increase in revenues of \$16,675,418 or 5.34% along with a decrease in expenses of \$5,032,426 or 1.64%. Primary spending in capital assets includes construction spending for the SB 81 project, Kings View upgrades, and a new Sheriff Operations building. GASB Statement No. 34 dictates that 9 principal categories constitute Governmental Activities as shown on page 15. The General Revenue sources are listed on page 15 and shown on the following page.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2022**

Total liabilities decreased by \$54,764,953 in fiscal year 2022. 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. Long-term liabilities include continued debt service payments for the pension obligation bonds \$1,837,240, lease revenue bonds of \$6,670,000, financed purchases of \$10,206,316 and leases of \$3,623,985.

**Governmental activities**

Governmental activities increased the County net position by \$27,829,181. Key elements of the increase in net position are as follows:

<b>County of Kings</b>		
<b>Changes in Net Position</b>		
<b>Governmental Activities</b>		
	2022	Restated 2021
Revenues:		
Program Revenues:		
Charges for services	\$ 22,757,113	\$ 19,810,724
Operating grants and contributions	229,656,694	227,606,680
Capital grants and contributions	14,572,648	7,572,122
General Revenues:		
Property taxes	37,288,229	34,335,520
Other tax revenue	17,552,945	6,937,649
Other	7,409,172	16,298,688
Total revenues	329,236,801	312,561,383
Expenses:		
General government	25,126,388	37,455,337
Public safety	94,839,199	107,529,973
Public ways and facilities	678,981	7,728
Highways and streets	9,349,349	9,605,592
Health and sanitation	43,208,623	41,607,185
Public assistance	116,198,390	103,753,732
Education	2,471,658	2,014,001
Culture and recreation	7,913,434	2,603,968
Interest on long-term debt	1,621,598	1,862,530
Total expenses	301,407,620	306,440,046
Change in net position	27,829,181	6,121,337
Beginning net position	43,806,969	37,685,632
Ending net position	\$ 71,636,150	\$ 43,806,969

- Property tax revenues increased \$2,952,709 or 8.60% during fiscal year 2022. Assessed values of properties increased 4.48% from fiscal year 2021. Additionally, total delinquencies decreased approximately to \$6,621,458 (15.10%) from \$7,798,986.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2022**

- Sales taxes increased \$10,294,752 or 188.95%. The increase is mainly due to large solar projects in the County and increases in SB1 monies. Early estimates for fiscal year 2022 based on research and data provided by Hinderliter de Llamas and Associates project a downswing in sales tax revenues for the San Joaquin Valley in general.
- Franchise taxes increased \$99,456 or 8.00%. Franchise Taxes are derived from companies with telephones poles, lines and other equipment throughout the County who pay franchise taxes based on their incomes from contracted agreements in lieu of paying property taxes.
- Tribal gaming revenues were \$845,000 in fiscal year 2022 as there was no additional State funding above the \$845,000 contributed by the Tachi Palace Hotel and Casino.
- Investment earnings decreased by \$6,877,379 as historically low interest rates continue to decrease. Average investment returns decreased from .89% in fiscal year 2021 to .70% in fiscal year 2022. 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.
- Other revenues, the catch-all category on the Statement of Activities, witnessed a decrease of \$8,889,516 or (54.54%).

**FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

**Governmental funds.** The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, 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 and Road funds, both considered major funds. Data for the other 11 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 \$85,409,054, a decrease of \$20,734,772 or (19.53%) in comparison with the prior fiscal year. Approximately 63.68% of this total amount or \$43,231,055 constitutes unassigned fund balance, which is available for spending at the County's discretion. A total of \$455,789 of fund balance is not in a spendable form and is classified as nonspendable. A total of \$14,967,390 has been assigned or constrained for use by the County's intent to be used for a specific purpose, of this amount \$4,631,896 is for the purposes of capital projects, \$25,880 for imprest cash, and an additional \$10,309,614 for capital projects within the General Fund. The remainder of fund balance is restricted, resources subject to external restrictions on their use, or by enabling legislation (1) to pay debt service \$194,715, (2) \$15,402,678 for capital projects and (3) for other restricted purposes \$11,157,427.

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 \$43,890,994 while total ending fund balance for the General Fund at the conclusion of fiscal year 2022 was \$54,711,796. 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 19.72% of total General Fund's expenditures, while total fund balance represents 15.82% of that same amount.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2022**

**General Fund.** In fiscal year 2022, the County's General Fund revenues exceeded expenditures by \$2,605,375. A total of \$6,038,144 was transferred out to the following funds: Debt Service \$1,097,399, Road fund \$100,000, Capital Projects \$2,648,790, Nonmajor Governmental Funds \$1,352,797 and \$839,158 to internal service funds. Whereas \$45,764 was transferred in from the Fire and Community Development Block Grants funds and \$4,113 was received from the sale of surplus capital assets. A total of \$935,904 of financed purchases proceeds and \$2,669,137 of lease proceeds were received from new financed purchases and leases in the current year. This increase to fund balance left a change in General Fund of \$222,149.

Total expenditures increased in the General Fund by \$24,338,857 (\$277,404,321 vs. \$253,065,464 in 2021). The following factors contributed to the additional operating expenditures:

- Health expenditures from the General Fund increased in fiscal year 2022 to \$43,488,828 from \$41,501,042 in fiscal year 2021. The expenditures increased in part due to the response to the pandemic within the County.
- Public Assistance expenditures from the General Fund increased by \$13,545,079. The increase was primarily due to the response to the pandemic within the County.

**Road fund.** The County Road Fund has a total fund balance of \$15,402,678 as of June 30, 2022. This fund holds assets of \$15,732,279, of which \$14,717,901 are invested in the County's portfolio. This fund has total liabilities of \$329,601.

**Nonmajor governmental funds –**

**Debt Service fund.** The County Debt Service Fund has a total fund balance of \$127,007 which is a decrease from the prior fiscal year. The decrease was due to the continued payments of the County's outstanding debt.

**Capital Projects fund.** The County Capital Projects Fund balance decreased by \$11,044,207 and this is significantly different comparable to the prior year. The largest expenditure (\$12,461,387) was for the new jail project.

**Special Revenue 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 increased by \$406,937.

**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 2022 amounted to \$(11,615,985). Net position (deficit) increased due to a decrease in liabilities, and decrease in assets.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2022**

**General Fund Budgetary Highlights**

The County's final budget of the General Fund differs from the original budget in that supplemental appropriations are approved during the fiscal year. Differences between the original budget and the final amended budget of \$11,994,501 net increase in appropriations are briefly summarized as follows:

- Property tax appropriations were increased by \$1,065,662 to cover budget shortages in other General Fund budget units.
- Intergovernmental revenue appropriations were increased by \$9,646,210. The increase was mainly due to additional ARPA appropriations of \$4,207,509, and an increase of \$5,150,000 for a water sale transaction between Westlake Farms and the Mojave Water Agency.
- Miscellaneous revenue appropriations increased by \$1,282,429. The Consolidated Courts budget unit appropriation was increased by \$525,000 to bring in revenue to cover our Superior Court audit findings. Administration was increased by \$424,746 to cover a Kettleman City water transfer payment. Also, the Fleet budget unit increased their appropriation by \$100,000 for a grant from the San Joaquin Valley Air Board to purchase of electric vehicles.

Overall, the County's actual General Fund revenues were less than budgeted during fiscal year 2022 by \$10,303,180 or 3.45 %. Revenues categories that had significant variances include the following:

- Tax revenues were more than budgeted by \$2,989,287 or 10.13%.
- Licenses and permit revenues were less than budgeted by \$150,046 or 13.05%.
- Fines and forfeiture revenues were more than budgeted by \$506,277 or 30.68 %.
- Intergovernmental revenues were less than budgeted by \$6,597,563 or 2.77%.
- Charges for services revenues were less than budgeted by \$471,297 or 3.08%.
- Rents and concession revenues were more than budgeted by \$300,552 or 58.75%.
- Investment earnings were less than budgeted by \$5,935,184 or 723.70%.
- Miscellaneous revenues were less than budgeted by \$945,206 or 8.25%.



**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2022**

**Capital Assets and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$172,480,491 (net of accumulated depreciation and amortization). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, roads, bridges, water and sewer systems, intangible and right-to-use assets. The total increase in the County's investment in capital assets for the current fiscal year was 12.82% for governmental activities.

**County of Kings**  
**Capital Assets**  
**(Net Depreciation and Amortization)**  
**As of June 30,**

	2022	2021
Land	\$ 8,971,547	\$ 8,971,547
Structures and improvements	118,919,373	119,292,927
Equipment	12,229,275	13,159,766
Construction in progress	21,891,679	5,997,552
Infrastructure	4,923,452	5,454,498
Intangible	1,918,781	-
Right to use assets	3,626,384	-
Total	\$ 172,480,491	\$ 152,876,290

Additional information on the County of Kings' capital assets can be found in note 1.A. (page 31) and note 5 (page 40) of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$8,507,240. From this amount, \$1,837,240 (Pension Obligation) comprises debt backed by the full faith and credit of the County and the remaining amount of \$6,670,000 (Lease Revenue) represents bonds secured by specified revenue sources that are collateralized by certain buildings of the County. In addition, the County of Kings has total financed purchases of \$10,326,156 and leases outstanding of \$3,623,985.

**County of Kings**  
**Outstanding Debt**  
**Pension Obligations, Lease Revenue Bonds, Financed Purchases and Leases**  
**As of June 30,**

	2022	2021
Pension Obligation Bonds	\$ 1,837,240	\$ 2,657,296
Lease Revenue Bonds	3,000,000	3,500,000
Lease Revenue Bonds - refunding	3,670,000	4,220,000
Financed Purchases	10,206,316	11,206,294
Lease Liabilities	3,623,985	-
Total	\$ 22,337,541	\$ 21,583,590

The County of Kings bonded debt decreased by \$(1,870,056) or (18.02%), financed purchases outstanding decreased by \$(1,626,246) (13.61%) during the current fiscal year representing principal reductions from bond and financed purchase payments.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2022**

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 of Kings is \$655,359,073, which is significantly in excess of the County's outstanding bonded debt.

Additional information on the County of Kings' long-term debt can be found in Note 1.A (page 32) and Notes 8, 9 and 10 (pages 42-48) of this report.

**Budget and Economic Factors**

- The unemployment rate for Kings County is currently 6.4%, which is a decrease from a rate of 9.9% during fiscal year 2021. The unemployment rate for the State has been reported to be 3.9%. The State unemployment rate was approximately 7.80% a year ago.
- The 2022-2023 County's Final Budget included an overall budget of \$423.81 million, which is \$8.57 million or 1.98% less than the current fiscal year final budget.
- Total allocated positions are 1,657 full-time equivalents (FTEs), which is 22 FTEs more than adopted in the 2021-2022 budget.

**Request 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, 2022**

	<b>Primary Government</b>	<b>Component Unit Children &amp; Families First 5 Commission</b>
	<b>Governmental Activities</b>	
<b>Assets</b>		
Cash and cash equivalents	\$ 1,145,915	\$ 36,552
Investments	193,466,939	1,212,918
Receivables	32,996,872	94,244
Inventories and prepaids	667,323	-
Capital assets, not being depreciated	30,863,226	-
Capital assets, net of accumulated depreciation	141,617,265	-
Total assets	<u>400,757,540</u>	<u>1,343,714</u>
<b>Deferred outflows of resources</b>		
Deferred pensions	30,054,579	23,784
Deferred OPEB	11,360,212	37,403
Total deferred outflows of resources	<u>41,414,791</u>	<u>61,187</u>
<b>Liabilities</b>		
Accounts payable and other current liabilities	16,986,293	43,534
Accrued interest payable	871,264	-
Advances from grantors and third parties	96,664,767	-
Due to other agencies	568,847	-
Long-term liabilities		
Portion due within one year:		
Claims payable	3,860,177	-
Financed purchases	1,873,027	-
Lease liabilities	1,064,041	-
Pension obligation bonds	861,294	-
Lease revenue bonds	1,070,000	-
Compensated absences	3,960,780	8,350
Portion due in more than one year:		
Claims payable	16,792,260	-
Financed purchases	8,333,289	-
Lease liabilities	2,559,944	-
Pension obligation bonds	975,946	-
Lease revenue bonds	5,600,000	-
Compensated absences	3,805,456	7,405
Net pension liability	101,778,631	303,731
Total OPEB liability	31,151,513	56,172
Total liabilities	<u>298,777,529</u>	<u>419,192</u>
<b>Deferred Inflows of Resources</b>		
Deferred pensions	63,335,400	56,490
Deferred OPEB	3,590,752	2,515
Deferred inflows - leases	1,070,288	-
Deferred inflows - other	3,762,212	-
Total deferred inflows of resources	<u>71,758,652</u>	<u>59,005</u>
<b>Net Position</b>		
Net investment in capital assets	151,980,190	-
Restricted for:		
Debt service	194,715	-
Capital improvements	15,402,678	-
Other	11,111,954	-
Unrestricted	(107,053,387)	926,704
Total net position	<u>\$ 71,636,150</u>	<u>\$ 926,704</u>

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

Function/Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
					Governmental Activities	Children and Families First 5 Commission
Primary Government:						
Governmental Activities:						
General government	\$ 25,126,388	\$ 12,073,585	\$ 34,385,064	\$ 1,679,416	\$ 23,011,677	
Public safety	94,839,199	8,420,951	40,067,348	11,305,748	(35,045,152)	
Public ways and facilities	678,981	-	-	-	(678,981)	
Highways and streets	9,349,349	391,683	-	1,587,484	(7,370,182)	
Health and sanitation	43,208,623	1,420,197	38,726,851	-	(3,061,575)	
Public assistance	116,198,390	10,718	109,806,265	-	(6,381,407)	
Education	2,471,658	306,001	20,954	-	(2,144,703)	
Culture and recreation	7,913,434	133,978	6,650,212	-	(1,129,244)	
Interest on long-term debt	1,621,598	-	-	-	(1,621,598)	
Total primary government	<u>\$ 301,407,620</u>	<u>\$ 22,757,113</u>	<u>\$ 229,656,694</u>	<u>\$ 14,572,648</u>	<u>(34,421,165)</u>	
Component Unit:						
First 5 Commission	\$ 1,416,443	\$ -	\$ 1,449,280	\$ -		\$ 32,837
Total component unit	<u>\$ 1,416,443</u>	<u>\$ -</u>	<u>\$ 1,449,280</u>	<u>\$ -</u>		<u>32,837</u>
General revenues:						
Property taxes					37,288,229	-
Sales tax					15,743,169	-
Franchise taxes					1,342,771	-
Hotel taxes					467,005	-
Investment earnings (loss)					(7,007,301)	(41,052)
Miscellaneous					14,416,473	61,373
Total general revenues					<u>62,250,346</u>	<u>20,321</u>
Change in net position					<u>27,829,181</u>	<u>53,158</u>
Net position, beginning					58,668,012	873,546
Prior period adjustment					(14,861,043)	-
Net position, restated					<u>43,806,969</u>	<u>873,546</u>
Net position, ending					<u>\$ 71,636,150</u>	<u>\$ 926,704</u>

The accompanying notes are an integral part of this statement.

**County of Kings  
Balance Sheet  
Governmental Funds  
June 30, 2022**

	<u>General Fund</u>	<u>Road</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ -	\$ 209,636	\$ 261,861	\$ 471,497
Imprest cash	25,880	-	854	26,734
Treasurer's investments	142,063,165	14,717,901	17,927,082	174,708,148
Investments	889,140	-	-	889,140
Deposits with others	92,708	-	-	92,708
Inventories and prepaids	417,600	-	38,189	455,789
Receivables	22,405,701	804,742	9,669,285	32,879,728
Due from other funds	688,078	-	-	688,078
	<u>166,582,272</u>	<u>15,732,279</u>	<u>27,897,271</u>	<u>210,211,822</u>
Total assets	<u>\$ 166,582,272</u>	<u>\$ 15,732,279</u>	<u>\$ 27,897,271</u>	<u>\$ 210,211,822</u>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 11,648,461	\$ 329,601	\$ 3,981,401	\$ 15,959,463
Advances from grantors and third parties	92,333,476	-	4,331,291	96,664,767
Due to other agencies	530,861	-	37,986	568,847
Due to other funds	87,212	-	688,078	775,290
	<u>104,600,010</u>	<u>329,601</u>	<u>9,038,756</u>	<u>113,968,367</u>
Total liabilities	<u>104,600,010</u>	<u>329,601</u>	<u>9,038,756</u>	<u>113,968,367</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows from property taxes	979,781	-	546,809	1,526,590
Deferred inflows from grantors	1,458,185	-	3,017,126	4,475,311
Deferred inflows - leases	1,070,288	-	-	1,070,288
Deferred inflows - other	3,762,212	-	-	3,762,212
Total deferred inflows of resources	<u>7,270,466</u>	<u>-</u>	<u>3,563,935</u>	<u>10,834,401</u>
<b>FUND BALANCES</b>				
Nonspendable	417,600	-	38,189	455,789
Restricted	67,708	15,402,678	11,284,434	26,754,820
Assigned	10,335,494	-	4,631,896	14,967,390
Unassigned	43,890,994	-	(659,939)	43,231,055
Total fund balances	<u>54,711,796</u>	<u>15,402,678</u>	<u>15,294,580</u>	<u>85,409,054</u>
	<u>166,582,272</u>	<u>15,732,279</u>	<u>27,897,271</u>	<u>210,211,822</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 166,582,272</u>	<u>\$ 15,732,279</u>	<u>\$ 27,897,271</u>	<u>\$ 210,211,822</u>

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2022**

Total fund balances - governmental funds	\$ 85,409,054	
Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		169,083,619
Deferred outflows reported in the Statement of Net Position.		
Pension contributions	\$ 28,501,402	
OPEB contributions	<u>10,617,928</u>	39,119,330
Certain accrued revenues are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds.		
Property taxes	1,526,590	
Impact fees	<u>4,475,311</u>	6,001,901
Accrued interest payable represents interest incurred, but is not yet due, as of the end of the fiscal year. Governmental funds recognize interest expense when paid since this requires the use of current financial resources.		
Pension obligation bonds	(726,338)	
Lease revenue bonds	(52,675)	
Financed purchases	<u>(92,251)</u>	(871,264)
Internal services 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.		(8,308,189)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Pension obligation bonds	(1,837,240)	
Lease revenue bonds	(6,670,000)	
Financed purchases	(10,117,240)	
Leases	(3,201,598)	
Compensated absences	(7,266,459)	
General liability - IBNR	(1,200,437)	
Total OPEB liability	(29,038,484)	
Net pension liability	<u>(96,305,191)</u>	(155,636,649)
Deferred inflows reported in the Statement of Net Position.		
Pension items	(59,814,462)	
OPEB	<u>(3,347,190)</u>	<u>(63,161,652)</u>
Total net position - governmental activities		<u>\$ 71,636,150</u>

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	<u>General Fund</u>	<u>Road</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 25,504,746	\$ -	\$ 11,716,600	\$ 37,221,346
Sales tax	5,180,815	1,138,119	-	6,318,934
Franchise taxes	1,342,771	-	-	1,342,771
Hotel taxes	467,005	-	-	467,005
Licenses and permits	1,000,154	-	2,155,477	3,155,631
Fines and forfeits	2,289,387	391,683	501,097	3,182,167
Intergovernmental revenues	223,275,298	9,823,182	16,129,010	249,227,490
Charges for services	14,818,932	-	1,175,543	15,994,475
Rents and concessions	812,116	-	-	812,116
Investment earnings (loss)	(5,192,190)	(518,461)	(613,387)	(6,324,038)
Miscellaneous revenues	10,510,662	37,200	3,789,499	14,337,361
Total revenues	<u>280,009,696</u>	<u>10,871,723</u>	<u>34,853,839</u>	<u>325,735,258</u>
<b>Expenditures</b>				
Current:				
General government	28,201,862	-	-	28,201,862
Public safety	75,047,743	-	20,717,433	95,765,176
Highways and streets	-	9,187,848	-	9,187,848
Health	43,488,828	-	-	43,488,828
Public assistance	112,772,827	-	5,124,764	117,897,591
Education	272,024	-	2,206,254	2,478,278
Recreation	7,867,336	-	-	7,867,336
Debt service:				
Principal	2,482,393	-	1,949,851	4,432,244
Interest	1,886,625	-	399,411	2,286,036
Capital outlay	5,384,683	615,978	18,267,899	24,268,560
Total expenditures	<u>277,404,321</u>	<u>9,803,826</u>	<u>48,665,612</u>	<u>335,873,759</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,605,375</u>	<u>1,067,897</u>	<u>(13,811,773)</u>	<u>(10,138,501)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	45,764	100,000	5,555,442	5,701,206
Transfers out	(6,038,144)	-	(502,220)	(6,540,364)
Proceeds from sales of capital assets	4,113	64,608	-	68,721
Financed purchase liabilities issued	935,904	-	27,436	963,340
Lease liabilities issued	2,669,137	-	1,402,732	4,071,869
Total other financing sources (uses)	<u>(2,383,226)</u>	<u>164,608</u>	<u>6,483,390</u>	<u>4,264,772</u>
Net change in fund balances	222,149	1,232,505	(7,328,383)	(5,873,729)
Fund balances - beginning	69,350,690	14,170,173	22,622,963	106,143,826
Prior period adjustment	(14,861,043)	-	-	(14,861,043)
Fund balances - ending	<u>\$ 54,711,796</u>	<u>\$ 15,402,678</u>	<u>\$ 15,294,580</u>	<u>\$ 85,409,054</u>

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2022**

Net change in fund balances - governmental funds \$ (5,873,729)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation and amortization	\$ (8,169,233)	
Donated assets	79,113	
Capital outlay	27,816,667	19,726,547

The net effect from sale, trade-in transactions and transfers involving capital assets is to decrease net position. (409,210)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds. Deferred inflows are less than the prior year amount.

Property tax revenues	66,883	
Intergovernmental revenues	4,038,811	4,105,694

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.

Pension obligation bonds	820,056	
Lease revenue bonds	1,050,000	
Financed purchases	2,037,691	
Leases	870,271	
Offset by the reversal of financed purchases and lease proceeds	(5,035,209)	(257,191)

Certain expenses reported in the Statement of Activities do not require the use of current 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.

Claims payable	53,445	
Accrued interest	666,079	
Net pension liability	12,832,181	13,551,705

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 exceeding payments for the total OPEB liability and compensated absences.

Total OPEB liability	(2,733,011)	
Compensated absences	(507,806)	(3,240,817)

Internal service funds are used by management to charge the costs of public works, fleet management, information technology, health self-insurance and workers' compensation self-insurance to individual funds. The net revenue (expense) of activities from internal service funds is reported within governmental activities. 226,182

Change in net position of governmental activities \$ 27,829,181

The accompanying notes are an integral part of this statement.



**County of Kings  
Statement of Net Position  
Proprietary Funds  
June 30, 2022**

	<b>Internal Service Funds</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 337,646
Imprest cash	330
Treasurer's investments	17,869,651
Deposits with others	217,000
Receivables, net	117,144
Due from other funds	87,212
Inventories and prepaids	211,534
Total current assets	18,840,517
Noncurrent assets	
Capital assets:	
Equipment, net	2,934,505
Right-to-use assets, net	462,367
Total capital assets (net of accumulated depreciation)	3,396,872
Total noncurrent assets	3,396,872
Total assets	22,237,389
<b>Deferred Outflows of Resources</b>	
Deferred pensions	1,553,177
Deferred OPEB	742,284
Total deferred outflows of resources	2,295,461
<b>Liabilities</b>	
Current liabilities	
Accrued expenses payable	1,026,830
Financed purchases	14,016
Lease liabilities	173,388
Claims payable	3,417,000
Compensated absences payable	254,886
Total current liabilities	4,886,120
Noncurrent liabilities	
Financed purchases	75,060
Lease liabilities	248,999
Claims payable	16,035,000
Compensated absences payable	244,891
Net pension liability	5,473,440
Total OPEB liability	2,113,029
Total noncurrent liabilities	24,190,419
Total liabilities	29,076,539
<b>Deferred Inflows of Resources</b>	
Deferred pensions	3,520,938
Deferred inflows for OPEB	243,562
Total deferred inflows of resources	3,764,500
<b>Net Position (Deficit)</b>	
Net investment in capital assets	2,885,409
Unrestricted	(11,193,598)
Total net position (deficit)	\$ (8,308,189)

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	<b>Internal Service Funds</b>
<b>Operating revenues</b>	
Charges for services	\$ 21,157,082
Miscellaneous revenues	17,522,733
Total operating revenues	38,679,815
<b>Operating expenses</b>	
Salaries and employee benefits	5,912,874
Services and supplies	31,466,388
Administration	87,304
Depreciation	1,312,051
Total operating expenses	38,778,617
Operating income (loss)	(98,802)
<b>Nonoperating revenues (expenses)</b>	
Investment earnings (loss)	(683,263)
Interest expense	(1,641)
Net gain/(loss) on sale of assets	170,730
Total nonoperating revenues (expenses)	(514,174)
Income (loss) before operating transfers	(612,976)
Transfers in	839,158
Change in net position (deficit)	226,182
Net position (deficit), beginning of year	(8,534,371)
Net position (deficit), end of year	\$ (8,308,189)

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2022**

	<b>Internal Service Funds</b>
<b>Cash flows from operating activities</b>	
Receipts from interfund services provided	\$ 38,897,284
Payments to suppliers	(30,041,404)
Payments to and on behalf of employees	(8,857,592)
Payments for interfund services used	95,904
Net cash provided (used) by operating activities	94,192
<b>Cash flows from non-capital financing activities</b>	
Transfers (to)/from other funds	839,158
Net cash provided (used) by non-capital financing activities	839,158
<b>Cash flows from capital and related financing activities</b>	
Interest paid	(1,641)
Principal payments made on leases	(175,172)
Proceeds from the sale of capital assets	202,944
Capital expenditures	(1,033,570)
Net cash provided (used) by capital and related financing activities	(1,007,439)
<b>Cash flows from investing activities</b>	
Proceeds from sales and maturities of investments	30,103,597
Purchase of investments	(29,300,518)
Investment earnings (loss)	(683,263)
Net cash provided (used) by investing activities	119,816
Net decrease in cash and cash equivalents	45,727
Cash and cash equivalents, beginning of year	291,919
Cash and cash equivalents, end of year	\$ 337,646
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	\$ (98,802)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	1,312,051
(Increase) Decrease receivables, net	124,809
(Increase) Decrease deposits with others	64,070
(Increase) Decrease due from other funds	95,904
(Increase) Decrease inventories and prepaids	(52,314)
Increase (Decrease) advances from grantors and third parties	(3,379)
Increase (Decrease) accrued expenses payable	434,229
Increase (Decrease) lease liability	74,373
Increase (Decrease) compensated absences payable	(52,778)
Increase (Decrease) claims payable	1,076,721
Increase (Decrease) total OPEB liability and deferred resources	(45,834)
Increase (Decrease) net pension liability and deferred resources	(2,863,448)
Total adjustments	192,994
Net cash provided (used) by operating activities	\$ 94,192

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2022**

	<b>Retiree Health Trust</b>	<b>Custodial Funds</b>	<b>Total Fiduciary Funds</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 7,663	\$ 2,719,447	\$ 2,727,110
Imprest cash	-	1,900	1,900
Treasurer's investments	325,061	418,277,419	418,602,480
Deposit with others	-	170,000	170,000
Receivables	-	10,075,222	10,075,222
Total assets	<u>332,724</u>	<u>431,243,988</u>	<u>431,576,712</u>
<b>Liabilities</b>			
Accrued expenses payable	-	292	292
Due to other agencies	-	12,651,219	12,651,219
Unearned revenue	-	187,421	187,421
Other liabilities	-	495,626	495,626
Total liabilities	<u>-</u>	<u>13,334,558</u>	<u>13,334,558</u>
<b>Net position</b>			
Restricted for:			
Retiree Health	332,724	-	332,724
Pool participants	-	385,724,692	385,724,692
Individuals and other governments	-	32,184,738	32,184,738
Net position held in trust	<u>\$ 332,724</u>	<u>\$ 417,909,430</u>	<u>\$ 418,242,154</u>

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	<b>Retiree Health Trust</b>	<b>Custodial Funds</b>	<b>Total Fiduciary Funds</b>
<b>Additions</b>			
Contributions			
Employer contributions	\$ 164,064	\$ -	\$ 164,064
Plan members contributions	102,644	-	102,644.00
Total contributions	<u>266,708</u>	<u>-</u>	<u>266,708</u>
Property tax collections	-	96,586,414	96,586,414
Other tax collections	-	195,403	195,403
Custodial fund collections	-	1,634,053,676	1,634,053,676
Other revenue	-	5,793,660	5,793,660
Investment earnings (loss)	<u>(13,512)</u>	<u>(14,925,628)</u>	<u>(14,939,140)</u>
Total additions	<u>253,196</u>	<u>1,721,703,525</u>	<u>1,721,956,721</u>
<b>Deductions</b>			
Health insurance premiums	196,981	-	196,981
Custodial fund distributions	<u>-</u>	<u>1,679,431,143</u>	<u>1,679,431,143</u>
Total deductions	<u>196,981</u>	<u>1,679,431,143</u>	<u>1,679,628,124</u>
Change in fiduciary net position	56,215	42,272,382	42,328,597
Fiduciary net position, beginning	<u>276,509</u>	<u>375,637,048</u>	<u>375,913,557</u>
Fiduciary net position, ending	<u>\$ 332,724</u>	<u>\$ 417,909,430</u>	<u>\$ 418,242,154</u>

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies**

**Reporting Entity**

The County of Kings (the 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 based on registered voters and population. The County is governed by a five-member Board of Supervisors (the 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 of Supervisors, including the Director of Finance, County Counsel, the Assessor-Clerk-Recorder, the District Attorney and the Sheriff-Coroner-Public Administrator.

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

The County provides a wide range of services to its residents including health and welfare, sheriff, jails, probation, medical examiner, firefighting 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 (the primary government) and its component units, entities for which the County is considered to be financially accountable under the criteria set by GASB Statement No. 14 and as amended by GASB Statement No. 61. Blended component units, although legally separate entities, are in substance a part of the County operations.

**Discretely Presented Component Unit.** Kings County Children and Families First 5 Commission (the Commission) was established under the provisions of the California Children and Families Act. The Commission is a legally separate entity governed by a board of five members. Three members are representatives of the County's human services departments, County's social services departments and a fourth is a Board of Supervisor. The Commission, as the governing body of the Commission, is responsible for the operation of the Commission. The Commission is a discretely presented component unit because the County Board of Supervisors are not substantively the same as the Commission and the Commission doesn't provide services entirely to the County. In addition, the Commission is fiscally dependent on County resources along with a financial benefit/burden relationship between the County and the Commission lead to the inclusion as a discretely presented component unit. Completed financial statements may be obtained by contacting the County of Kings, Finance Department, 1400 W. Lacey Blvd., Hanford, CA 93230, Attn: Accounting Division, telephone number (559) 852-2712.

**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 prescribes that the data from such integral component units be blended with the County 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 has operational responsibility for the component unit. This criteria applies to the blended component units of the County which are Kings County Financing Authority for the jail facility construction and In-Home Supportive Services (I.H.S.S.) Public Authority for providing the Human Services Agency a registry of support to an alternative to out of home care for the elderly, disabled and/or blind.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Reporting Entity (continued)**

**Blended Component Units (continued)** 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. I.H.S.S. Public Authority is reported in a separate special revenue fund to account for revenues received that are legally restricted to expenditures for those specific purposes. Both the Kings County Financing Authority and the I.H.S.S. Public Authority are reported as blended component units due to the component unit's governing body being substantively the same as the governing body of the County and they provide services entirely to the County exclusively.

**Related Organizations.** A government may appoint the voting majority of board members for another entity without establishing a bond of financial accountability with that entity that would justify its inclusion as a component unit. GAAP refer to entities that meet this description as related organizations. The Kings County Board of Supervisors has authority to appoint the majority of members for the Law Library Board, Corcoran 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 landowners 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.

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 advances from grantors and third parties on the Balance Sheet, such as property taxes levied but unavailable for expenditures during the current period. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days after year-end and 9 months at the end of the current fiscal period for all other revenues.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (continued)**

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The financial statements include the activities of various funds and account groups, for which the County has oversight responsibility. The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. 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, deferred outflows, liabilities, deferred inflows, fund balance, 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 Governmental Funds column, except for the Road Fund which is considered a major fund for financial reporting purposes. The Road Fund was established to account for the repairs and maintenance of the County's roads. Revenue sources consist primarily of state and federal grants and state taxes.

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

*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.

**Proprietary Funds:**

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

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

*Information Technology* – 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* – 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 their reimbursable projects for other County departments and agencies on a cost reimbursement basis.



**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (continued)**

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

**Fiduciary Funds:**

*Retiree Health Trust* – Account for assets held in a trustee 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 in order to assist with their health insurance premiums during retirement. This fund does not constitute an OPEB plan and is held by the County in purely custodial capacity.

*Custodial Funds* – Account for assets held in a trustee capacity for others and therefore cannot be used to support the County’s own programs. These funds of the County are custodial 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. These parties include 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 and amortization on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Assets, Liabilities, and Net Position or Fund Balance**

**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’s Investments.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, Net Position or Fund Balance (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 of Supervisors 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. 72 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 the County and the Commission investments at fair market value were less than their historical cost as of June 30, 2022. As a result, the County decreased treasurer investments and investment earnings in Governmental Funds by \$7,573,998, Proprietary Funds by \$760,223, Fiduciary Funds by \$17,462,265 and the Commission by \$50,644.

**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 6th on property values assessed as of the preceding January 1st and are payable in equal installments November 1st and February 1st 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 taxpayer; this property is not secured if unpaid by the taxpayer (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.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, Net Position or Fund Balance (continued)**

**Receivable and Payables (continued)**

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

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

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

Property taxes on the unsecured roll are due as of the January 1st lien date and become delinquent, if unpaid, on August 31st. 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 1st 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 Recorder's 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 taxpayer.

**Inventories and Prepaid Items**

Inventories of materials and supplies are for the Fleet Management internal service fund. 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 resources 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 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 \$67,708 for the year ended June 30, 2022.

**County of Kings  
Notes to the Financial Statements  
For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, and Net Position or Fund Balance (continued)**

**Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure (e.g., roads, bridges, water/sewer systems and similar items), and intangible assets 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 donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Capital assets 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 & Equipment	5 - 20
Office Equipment	5 - 20
Computer Equipment	5 - 10
Intangible Assets	5 - 10

**Leases**

For leases in which the County is lessee, the County recognizes a lease liability and an intangible right of use asset in the government-wide financial statements. The County is lessee for land and buildings. At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over the lease term. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

For leases in which the County is lessor, the County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. The County is lessor for land and buildings. At the commencement of a lease, the County initially measures its lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, and Net Position or Fund Balance (continued)**

**Leases (continued)**

The County uses an imputed interest rate based on its incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

**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 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 expensed in the period incurred in accordance with GASB 65.

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 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.

**Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefits**

Other Postemployment Benefits (OPEB) cost for retiree healthcare and similar, non-pension retiree benefits, is required to be measured and disclosed using the accrual basis of accounting regardless of the amount recognized as OPEB expense on the modified accrual basis of accounting. Annual OPEB cost is calculated in accordance with GASB Statement No. 75.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, and Net Position or Fund Balance (continued)**

**Net Position**

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – group all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

Restricted Net Position – reflects net position that is subject to constraints either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandate payment of resources and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. A legally enforceable enabling legislation restriction is one that a party external to a government – such as citizens, public interest groups, or the judiciary – can compel a government to honor.

Unrestricted Net Position – represents net position of the County that is not restricted for any project or purpose.

**Fund Balance**

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 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 - 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.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, and Net Position or Fund Balance (continued)**

**Fund Balance (continued)**

As of June 30, 2022, the fund balance details by classification are listed below:

	General Fund	Road	Nonmajor Governmental Funds	Total
Nonspendable:				
Inventories and prepaids	\$ 417,600	\$ -	\$ 38,189	\$ 455,789
Restricted for:				
Library	-	-	6,608,252	6,608,252
Road	-	15,402,678	-	15,402,678
Fire	-	-	3,581,543	3,581,543
County Fish & Game	-	-	14,018	14,018
Child Support Services	-	-	497,590	497,590
Off-Highway Motor Vehicle	-	-	60	60
Job Training Office	-	-	194,792	194,792
Community Development				
Block Grants	-	-	161,248	161,248
Criminal Justice Facility	-	-	99,924	99,924
Debt Service	67,708	-	127,007	194,715
Total Restricted Fund Balance	<u>67,708</u>	<u>15,402,678</u>	<u>11,284,434</u>	<u>26,754,820</u>
Assigned:				
Imprest Cash	25,880	-	-	25,880
Capital Project	10,309,614	-	4,631,896	14,941,510
Total Assigned Fund Balance	<u>10,335,494</u>	<u>-</u>	<u>4,631,896</u>	<u>14,967,390</u>
Unassigned:				
General	43,890,994	-	-	43,890,994
Job Training Office	-	-	(648,328)	(648,328)
In-Home Supportive Services	-	-	(11,611)	(11,611)
Total Unassigned Fund Balance	<u>43,890,994</u>	<u>-</u>	<u>(659,939)</u>	<u>43,231,055</u>
Total Fund Balances	<u>\$ 54,711,796</u>	<u>\$ 15,402,678</u>	<u>\$ 15,294,580</u>	<u>\$ 85,409,054</u>

**Deficit Fund Balance/Net Position**

The following special revenue funds, included in the column for nonmajor governmental funds, had deficit unassigned fund balance as follows: The Job Training Office for \$648,328 and In-Home Support Services Public Authority for \$11,611, as of June 30, 2022. The Job Training Office and In-Home Support Services Public Authority 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 following funds had a deficit of net position: the Workers' Compensation Self- Insurance Fund of \$14,175,532, Information Technology of \$3,735,681 and Public Works of \$3,679,096.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Assets, Liabilities, and Net Position or Fund Balance (continued)**

**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 requires that a government disclose whenever the income from investments in one fund is assigned directly to the benefit of another fund. See additional details in Note 19.

**Governmental Accounting Standards Update**

The County implemented the following standards during the year ended June 30, 2022.

GASB Statement No. 87 – *Leases*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after June 15, 2021.

GASB Statement No. 92 – *Omnibus 2021*. The requirements of this statement are effective for reporting periods beginning after June 15, 2021. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to June 15, 2021.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022. Subsequent to issuance, GASB Statement No. 95 postponed the certain requirements of this statement to reporting periods beginning after June 15, 2021.

Released GASB Statements to be implemented in future financial statements are as follows:

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2021. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2022.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 99 – *Omnibus 2022*. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 100 – *Accounting Changes and Error Corrections*. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 101 – *Compensated Absences*. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.



**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Subsequent Events**

In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the financial statements. These subsequent events have been evaluated through the date the financial statements were available to be issued.

**Note 2 – Cash and Investments**

Cash and investments include the cash balances of substantially all funds, which are pooled and invested by the County Treasurer. The County of Kings Treasury Pool (the Pool) is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. Interest earned on pooled investments is apportioned quarterly to certain participating funds based upon each fund’s average daily balance with all remaining interest deposited in the General Fund. The Statement of Net Position and the Balance Sheet include investments that reside outside of the Pool and are held with fiscal agents.

The Pool includes both statutory and voluntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. Investments made by the Treasurer are regulated by the California Government Code and by the County’s investment policy.

The objectives of State statutes and the County’s investment policy is primarily to safeguard investment principal by mitigating exposure to risk factors, secondarily maintaining sufficient liquidity to meet cash flow needs, and lastly to attain a return on the funds. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every quarter. The report covers the type of investments in the pool, issuers, maturity dates, par value, actual costs, fair value, credit quality, compliance with government code and the investment policy, ability to meet cash flow needs for the coming year, and yield trends.

Total cash and investments at fair value as reported at June 30, 2022 for the County and Children and Families First Five Commission, are as follows:

Cash:	
Imprest cash	\$ 29,064
Cash deposits with financial institutions	4,052,413
Total Cash	4,081,477
Investments:	
In Treasurer's pool	612,393,197
Other investment	889,140
Total Investments	613,282,337
Total Cash and Investments	\$ 617,363,814

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 2 – Cash and Investments (continued)**

Investments authorized by the California Government Code and the County’s Investment Policy as of June 30, 2022, are as follows:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. treasury obligations	5 years	95%	None
Federal agency obligations	5 years	65%	None
	5 years unless prior BOS approval	20% or \$20MM	None
State or local agency bonds	180 days	40%	\$5MM
Banker's acceptances	270 days	40%	10%
Commercial Paper	3 years	25%	5%
Negotiable CD's	3 years	25%	5%
Certificates of Deposit Account Registry Service	1 year	10%	5%
Collateralized time deposits	1 year	10%	None
Repurchase agreements	1 year	10%	None
Reverse repurchase agreements	5 years	30%	\$15MM
Corporate notes	Overnight liquidity	20% Max	10% per fund
Money market mutual funds	Not authorized	0%	Not authorized
Asset backed securities	Overnight liquidity	None	None
California Local Agency Investment Fund			

As of June 30, 2022, the County Treasury Pool had the following investments and maturities:

Investment Type	Total	Investment Maturities				
		Less than 1 Year	1 Year	2 Year	3 Year	4 Year
Federal agencies	\$ 290,125,550	\$ 10,355,561	\$ 66,912,589	\$ 109,266,632	\$ 98,881,695	\$ 4,709,074
Local Agency Investment Fund	75,000,000	75,000,000	-	-	-	-
Medium term notes	35,417,568	14,098,253	5,607,309	1,882,276	4,693,336	9,136,395
Federal agency discount	9,322,140	9,322,140	-	-	-	-
Treasury coupon securities	192,518,275	37,524,245	84,835,800	33,174,523	23,380,854	13,602,854
Money market mutual funds	10,009,663	10,009,663	-	-	-	-
Total	<u>\$ 612,393,197</u>	<u>\$ 156,309,862</u>	<u>\$ 157,355,697</u>	<u>\$ 144,323,431</u>	<u>\$ 126,955,885</u>	<u>\$ 27,448,322</u>

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 2 – Cash and Investments (continued)**

*Interest rate risk.* Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. 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.

*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, 2022, the County's investments in medium-term notes were rated AA- to AAA by Standard & Poor's and Aa3 to Aaa Moody's Investors Service. The Federal Agencies are rated AA+ by Standard & Poor's and 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. As of June 30, 2022, there were no corporate issuers that exceeded 10 percent of the County's total investments.

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. During the fiscal year, the final amount of amortization was recognized resulting in a remaining unamortized balance is \$0 at June 30, 2022.

**Note 3 – Fair Value Measurements**

The County applies generally accepted accounting principles for fair value measurements of financial assets and liabilities. These accounting principles define fair value and establish a hierarchy that prioritizes fair value measurements based on the types of inputs used for the various valuation techniques. The County uses appropriate valuation techniques to determine value based on inputs available.

When available, the County measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. The following description summarizes the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying financial statements.

The three levels of inputs used to measure fair value are as follows:

Level 1 – Values measured using quoted prices in active markets for identical investments. The fair value of these financial instruments and investments is based on quoted market prices or dealer quotes in active markets. The fair value of the County's investments were measured using quoted market prices in active markets.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. The County did not have any input into the fair value of Level 2 investments. The County did not have any assets reported at fair value with Level 2 inputs for the year ended June 30, 2022.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The County did not have any assets reported at fair value with Level 3 inputs for the year ended June 30, 2022.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 3 – Fair Value Measurements (continued)**

The table below presents the level within the fair value hierarchy at which investments are measured at June 30, 2022:

Investments by fair value level	Level 1	Level 2	Level 3	Total
Debt securities				
Federal agencies	\$ 290,125,550	\$ -	\$ -	\$290,125,550
Medium term notes	35,417,568	-	-	35,417,568
Federal agency discount	9,322,140	-	-	9,322,140
Treasury coupon securities	192,518,275	-	-	192,518,275
Total investments measured at fair value	\$ 527,383,534	<u>\$ -</u>	<u>\$ -</u>	<u>\$527,383,534</u>
Investments measured at amortized cost				
Local Agency Investment Pool	75,000,000			
Money market mutual funds	10,009,663			
Total pooled and directed investments	<u>\$ 612,393,197</u>			

**Note 4 – Receivables**

Receivables as of June 30, 2022 for the County’s individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are as follows:

	General		Nonmajor	Total	Internal	Fiduciary	Total
	Fund	Road	Governmental Funds	Governmental Funds	Service Funds	Funds	
Receivables							
Accounts	\$ -	\$ -	\$ -	\$ -	\$ 96,477	\$ -	\$ 96,477
Intergovernmental	19,999,485	778,044	9,084,926	29,862,455	-	-	29,862,455
Taxes	979,781	-	546,809	1,526,590	-	9,265,917	10,792,507
Interest	319,381	26,698	37,550	383,629	20,667	809,305	1,213,601
Leases	1,107,054	-	-	1,107,054	-	-	1,107,054
Total	<u>\$ 22,405,701</u>	<u>\$ 804,742</u>	<u>\$ 9,669,285</u>	<u>\$ 32,879,728</u>	<u>\$ 117,144</u>	<u>\$ 10,075,222</u>	<u>\$ 43,072,094</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning				Ending
	Balance	Increase	Decrease	Adjustments	Balance
Government Activities:					
Capital assets, not being depreciated:					
Land	\$ 8,971,547	\$ -	\$ -	\$ -	\$ 8,971,547
Construction in progress	5,997,552	17,587,811	(3,389,539)	1,695,855	21,891,679
Total capital assets, not being depreciated	<u>14,969,099</u>	<u>17,587,811</u>	<u>(3,389,539)</u>	<u>1,695,855</u>	<u>30,863,226</u>
Capital assets, being depreciated:					
Structures and Improvements	190,962,888	2,665,719	-	1,785,554	195,414,161
Equipment	42,416,615	3,725,810	(3,391,083)	(966,400)	41,784,942
Infrastructure	42,591,592	-	-	117,319	42,708,911
Intangible assets	-	856,000	-	1,661,275	2,517,275
Total capital assets, being depreciated	<u>275,971,095</u>	<u>7,247,529</u>	<u>(3,391,083)</u>	<u>2,597,748</u>	<u>282,425,289</u>
Less accumulated depreciation for:					
Structures & improvements	(71,669,961)	(4,704,417)	-	(120,410)	(76,494,788)
Equipment	(29,256,849)	(2,810,903)	2,957,608	(445,523)	(29,555,667)
Infrastructure	(37,137,094)	(678,981)	-	30,616	(37,785,459)
Intangible assets	-	(243,937)	-	(354,557)	(598,494)
Total accumulated depreciation	<u>(138,063,904)</u>	<u>(8,438,238)</u>	<u>2,957,608</u>	<u>(889,874)</u>	<u>(144,434,408)</u>
Total capital assets being depreciated, net	<u>137,907,191</u>	<u>(1,190,709)</u>	<u>(433,475)</u>	<u>1,707,874</u>	<u>137,990,881</u>
Right-to-use assets, amortizable					
Buildings	-	4,071,869	-	-	4,071,869
Equipment	-	597,560	-	-	597,560
	<u>-</u>	<u>4,669,429</u>	<u>-</u>	<u>-</u>	<u>4,669,429</u>
Less accumulated amortization for:					
Buildings	-	(907,852)	-	-	(907,852)
Equipment	-	(135,193)	-	-	(135,193)
	<u>-</u>	<u>(1,043,045)</u>	<u>-</u>	<u>-</u>	<u>(1,043,045)</u>
Total right-to-use leased assets, amortizable, net	<u>-</u>	<u>3,626,384</u>	<u>-</u>	<u>-</u>	<u>3,626,384</u>
Governmental activities capital and right-to-use lease assets, net	<u>\$ 152,876,290</u>	<u>\$ 20,023,486</u>	<u>\$ (3,823,014)</u>	<u>\$ 3,403,729</u>	<u>\$ 172,480,491</u>

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

Governmental Activities:	
General government	\$ 2,936,826
Public safety	3,586,598
Public ways and facilities	678,981
Highways and streets	204,141
Health and sanitation	778,470
Public assistance	1,165,549
Education	84,620
Recreation	46,098
Grand Total	<u>\$ 9,481,283</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 6 – Interfund Receivables, Payables, and Transfers**

The comparison of interfund balances as of June 30, 2022, is as follows:

Due to / from other funds:		
Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 688,078
Health Self-Insurance Fund <sup>1</sup>	General Fund	2,645
Fleet Management Fund <sup>1</sup>	General Fund	2,719
Information Technology Fund <sup>1</sup>	General Fund	52,294
Public Works Fund <sup>1</sup>	General Fund	29,554
	Total	\$ 775,290

<sup>1</sup>Internal Service Fund

Short-term working capital loans payable to the General Fund represent \$688,078 of the total interfund balance amount of \$775,290 as noted above. The In-Home Support Services fund is now under the authority of the General Fund and therefore owes its remaining balance of \$305,627. \$2,645 reflects a timing difference between the current year insurance contributions withheld from payroll using a clearing account versus the allocation of these contributions to the Health Self-Insurance Fund subsequent to year-end. The remaining \$84,567 reflects the amount owed to the ISF's for payments made towards two of the financed purchase arrangements.

	Transfers In:				Total
	General Fund	Road Fund	Nonmajor	Internal	
			Governmental Funds	Service Funds	
<b>Transfers out:</b>					
General Fund	\$ -	\$ 100,000	\$ 5,098,986	\$ 839,158	\$ 6,038,144
Nonmajor Governmental Funds	45,764		456,456	-	502,220
Total	\$ 45,764	\$ 100,000	\$ 5,555,442	\$ 839,158	\$ 6,540,364

The \$45,764 above represents money transferred from the Fire and Community Development Block Grants funds to the General Fund Community Development Agency for operations. The \$1,553,855 above represents transfers from the Criminal Justice Facility Fund and the General Fund to the Debt Service Fund for lease revenue bond payments that are due annually for the new Jail Facility and the new Human Services Modular building. The \$2,648,790 represents fees collected from hazardous waste to be used for general projects. The \$1,352,797 above represents \$225,000 from the Williamson Act contract, \$450,000 from Tribal Mitigation Fees, \$500,000 from the collection of hazardous waste fees, and \$177,797 for equipment to the Fire fund. The \$100,000 represents fees collected from hazardous waste to be used for general projects to support the Road Fund. The \$839,158 represents the transfer of American Rescue Plan grant funds to the Fleet Management, Information Technology, and Public Works funds in the amounts of \$301,000, \$459,988, and \$78,170, respectively.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 7 – Advances from Grantor 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 the June 30, 2022, various components of advances from grantors and third parties reported as follows:

	<b>Advances</b>
General Fund:	
Grant drawdowns and fees collected prior to meeting all eligibility requirements	\$ 92,333,476
Total General Fund	92,333,476
Capital Projects Fund:	
Impact fees collected on new developments	4,331,291
Total advances from grantors and third parties	\$ 96,664,767

**Note 8 – Leases**

The financial statements for fiscal year 2022 include the adoption of GASB Statement No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

All leases in effect prior to July 1, 2021 were recognized as having an inception date as of July 1, 2021.

**County as Lessee**

On 07/01/2021, County of Kings, CA entered into a 58-month lease as Lessee for the use of 460 Kings County Drive. An initial lease liability was recorded in the amount of \$1,432,004. As of 06/30/2022, the value of the lease liability is \$1,150,590. County of Kings, CA is required to make monthly fixed payments of \$24,003. The lease has an interest rate of 0.69%. The value of the right-to-use asset as of 06/30/2022 of \$1,432,004 with accumulated amortization of \$296,277 is included with buildings under right-to-use assets, amortizable in Note 5. County of Kings, CA has two extension options, each for 60 months.

On 07/01/2021, County of Kings, CA entered into a 59-month lease as Lessee for the use of 450 Kings County Drive. An initial lease liability was recorded in the amount of \$456,052. As of 06/30/2022, the value of the lease liability is \$368,184. County of Kings, CA is required to make monthly fixed payments of \$7,539. The lease has an interest rate of 0.69%. The value of the right-to-use asset as of 06/30/2022 of \$456,052 with accumulated amortization of \$92,756 is included with buildings under right-to-use assets, amortizable in Note 5. County of Kings, CA has one extension option for 60 months.

On 07/01/2021, County of Kings, CA entered into a 27-month lease as Lessee for the use of Aircraft Hangar #5. An initial lease liability was recorded in the amount of \$25,113. As of 06/30/2022, the value of the lease liability is \$14,369. County of Kings, CA is required to make monthly fixed payments of \$900. The lease has an interest rate of 0.31%. The value of the right-to-use asset as of 06/30/2022 of \$25,113 with accumulated amortization of \$11,093 is included with buildings under right-to-use assets, amortizable in Note 5.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 8 – Leases (continued)**

On 07/01/2021, County of Kings, CA entered into a 48-month lease as Lessee for the use of 330 N. Harris Street. An initial lease liability was recorded in the amount of \$755,968. As of 06/30/2022, the value of the lease liability is \$573,922. County of Kings, CA is required to make monthly fixed payments of \$15,455. The lease has an interest rate of 0.56%. The value of the right-to-use asset as of 06/30/2022 of \$755,968 with accumulated amortization of \$188,992 is included with buildings under right-to-use assets, amortizable in Note 5. County of Kings, CA has two extension options, each for 12 months.

On 07/01/2021, County of Kings, CA entered into a 55-month lease as Lessee for the use of 312 West Seventh Street. An initial lease liability was recorded in the amount of \$994,008. As of 06/30/2022, the value of the lease liability is \$786,955. County of Kings, CA is required to make monthly fixed payments of \$17,575. The lease has an interest rate of 0.69%. The value of the right-to-use asset as of 06/30/2022 of \$994,008 with accumulated amortization of \$216,874 is included with buildings under right-to-use assets, amortizable in Note 5. County of Kings, CA has one extension option for 60 months.

On 07/01/2021, County of Kings, CA entered into a 49-month lease as Lessee for the use of 120 North Irwin Street. An initial lease liability was recorded in the amount of \$62,992. As of 06/30/2022, the value of the lease liability is \$47,676. County of Kings, CA is required to make monthly fixed payments of \$1,300. The lease has an interest rate of 0.56%. The value of the right-to-use asset as of 06/30/2022 of \$62,992 with accumulated amortization of \$15,427 is included with buildings under right-to-use assets, amortizable in Note 5.

On 07/01/2021, County of Kings, CA entered into a 48-month lease as Lessee for the use of 124 N Irwin Street. An initial lease liability was recorded in the amount of \$345,732. As of 06/30/2022, the value of the lease liability is \$259,902. County of Kings, CA is required to make monthly fixed payments of \$7,282. The lease has an interest rate of 0.56%. The value of the right-to-use asset as of 06/30/2022 of \$345,732 with accumulated amortization of \$86,433 is included with buildings under right-to-use assets, amortizable in Note 5.

On 07/01/2021, County of Kings, CA entered into a 26-month lease as Lessee for the use of Dell Computer Equipment in Lease 8. An initial lease liability was recorded in the amount of \$122,424. As of 06/30/2022, the value of the lease liability is \$81,502. County of Kings, CA is required to make annual fixed payments of \$40,939. The lease has an interest rate of 0.31%. The value of the right to use asset as of 06/30/2022 of \$122,424 with accumulated amortization of \$56,503 is included with equipment under right-to-use assets, amortizable in Note 5. County of Kings, CA has the option to purchase the equipment for \$1.00.

On 07/01/2021, County of Kings, CA entered into a 30-month lease as Lessee for the use of Dell Computer Equipment in Lease 9. An initial lease liability was recorded in the amount of \$82,358. As of 06/30/2022, the value of the lease liability is \$41,179. County of Kings, CA is required to make annual fixed payments of \$41,348. The lease has an interest rate of 0.41%. The value of the right to use asset as of 06/30/2022 of \$82,358 with accumulated amortization of \$32,943 is included with equipment under right-to-use assets, amortizable in Note 5. County of Kings, CA has the option to purchase the equipment for \$1.00.

On 07/01/2021, County of Kings, CA entered into a 47 month lease as Lessee for the use of Dell Computer Equipment in Lease 11. An initial lease liability was recorded in the amount of \$103,693. As of 06/30/2022, the value of the lease liability is \$69,289. County of Kings, CA is required to make annual fixed payments of \$34,936. The lease has an interest rate of 0.56%. The value of the right to use asset as of 06/30/2022 of \$103,693 with accumulated amortization of \$26,475 is included with equipment under right-to-use assets, amortizable in Note 5. County of Kings, CA has the option to purchase the equipment for \$1.00.

On 03/01/2022, County of Kings, CA entered into a 60-month lease as Lessee for the use of Dell Computer Equipment in Lease 12. An initial lease liability was recorded in the amount of \$289,085. As of 06/30/2022, the value of the lease liability is \$230,417. County of Kings, CA is required to make annual fixed payments of \$58,668. The lease has an interest rate of 0.74%. The value of the right to use asset as of 06/30/2022 of \$289,085 with accumulated amortization of \$19,272 is included with equipment under right-to-use assets, amortizable in Note 5.



**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 8 – Leases (continued)**

Annual principal and interest payment requirements for the leases are as follows:

Year Ending June 30,	Principal	Interest
2023	\$ 1,064,041	\$ 20,718
2024	1,039,720	14,030
2025	977,060	7,412
2026	543,164	1,865
Total	<u>\$ 3,623,985</u>	<u>\$ 44,025</u>

**County as Lessor**

On 07/01/2021, County of Kings, CA entered into a 42-month lease as Lessor for the use of Ag Extension USDA - 680 Campus Drive. An initial lease receivable was recorded in the amount of \$283,437. As of 06/30/2022, the value of the lease receivable is \$237,079. The lessee is required to make monthly fixed payments of \$7,959.90. The lease has an interest rate of 0.5600%. The value of the deferred inflow of resources as of 06/30/2022 was \$202,454, and County of Kings, CA recognized lease revenue of \$80,982 during the fiscal year.

On 07/01/2021, County of Kings, CA entered into a 46-month lease as Lessor for the use of Lots 7,8 and 9 - Kings View Hanford Clinic. An initial lease receivable was recorded in the amount of \$1,174,128. As of 06/30/2022, the value of the lease receivable is \$869,975. The lessee is required to make monthly fixed payments of \$25,797.00. The lease has an interest rate of 0.5600%. The value of the deferred inflow of resources as of 06/30/2022 was \$867,834, and County of Kings, CA recognized lease revenue of \$306,294 during the fiscal year.

Expected future payments that are included in the measurement of the lease receivable are as follows:

Year Ending June 30,	Principal	Interest
2023	\$ 399,909	\$ 5,174
2024	402,154	2,929
2025	304,991	739
Total	<u>\$ 1,107,054</u>	<u>\$ 8,842</u>

**Note 9 – Long Term Debt**

**Pension Obligation Bonds**

On June 29, 2004, the 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), now known as the Net Pension Liability, 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.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 9 – Long Term Debt (continued)**

**Pension Obligation Bonds (continued)**

The following are significant terms that pertain to the 2004 Series A-1 and A-2 Bonds. Acceleration Clause: in the event of late payment, the Trustee shall accelerate bond payments; in the event of other default, Trustee may choose to accelerate bond payments. In event of default, Trustee may, with consent of Bond Insurer, and shall, at the direction of Bond Insurer or the owners of >50% of the bonds (with consent of Bond Insurer) accelerate bond payments. Events of Default: if the County is not punctual for principal, premium, and/or interest payments when due; or the County files a petition seeking or is granted an arrangement or reorganization under the federal bankruptcy laws the County shall be considered in default. In event of default, Trustee may, with consent of Bond Insurer, and shall, at the direction of Bond Insurer or the owners of >50% of the bonds (with consent of Bond Insurer) initiate lawsuit.

Series A-2 Pension Obligation Bonds currently outstanding at June 30, 2022 is \$647,240. Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Interest Rates	Principal	Projected Interest
2023	6.56%	\$ 296,294	\$ 708,706
2024	6.58%	350,946	753,657
Total		<u>\$ 647,240</u>	<u>\$ 1,462,363</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 1st 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 \$67,708 for the 2022 fiscal year, to ensure that debt service funds will be sufficient in the event that the LIBOR rate exceeds projections. The current interest rate is 0.39% as of June 30, 2022.

The following are significant terms that pertain to the 2004 Series B Bonds. Acceleration Clause: in the event of late payment, the Trustee shall accelerate bond payments; in the event of other default, Trustee may choose to accelerate bond payments. In event of default, Trustee may, with consent of Bond Insurer, and shall, at the direction of Bond Insurer or the owners of >50% of the bonds (with consent of Bond Insurer) accelerate bond payments. Events of Default: if the County is not punctual for principal, premium, and/or interest payments when due; or the County files a petition seeking or is granted an arrangement or reorganization under the federal bankruptcy laws the County shall be considered in default. In event of default, Trustee may, with consent of Bond Insurer, and shall, at the direction of Bond Insurer or the owners of >50% of the bonds (with consent of Bond Insurer) initiate lawsuit.

Series B Pension Obligation Bonds currently outstanding at June 30, 2022 is \$1,190,000. Projected annual debt service requirements to maturity for the Series B Pension Obligation Bonds are as follows:

Year Ending June 30,	Projected Interest Rates	Principal	Projected Interest
2023	6.500%	\$ 565,000	\$ 88,330
2024	7.000%	625,000	50,310
Total		<u>\$ 1,190,000</u>	<u>\$ 138,640</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 9 – Long Term Debt (continued)**

**Lease Revenue Bonds**

On March 15, 2005 the Kings County Public Finance Authority issued \$11,470,000 of non-taxable Revenue Bonds to finance a portion of the Jail Facility Construction Project costs. On October 27, 2014 the Kings County Finance Authority issued a Notice of Conditional Optional Redemption on the remaining approximately \$7,650,000 bonds.

On March 24, 2015 the Kings County Public Finance Authority entered into a Direct Purchase with Compass Mortgage Corporation in order to refund the remaining outstanding bonds. This financing is collateralized by the County’s Human Services Building, Law Building and Human Resources Building with a combined appraised value of \$9,447,198. The terms of the Direct Purchase are as follows:

Purpose	Interest Rates	Amount
Jail Construction (2028)	3.07%	<u>\$ 7,190,000</u>

No Reserve fund is required. The existing reserve fund from the original issue was used to reduce the amount of new financing required.

The following are significant terms that pertain to the 2015 Refunded Lease Revenue Bond. Acceleration Clause: in the event of late payment, the Trustee shall accelerate bond payments; in the event of other default, Trustee may choose to accelerate bond payments. In event of default, Trustee may, with consent of Bond Insurer, and shall, at the direction of Bond Insurer or the owners of >50% of the bonds (with consent of Bond Insurer) accelerate bond payments. Events of Default: if the County fails to keep, observe or perform any term, covenant or condition contained in the debt agreement; if the Authority’s interest in the lease or any part thereof be assigned or transferred without the written consent of the County, either voluntarily or by operation of law or otherwise; or the County files a petition seeking or is granted an arrangement or reorganization under the federal bankruptcy laws the County shall be considered in default. In event of default, Trustee may, with consent of Bond Insurer, and shall, at the direction of Bond Insurer or the owners of >50% of the bonds (with consent of Bond Insurer) initiate lawsuit.

2015 Refunded lease revenue bonds currently outstanding at June 30, 2022 is \$3,670,000. Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Interest		
	Rates	Principal	Interest
2023	3.07%	\$ 570,000	\$ 112,669
2024	3.07%	585,000	95,170
2025	3.07%	600,000	77,211
2026	3.07%	620,000	58,791
2027	3.07%	640,000	39,757
2028	3.07%	655,000	20,109
Total		<u>\$ 3,670,000</u>	<u>\$ 403,707</u>

On February 2, 2017 the Kings County Public Financing Authority entered into an amendment to the March 24, 2015 Lease Revenue Bonds placed with Compass Mortgage Corporation. This amendment is secured by additional collateral available in the County’s Human Services Building, Law Building, Human Resources Building and the Agriculture Center. The result is additional funding in the amount of \$5,000,000.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 9 – Long Term Debt (continued)**

**Lease Revenue Bonds (continued)**

The following are significant terms that pertain to the 2017 Refunded Lease Revenue Bond. Acceleration Clause: in the event of late payment, the Trustee shall accelerate bond payments; in the event of other default, Trustee may choose to accelerate bond payments. In event of default, Trustee may, with consent of Bond Insurer, and shall, at the direction of Bond Insurer or the owners of >50% of the bonds (with consent of Bond Insurer) accelerate bond payments. Events of Default: if the County fails to keep, observe or perform any term, covenant or condition contained in the debt agreement; if the Authority’s interest in the lease or any part thereof be assigned or transferred without the written consent of the County, either voluntarily or by operation of law or otherwise; or the County files a petition seeking or is granted an arrangement or reorganization under the federal bankruptcy laws the County shall be considered in default. In event of default, Trustee may, with consent of Bond Insurer, and shall, at the direction of Bond Insurer or the owners of >50% of the bonds (with consent of Bond Insurer) initiate lawsuit.

2017 Refunded lease revenue bond currently outstanding at June 30, 2022 is \$3,000,000. Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest
2023	3.13%	\$ 500,000	\$ 93,900
2024	3.13%	500,000	78,250
2025	3.13%	500,000	62,600
2026	3.13%	500,000	46,950
2027	3.13%	500,000	31,300
2028	3.13%	500,000	15,650
Total		<u>\$ 3,000,000</u>	<u>\$ 328,650</u>

**Financed Purchase Obligations**

In 2009, the County entered into an agreement to finance the acquisition of solar panels with the final payment due on July 21, 2028. The liability was recorded at the present value of future minimum payments as of the agreement’s inception date, \$4,484,111 with a 4.63% interest rate. The agreement was previously reported as a capital lease but does not meet the definition of a lease with the implementation of GASB Statement No. 87, *Leases*.

In 2012, the County entered into an agreement to finance the acquisition of solar panels with the final payment due in 2028. The liability was recorded at the present value of future minimum payments as of the agreement inception date, \$4,146,889 with a 2.91% interest rate. The agreement was previously reported as a capital lease but does not meet the definition of a lease with the implementation of GASB Statement No. 87, *Leases*.

In 2012, the County entered into an agreement to finance the acquisition of fire trucks with the final payment due on July 1, 2021. The liability was recorded at the present value of future minimum payments as of the agreement inception date, \$949,705 with a 4.65% interest rate. The agreement was previously reported as a capital lease but does not meet the definition of a lease with the implementation of GASB Statement No. 87, *Leases*.

The County entered into multiple agreements to finance the acquisition of copiers with various final payments due through 2024. The liabilities were recorded at the present values of their future minimum payments as of the agreement inception dates, \$634,569 with various interest rates.

In 2015, the County entered into an agreement to finance the acquisition of an airplane with the final payment due in 2024. The liability was recorded at the present value of future minimum payments as of the agreement inception date, \$355,000 with a 3.86% interest rate. The agreement was previously reported as a capital lease but does not meet the definition of a lease with the implementation of GASB Statement No. 87, *Leases*.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 9 – Long Term Debt (continued)**

**Financed Purchase Obligations (continued)**

In 2014, the County entered into an agreement to partially finance a phase of the jail construction with the final payment due on June 1, 2029. The liability was recorded at the present value of future minimum payments as of the agreement’s inception date, \$4,985,000 with a variable interest rate ranging from 3.25% to 5.00%. The agreement was previously reported as a capital lease but does not meet the definition of a lease with the implementation of GASB Statement No. 87, *Leases*.

In 2019, the County entered into an agreement to finance the acquisition of a CAT Bulldozer with the final payment due on April 10, 2022. The liability was recorded at the present value of future minimum payments as of the agreement inception date, \$203,641 with a 3.61% interest rate. The agreement was previously reported as a capital lease but does not meet the definition of a lease with the implementation of GASB Statement No. 87, *Leases*. This obligation has matured and was fully paid off in 2022.

In 2019, the County entered into an agreement to finance the acquisition of the accounting software Finance Enterprise with the final payment due on May 1, 2023. The liability was recorded at the present value of future minimum payments as of the agreement inception date, \$1,515,000 with a 2.86% interest rate.

In 2022, the County entered into an agreement to finance the acquisition of a pruning tower with the final payment due on October 1, 2028. The liability was recorded at the present value of future minimum payments as of the agreement’s inception date, \$50,986 with a 5.85% interest rate.

In 2020, the County entered into an agreement to finance the acquisition of fire trucks with the final payment due on June 30, 2023. The liability was recorded at the present value of future minimum payments as of the agreement inception date, \$220,362 with a 1.65% interest rate.

In 2022, the County entered into an agreement to finance the acquisition of tax assessment software Megabyte with the final payment due in 2029. The liability was recorded at the present value of future minimum payments as of the agreement’s inception date, \$856,000 with a 0.00% interest rate.

The financed purchases currently outstanding at June 30, 2022 is \$10,206,316. Annual debt service requirements to maturity are as follows:

Year Ending June 30,	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>
2023	Various	\$ 1,873,027	\$ 393,663
2024	Various	1,546,408	319,334
2025	Various	1,589,481	255,229
2026	Various	1,640,830	189,119
2027	Various	1,610,936	127,547
2028-2029	Various	<u>1,945,634</u>	<u>86,499</u>
Total		<u>\$ 10,206,316</u>	<u>\$ 1,371,391</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 9 – Long Term Debt (continued)**

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental Activities:					
Bonds payable:					
Pension obligation bonds Series					
A-2	\$ 952,296	\$ -	\$ (305,056)	\$ 647,240	\$ 296,294
Pension obligation bonds Series B	1,705,000	-	(515,000)	1,190,000	565,000
Refunded lease revenue bonds	4,220,000	-	(550,000)	3,670,000	570,000
Lease revenue bonds	3,500,000	-	(500,000)	3,000,000	500,000
Total bonds payable	<u>10,377,296</u>	<u>-</u>	<u>(1,870,056)</u>	<u>8,507,240</u>	<u>1,931,294</u>
Financed purchase obligations:					
Total financed purchases	<u>11,206,294</u>	<u>1,048,313</u>	<u>(2,048,291)</u>	<u>10,206,316</u>	<u>1,873,027</u>
Long-term liabilities	<u>\$ 21,583,590</u>	<u>\$ 1,048,313</u>	<u>\$ (3,918,347)</u>	<u>\$ 18,713,556</u>	<u>\$ 3,804,321</u>

**Note 10 – Change in Other Long-Term Liabilities**

Other long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Due within one year
Governmental Activities:						
Lease liability	\$ -	\$ 289,085	\$ (1,045,444)	\$ 4,380,344	\$ 3,623,985	\$ 1,064,041
Compensated absences	7,313,872	10,676,271	(10,224,623)	716	7,766,236	3,960,780
Claims	19,649,882	5,600,471	(4,597,916)	-	20,652,437	3,860,177
Long-term liabilities	<u>\$ 26,963,754</u>	<u>\$ 16,565,827</u>	<u>\$ (15,867,983)</u>	<u>\$ 4,381,060</u>	<u>\$ 32,042,658</u>	<u>\$ 8,884,998</u>
Component Unit:						
Compensated absences	<u>\$ 15,624</u>	<u>\$ 10,626</u>	<u>\$ (10,495)</u>	<u>\$ -</u>	<u>\$ 15,755</u>	<u>\$ 8,350</u>
	<u>\$ 15,624</u>	<u>\$ 10,626</u>	<u>\$ (10,495)</u>	<u>\$ -</u>	<u>\$ 15,755</u>	<u>\$ 8,350</u>

The compensated absences relate primarily to the general fund and as such they are primarily liquidated by the general fund. Claims liability balances primarily relate to the internal service funds, and as such they are liquidated by the internal service funds. The predominant contributors for these internal service funds include the General Fund.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 11 – Deferred Inflows or 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 government-wide 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 \$1,526,590 from property taxes and \$4,475,311 from grantors, deferred inflows from leases of \$1,070,288, and other deferred inflows of \$3,762,212 (\$37,281 for property taxes and \$3,724,931 for FEMA revenues) for the year ended June 30, 2022.

**Note 12 – Risk Management**

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

Liabilities of the fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of this process in estimating the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. Liabilities include allocated loss adjustment expenses (ALAE) which are direct costs associated with the defense of individual claims (legal fees, investigation fees, court fees). Also included are unallocated loss adjustment expenses (ULAE) representing the cost to administer all claims to final settlement, which may be years into the future. A discount is calculated for investment income assuming a 2.0% 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.

	General Liability	Workers' Compensation	Total
Unpaid claims, beginning of fiscal year	\$ 1,180,853	\$ 18,164,000	\$ 19,344,853
Incurred claims (including IBNRs)	141,188	2,955,009	3,096,197
Claim payments	(68,159)	(2,723,009)	(2,791,168)
Unpaid claims, as of June 30, 2021	<u>\$ 1,253,882</u>	<u>\$ 18,396,000</u>	<u>\$ 19,649,882</u>
Unpaid claims, beginning of fiscal year	\$ 1,253,882	\$ 18,396,000	\$ 19,649,882
Incurred claims (including IBNRs)	13,921	5,586,550	5,600,471
Claims payments	(67,366)	(4,530,550)	(4,597,916)
Unpaid claims, as of June 30, 2022	<u>\$ 1,200,437</u>	<u>\$ 19,452,000</u>	<u>\$ 20,652,437</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 12 – Risk Management (continued)**

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 \$800,000 over the \$5,000 deductible, master crime liability program with limits of \$15,000,000 over the \$25,000 deductible, a pollution liability program with limitations to \$50,000,000 over the \$75,000 deductible and a cyber liability program with limitations to \$20,000,000 over the \$50,000. In addition, the County has designated funds to manage risk as follows: Earthquake Self-Insurance for \$500,000, Liability Self-Insurance for \$2,745,933, Economic Uncertainties for \$3,300,271 and reserves for Contingencies amounting to \$20,227,287. There have been no settlements in excess of insurance coverage for the past 4 years.

**Note 13 – Jointly Governed Organizations**

The 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. Completed financial statements may be obtained by contacting C.S.A.C. at 75 Iron Point Circle, Suite 200, Folsom, CA 95630, (916) 850-7300 or by visiting their website at [www.csac-eia.org](http://www.csac-eia.org).

California Public Finance Authority (“CalPFA”) is a political subdivision of the State of California established under the Joint Exercise of Powers Act. CalPFA is empowered to promote economic, cultural and community development opportunities through the issuance of tax-exempt and taxable bonds throughout California. CalPFA was created by Kings County and The Kings County Housing Authority. CalPFA’s governing board (the “Board”) is comprised of elected Board of Supervisors of Kings County. The Board determines all of CalPFA’s financing policies and procedures which includes a review and approval process for each proposed financing. Completed financial statements may be obtained by contacting CalPFA at 2999 Oak Rd. Suite 710 Walnut Creek, CA 94597, (888) 995-0243 or by visiting their website at [www.calpfa.org](http://www.calpfa.org).

**Note 14 – Commitments and Contingencies**

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.

As a public entity and due to its size and its activities, at virtually all times, the County is a defendant, codefendant, 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, will not have a material adverse effect on the financial condition of the government.

Management has determined the events regarding the novel coronavirus require disclosure in accordance with the accounting standards. On March 4, 2021 Governor Newsom issued an emergency proclamation declaring a state of emergency in California due to the novel coronavirus (COVID-19). The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by government authorities to contain the outbreak or treat its impact are uncertain. The ultimate impact of COVID-19 on operations and finances of the County remains unknown.



**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 14 – Commitments and Contingencies (continued)**

On April 3, 2023, President Joseph R. Biden declared that a major disaster existed in the State of California and ordered Federal aid to supplement State, tribal, and local recovery efforts in the areas affected by severe winter storms, straight-line winds, flooding, landslides, and mudslides beginning February 21, 2023, and continuing.

On April 18, 2023, the County of Kings was added to the major disaster declaration, making them eligible for Federal Emergency Management Agency’s (FEMA) public assistance program. This program reimburses local and state government agencies for the costs of emergency response, debris removal, and restoration of disaster damaged public facilities and infrastructure. The majority of the damages include submerged roads as a result of flooding due to above average precipitation that fell in the County and surrounding mountains. At this time, it is difficult to fully estimate the full cost of damages because water remains, however, it is currently estimated to be approximately \$28 million in damages. The County fully expects to have these costs reimbursed by FEMA and the California Office of Emergency Services.

**Note 15 – Employee Retirement Systems and Pension Plans**

**Plan Description:**

The County of Kings contributes to the California Public Employees' Retirement System (CalPERS), an agent multiple employer defined benefit pension plan in which all full-time employees of the County are eligible to participate. CalPERS provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and their beneficiaries. CalPERS acts as a common investment agent for participating public entities within the State of California and is administered by the CalPERS Board of Administration according to the provisions set forth in the California Public Employees Retirement Law. Benefit provisions and other requirements are established by County ordinance and contract. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Employees Covered:**

At June 30, 2022, the following employees were covered by the benefit terms for each plan:

	Miscellaneous	Safety
Inactive employees entitled to but not yet receiving benefits	1,081	286
Inactive employees or beneficiaries currently receiving benefits	1,254	411
Active employees	1,114	384
Total	3,449	1,081

**Contributions:**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County of Kings is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2021 (the measurement date), the average active employee contribution rate is 7.000 percent of annual pay, and the employer's contribution rate is 14.886 percent of annual payroll for those employees in the Miscellaneous Plan. The average active employee contribution rate is 9.000 percent of annual pay, and the employer's contribution rate is 25.857 percent of annual payroll for those employees in the Safety plan.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 15 – Employee Retirement Systems and Pension Plans (continued)**

**Net Pension Liability:**

The County's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2021 measurement actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost Method	
Actuarial Assumptions:		
Discount rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	Varies by entry age and service	
Investment Rate of Return	7.00%	7.00%
Mortality Rate Table*	Derived using CalPERS* Membership Data for all funds	
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter	

\*The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

**Change of Assumptions:**

For the June 30, 2021 measurement date, the accounting discount rate did not change from the prior year.

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 15 – Employee Retirement Systems and Pension Plans (continued)**

**Discount Rate: (continued)**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Public Equity	50%	4.80%	5.98%
Fixed Income	28.0	1.00	2.62
Inflation Assets	0.0	0.77	1.81
Private Equity	8.0	6.30	7.23
Real Assets	13.0	3.75	4.93
Liquidity	1.0	0.00	-0.92
Total	<u>100%</u>		

<sup>1</sup> An expected inflation of 2.00% used for this period

<sup>2</sup> An expected inflation of 2.92% used for this period

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 15 – Employee Retirement Systems and Pension Plans (continued)**

**Changes in the Net Pension Liability:**

The changes in the Net Pension Liability for each Plan are as follows:

Miscellaneous Plan:

	Increase (Decrease)					
	Primary Government - Governmental Activities			Component Unit - First Five		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	Liability	Net Position	(Asset)	Liability	Net Position	(Asset)
Balance at June 30, 2020	\$ 427,727,975	\$ 319,132,411	\$108,595,564	\$ 1,522,172	\$ 1,139,527	\$ 382,645
Changes in the year:						
Service Cost	8,894,844	-	8,894,844	13,627	-	13,627
Interest on the Total Pension Liability	29,977,733	-	29,977,733	45,926	-	45,926
Differences between Expected and Actual Experience	(2,691,349)	-	(2,691,349)	(4,123)	-	(4,123)
Changes of Assumptions	865,565	649,620	215,945	-	-	-
Plan to Plan Resources Movement	-	(2,552)	2,552	-	(4)	4
Contributions from the Employer	-	12,823,052	(12,823,052)	-	19,660	(19,660)
Contributions from Employees	-	4,188,479	(4,188,479)	-	6,417	(6,417)
Net Investment Income	-	70,991,142	(70,991,142)	-	108,759	(108,759)
Benefit Payments, including Refunds of						
Employee Contributions	(22,161,275)	(22,161,275)	-	(33,951)	(33,951)	-
Administrative Expenses	-	(319,444)	319,444	-	(488)	488
Net Changes	14,885,518	66,169,022	(51,283,504)	21,479	100,393	(78,914)
Balance at June 30, 2021	<u>\$ 442,613,493</u>	<u>\$ 385,301,433</u>	<u>\$ 57,312,060</u>	<u>\$ 1,543,651</u>	<u>\$ 1,239,920</u>	<u>\$ 303,731</u>

Safety Plan:

	Increase (Decrease)		
	Primary Government - Governmental Activities		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2020	\$ 300,122,911	\$ 219,481,879	\$ 80,641,032
Changes in the year:			
Service Cost	6,964,659	-	6,964,659
Interest on the Total Pension	21,011,306	-	21,011,306
Differences between Expected and Actual Experience	(2,915,264)	-	(2,915,264)
Plan to Plan Resources Movement	-	2,557	(2,557)
Contributions from the Employer	-	9,539,037	(9,539,037)
Contributions from Employees	-	2,759,729	(2,759,729)
Net Investment Income	-	49,153,088	(49,153,088)
Benefit Payments, including Refunds of			
Employee Contributions	(13,651,122)	(13,651,122)	-
Administrative Expense	-	(219,249)	219,249
Net Changes	11,409,579	47,584,040	(36,174,461)
Balance at June 30, 2021	<u>\$ 311,532,490</u>	<u>\$ 267,065,919</u>	<u>\$ 44,466,571</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 15 – Employee Retirement Systems and Pension Plans (continued)**

**Changes in the Net Pension Liability (continued):**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the County of Kings for each plan, calculated using the discount rate of 7.15 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Current		
	Discount Rate	Discount Rate	Discount Rate
	-1%(6.15%)	(7.15%)	+1%(8.15)
Miscellaneous Plan - Primary Government - Governmental Activities	\$ 115,802,632	\$ 57,312,060	\$ 8,736,205
Miscellaneous Plan - Component Unit - First Five	616,029	303,731	46,473
Safety Plan - Primary Government - Governmental Activities	90,399,706	44,466,571	7,159,997

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports at P.O. Box 942701 Sacramento, California 94229 or [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Pension Expenses and Deferred Outflows and Inflows of Resources Related to Pensions**

For the year ended June 30, 2022, the County of Kings recognized pension expense of (\$12,832,181) and the component unit, First Five, recognized pension expense of \$4,596. At June 30, 2022, the County of Kings and the component unit, First Five, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Primary Government - Governmental Activities		Component Unit - First Five	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 13,416,116	\$ -	\$ 19,582	\$ -
Differences between actual and expected experience	2,742,221	(2,001,628)	4,202	(3,067)
Changes in assumptions	-	(44,235)	-	(68)
Net differences between projected and actual earnings	-	(34,819,034)	-	(53,355)
Total	<u>\$ 16,158,337</u>	<u>\$ (36,864,897)</u>	<u>\$ 23,784</u>	<u>\$ (56,490)</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 15 – Employee Retirement Systems and Pension Plans (continued)**

**Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)**

Safety Plan:

	Primary Government - Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	Pension contributions subsequent to measurement date	\$ 10,478,917
Differences between actual and expected experience	3,069,085	(2,417,087)
Changes in assumptions	348,240	-
Net differences between projected and actual earnings	-	(24,053,416)
Total	\$ 13,896,242	\$ (26,470,503)

\$23,895,033 (Miscellaneous \$13,416,116 and Safety \$10,478,917) and \$19,582 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023, for the primary government, Governmental Activities, and the component unit, First Five, respectively. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous Plan:

Year Ended June 30,	Primary Government - Governmental Activities	Component Unit - First Five
2023	\$ (7,515,845)	\$ (11,517)
2024	(7,945,805)	(12,176)
2025	(8,978,970)	(13,759)
2026	(9,682,056)	(14,836)
	\$ (34,122,676)	\$ (52,288)

Safety Plan:

Year Ended June 30,	Primary Government - Governmental Activities
2023	\$ (5,150,394)
2024	(4,970,838)
2025	(5,635,168)
2026	(7,184,652)
2027	(112,126)
	\$ (23,053,178)

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 16 – Other Postemployment Benefits (OPEB)**

**Plan Description:**

The County of Kings defined benefit OPEB plan provides health insurance benefits (medical, dental, vision, chiropractic, and mental health) through a self-insured single-employer 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. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. 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 75:

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 75.

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.

**Employees covered:**

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	93
Active employees	1,444
Total	<u>1,537</u>

**Total OPEB Liability:**

The County’s total OPEB liability of \$31,151,513, and component unit, First Five, \$56,172 were measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021. Standard actuarial update procedures were used to roll forward to the reporting date of June 30, 2022.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 16 – Other Postemployment Benefits (OPEB) (continued)**

**Total OPEB Liability (continued):**

Actuarial assumptions and other inputs - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	5.50%
Salary increases	2.75%
Discount rate	1.92%
Healthcare cost trend rates:	
Pre-Medicare	7.00%
Medicare	6.00%

Pre-retirement mortality rates were based on CalPERS tables.

The discount rate used to measure the total OPEB liability is 1.92%. The County's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

**Change of assumptions:**

For the June 30, 2021 measurement date, the salary increases remained consistent at 2.75 percent, healthcare cost trend rates were 7.00% for pre-medicare and 6.00% for medicare, and the discount rate decreased from 2.45% to 1.92%.

**Changes in the Total OPEB Liability:**

The changes in the Total OPEB Liability for the plan follows:

	Primary Government - Governmental Activities Total OPEB Liability	Component Unit - First Five Total OPEB Liability
Balance at June 30, 2021	<u>\$ 30,700,055</u>	<u>\$ 55,582</u>
Changes for the year:		
Service cost	2,800,849	1,962
Interest	780,388	547
Differences between expected and actual experience	(3,908,520)	(2,738)
Changes in assumptions	1,761,259	1,508
Benefit payments	(179,437)	(126)
Implicit subsidy credit	(803,081)	(563)
Net Changes	<u>451,458</u>	<u>590</u>
Balance at June 30, 2022	<u>\$ 31,151,513</u>	<u>\$ 56,172</u>



**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 16 – Other Postemployment Benefits (OPEB) (continued)**

**Changes in the Total OPEB Liability (continued):**

Sensitivity of the Total OPEB Liability to changes in the discount rate - The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (.92%) or 1-percentage-point higher (2.92%) than the current discount rate:

	Current		
	Discount Rate	Discount Rate	Discount Rate
	- 1% (.92%)	1.92%	+1% (2.92%)
Total OPEB Liability - Primary Government - Governmental Activities	\$ 33,960,044	\$ 31,151,513	\$ 28,477,352
Total OPEB Liability - Component Unit - First Five	61,306	56,172	51,408

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates - The following presents the Total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.0%) than the current healthcare cost trend rates:

	Current		
	1% Decrease	Healthcare	1% Increase
	(6.50%) decreasing to (6.0%)	Cost Trend Rates (7.0%)	(6.50%) decreasing to (8.0%)
Total OPEB Liability - Primary Government - Governmental Activities	\$ 26,959,836	\$ 31,151,513	\$ 36,180,667
Total OPEB Liability - Component Unit - First Five	48,669	56,172	65,314

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB:**

For the year ended June 30, 2022, the County recognized an OPEB expense of \$4,084,001 and the component unit, First Five, recognized an OPEB expense of \$3,492. At June 30, 2022, the County and the component unit, First Five, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government - Governmental Activities		Component Unit - First Five	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 5,313,690	\$ -	\$ 5,338	\$ -
Net differences between projected and actual experience	5,018,992	(3,590,752)	3,513	(2,515)
Change in proportionate share	-	-	27,833	-
Contributions subsequent to measurement date	1,027,530	-	719	-
Total	<u>\$ 11,360,212</u>	<u>\$ (3,590,752)</u>	<u>\$ 37,403</u>	<u>\$ (2,515)</u>

The amounts above are net of outflows and inflows recognized in the 2021-2022 measurement period expense. The amounts above reported as deferred outflows or resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 16 – Other Postemployment Benefits (OPEB) (continued)**

**OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued):**

The remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB are recognized in OPEB expenses as follows:

Year Ended June 30,	Primary Government - Governmental Activities	Component Unit - First Five
2023	\$ 736,791	\$ 3,266
2024	736,791	3,266
2025	736,791	3,266
2026	736,791	3,265
2027	736,791	3,015
Remaining	3,057,975	18,091
	<u>\$ 6,741,930</u>	<u>\$ 34,169</u>

**Note 17 – Excess of Expenditures Over Appropriations**

Appropriations Category	Excess Expenditures
Major Funds	
General Fund	
Education	\$ 4,676
Principal	34,382
Interest	1,886,625
Capital outlay	1,103,557

**Note 18 – Tax Abatement**

The County of Kings enters into property tax abatement agreements with private landowners under the California Williamson Act and through Farmland Security Zone contracts. These contracts restrict specific parcels of land to agricultural or related open space use. In return, landowners receive property tax assessments which are much lower than normal because they are based upon farming and open space uses as opposed to full market value.

The County has enacted a provision of the Williamson Act found in AB1265 to allow contracts (both Williamson Act and Farmland Security Zone) to be amended from ten and 20 years to nine and 18 years, respectively. Shortening the length of owners' contracts triggers a statutorily authorized recapture of 10 percent of the participating landowners' property tax savings.

For the fiscal year ended June 30, 2022, the County's forgone property tax revenue totaled \$2,007,596.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2022**

**Note 19 – Investment Income Assigned Directly to the Benefit of Another Fund**

The investment income assigned directly to the benefit of another fund for the year ending June 30, 2022 is as follows:

Type of Fund	Fund Name	General Fund
Nonmajor governmental	IHSS Public Authority	\$ 2,130
Nonmajor governmental	DWR Prop 1	25
Internal service fund	Workers' Comp Self-Insurance	44,602
Fiduciary fund	GPA 19-01	23
Fiduciary fund	Agency Collection Payable	1,621
Fiduciary fund	Department Trust	13,518
Fiduciary fund	School Developer Fees	350
Fiduciary fund	Sup Court PERS UAL Fund	2,108
Fiduciary fund	Welfare Repayment Trust	603
Fiduciary fund	State Local Public Safety	9,161
Fiduciary fund	Retiree Health Trust	2,344
Fiduciary fund	Schools Trust	21,739
Fiduciary fund	City of Avenal	310
Fiduciary fund	City of Corcoran	1,835
Fiduciary fund	City of Hanford	9,001
Fiduciary fund	City of Lemoore	2,705
Fiduciary fund	Tulare Lake Rec Dist #761	1

**Note 20 – Change in Accounting Principle**

During the fiscal year ended June 30, 2022, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 87, Leases, which requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. See Note 8 for further discussion.

**Note 21 – Prior Period Adjustment**

A prior period adjustment decreasing net position by \$14,861,043, was made to the governmental activities and the General Fund. The adjustment recognizes the reclassification of funds previously reported as revenue to advances from grantors and third parties. The amount as originally reported as advances from grantors and third parties was \$51,876,196 and should have been \$66,737,239 in the General Fund and \$59,350,926 versus \$44,489,883 for governmental activities; change in fund balance was originally reported in the General Fund was \$29,965,312 and should have been \$15,104,269; and change in net position originally reported for the governmental activities was \$20,982,380 and should be \$6,121,337 as of June 30, 2021.

**Required Supplementary Information**

**County of Kings**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2022**  
**Last 10 Fiscal Years\***

Miscellaneous Plan (Non-Safety)	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>								
Service cost	\$ 8,908,471	\$ 8,932,964	\$ 8,646,353	\$ 8,841,266	\$ 8,402,294	\$ 7,109,289	\$ 6,817,632	\$ 7,005,742
Interest on total pension liability	30,023,659	29,050,008	27,678,210	26,174,880	25,114,015	24,126,527	22,994,161	21,936,611
Changes in assumptions	865,565	-	-	(1,816,431)	20,962,641	-	(5,612,680)	-
Differences between expected and actual experience	(2,695,472)	3,063,189	4,859,311	(15,130)	(1,232,323)	(146,120)	(1,239,557)	-
Benefit payments, including refunds of employee contributions	(22,195,226)	(21,120,328)	(19,569,790)	(17,935,052)	(16,198,858)	(15,295,359)	(14,723,296)	(13,090,581)
Net change in total pension liability	14,906,997	19,925,833	21,614,084	15,249,533	37,047,769	15,794,337	8,236,260	15,851,772
Total pension liability - beginning	429,250,147	409,324,314	387,710,230	372,460,697	335,412,928	319,618,591	311,382,331	295,530,559
Total pension liability - ending (a)	<u>\$ 444,157,144</u>	<u>\$ 429,250,147</u>	<u>\$ 409,324,314</u>	<u>\$ 387,710,230</u>	<u>\$ 372,460,697</u>	<u>\$ 335,412,928</u>	<u>\$ 319,618,591</u>	<u>\$ 311,382,331</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 12,842,712	\$ 11,565,850	\$ 9,894,834	\$ 8,456,224	\$ 7,984,132	\$ 6,814,678	\$ 5,832,440	\$ 5,311,558
Contributions - employees	4,194,896	4,228,620	4,629,253	4,223,040	4,013,390	3,696,708	3,541,062	3,412,364
Net investment income	71,099,901	15,288,888	19,259,628	23,411,208	28,384,425	1,339,962	5,813,758	38,827,378
Benefit payments, including refunds of employee contributions	(22,195,226)	(21,120,328)	(19,569,790)	(17,935,052)	(16,198,858)	(15,295,359)	(14,723,296)	(13,090,581)
Plan to plan resource movement	(2,556)	1,367	-	(687)	34,965	(4,593)	1,083	-
Administrative expense	(319,932)	(438,075)	(211,762)	(436,087)	(377,985)	(158,224)	(292,184)	-
Changes in assumptions	649,620	-	-	-	-	-	-	-
Other miscellaneous income/(expense)	-	-	686	(828,138)	-	-	-	-
Net change in fiduciary net position	66,269,415	9,526,322	14,002,849	16,890,508	23,840,069	(3,606,828)	172,863	34,460,719
Plan fiduciary net position - Beginning	320,271,938	310,745,616	296,742,767	279,852,259	256,012,190	259,619,018	259,446,155	224,985,436
Plan fiduciary net position - Ending (b)	<u>\$ 386,541,353</u>	<u>\$ 320,271,938</u>	<u>\$ 310,745,616</u>	<u>\$ 296,742,767</u>	<u>\$ 279,852,259</u>	<u>\$ 256,012,190</u>	<u>\$ 259,619,018</u>	<u>\$ 259,446,155</u>
Plan net pension liability/(asset) - ending (a) - (b)	<u>\$ 57,615,791</u>	<u>\$ 108,978,209</u>	<u>\$ 98,578,698</u>	<u>\$ 90,967,463</u>	<u>\$ 92,608,438</u>	<u>\$ 79,400,738</u>	<u>\$ 59,999,573</u>	<u>\$ 51,936,176</u>
Plan fiduciary net position as a percentage of the total pension liability	87.03%	74.61%	75.92%	76.54%	75.14%	76.33%	81.23%	83.32%
Covered payroll <sup>1</sup>	\$ 61,778,579	\$ 61,479,458	\$ 58,291,336	\$ 59,661,700	\$ 56,357,192	\$ 51,926,732	\$ 48,742,629	\$ 47,596,588
Net pension liability as percentage of covered payroll	93.26%	177.26%	169.11%	152.47%	164.32%	152.91%	123.09%	109.12%

**County of Kings**  
**Schedule of Changes in the Net Pension Liability and Related Ratios (continued)**  
**For the Year Ended June 30, 2022**  
**Last 10 Fiscal Years\***

**Notes to Schedule:**

**Benefit Changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes of Assumptions:** In 2022, 2021, and 2019 there were no changes. In 2018, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2015, amounts reported were based on the 7.5 percent discount rate.

<sup>1</sup>Due to the implementation of GASB Statement 81, covered payroll is now based on pensionable earnings. The 2015 covered payroll and percentage has been restated to reflect the implementation change.

**\*Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.**

**County of Kings**  
**Schedule of Changes in the Net Pension Liability and Related Ratios (continued)**  
**For the Year Ended June 30, 2022**  
**Last 10 Fiscal Years\***

<b>Safety Plan</b>	2022	2021	2020	2019	2018	2017	2016	2015
<b>Total Pension Liability</b>								
Service cost	\$ 6,964,659	\$ 6,830,509	\$ 6,643,407	\$ 6,213,926	\$ 6,065,736	\$ 5,072,275	\$ 5,061,939	\$ 5,005,317
Interest on total pension liability	21,011,306	20,221,528	19,097,003	17,904,948	17,030,984	16,195,733	15,317,537	14,529,622
Changes in assumptions	-	-	-	178,528	15,659,116	-	(4,120,533)	-
Differences between expected and actual experience	(2,915,264)	2,190,223	3,872,826	(208,607)	(729,947)	411,453	(417,679)	(8,135,362)
Benefit payments, including refunds of employee contributions	(13,651,122)	(12,664,888)	(11,928,209)	(11,140,494)	(10,694,439)	(9,720,054)	(8,912,802)	-
Net change in total pension liability	11,409,579	16,577,372	17,685,027	12,948,301	27,331,450	11,959,407	6,928,462	11,399,577
Total pension liability - beginning	300,122,911	283,545,539	265,860,512	252,912,211	225,580,761	213,621,354	206,692,892	195,293,315
Total pension liability - ending (a)	<u>\$ 311,532,490</u>	<u>\$ 300,122,911</u>	<u>\$ 283,545,539</u>	<u>\$ 265,860,512</u>	<u>\$ 252,912,211</u>	<u>\$ 225,580,761</u>	<u>\$ 213,621,354</u>	<u>\$ 206,692,892</u>
<b>Plan Fiduciary Net Position</b>								
Contributions - employer	\$ 9,539,037	\$ 8,584,511	\$ 7,412,494	\$ 6,063,572	\$ 5,332,031	\$ 4,508,327	\$ 3,956,635	\$ 3,606,687
Contributions - employees	2,759,729	2,662,791	2,616,397	2,328,593	2,168,420	2,178,911	2,075,488	1,833,128
Net investment income	49,153,088	10,357,701	13,010,656	15,604,749	18,975,851	912,562	3,847,765	25,995,811
Benefit payments, including refunds of employee contributions	(13,651,122)	(12,664,888)	(11,928,209)	(11,140,494)	(10,694,439)	(9,720,054)	(8,912,802)	(8,135,362)
Net Plan to Plan Resource Movement	2,557	(1,367)	-	(463)	(41,880)	-	-	-
Administrative expense	(219,249)	(297,234)	(142,632)	(292,744)	(254,505)	(106,413)	(196,410)	-
Other miscellaneous income/(expense)	-	-	462	(555,925)	-	-	-	-
Net change in fiduciary net position	47,584,040	8,641,514	10,969,168	12,007,288	15,485,478	(2,226,667)	770,676	23,300,264
Plan Fiduciary Net Position - Beginning	219,481,879	210,840,365	199,871,197	187,863,909	172,378,431	174,605,098	173,834,422	150,534,158
Plan fiduciary net position - ending (b)	<u>\$ 267,065,919</u>	<u>\$ 219,481,879</u>	<u>\$ 210,840,365</u>	<u>\$ 199,871,197</u>	<u>\$ 187,863,909</u>	<u>\$ 172,378,431</u>	<u>\$ 174,605,098</u>	<u>\$ 173,834,422</u>
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	<u>\$ 44,466,571</u>	<u>\$ 80,641,032</u>	<u>\$ 72,705,174</u>	<u>\$ 65,989,315</u>	<u>\$ 65,048,302</u>	<u>\$ 53,202,330</u>	<u>\$ 39,016,256</u>	<u>\$ 32,858,470</u>
Plan fiduciary net position as a percentage of the total pension liability	85.73%	73.13%	74.36%	75.18%	74.28%	76.42%	81.74%	84.10%
Covered payroll <sup>1</sup>	\$ 26,431,342	\$ 25,668,956	\$ 24,840,739	\$ 22,994,101	\$ 22,400,977	\$ 21,087,909	\$ 20,911,917	\$ 19,627,922
Net pension liability as percentage of covered payroll <sup>1</sup>	168.23%	314.16%	292.69%	286.98%	290.38%	252.29%	186.57%	167.41%

**County of Kings**  
**Schedule of Changes in the Net Pension Liability and Related Ratios (continued)**  
**For the Year Ended June 30, 2022**  
**Last 10 Fiscal Years\***

**Notes to Schedule:**

**Benefit Changes:** The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

**Changes of Assumptions:** In 2022, 2021, and 2019 there were no changes. In 2018, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2015 amounts reported were based on the 7.5 percent discount rate.

<sup>1</sup>Due to the implementation of GASB Statement 81, covered payroll is now based on pensionable earnings. The 2015 covered payroll and percentage has been restated to reflect the implementation change.

**\*Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.**



**County of Kings**  
**Schedule of Plan Contributions**  
**For the Year Ended June 30, 2022**  
**Last 10 Fiscal Years\***

	2022	2021	2020	2019	2018	2017	2016	2015
<b>Miscellaneous Plan (Non-Safety):</b>								
Actuarially determined contribution	\$ 12,842,697	\$ 11,565,850	\$ 9,894,834	\$ 8,456,224	\$ 7,984,132	\$ 6,814,678	\$ 5,832,440	\$ 5,311,558
Contributions in relation to the actuarially determined contributions	(12,842,697)	(11,565,850)	(9,894,834)	(8,456,224)	(7,984,132)	(6,814,678)	(5,832,440)	(5,311,558)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>1</sup>	\$ 60,941,016	\$ 56,143,860	\$ 61,479,458	\$ 58,291,336	\$ 59,661,700	\$ 56,357,192	\$ 51,926,732	\$ 48,742,629
Contributions as a percentage of covered payroll	21.07%	20.60%	16.09%	14.51%	13.38%	12.09%	11.23%	10.90%

	2022	2021	2020	2019	2018	2107	2016	2015
<b>Safety Plan:</b>								
Actuarially determined contribution	\$ 9,539,037	\$ 8,584,511	\$ 7,412,494	\$ 6,063,572	\$ 5,332,029	\$ 4,508,327	\$ 3,956,635	\$ 3,606,687
Contributions in relation to the actuarially determined contributions	(9,539,037)	(8,584,511)	(7,412,494)	(6,063,572)	(5,332,029)	(4,508,327)	(3,956,635)	(3,606,687)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll <sup>1</sup>	\$ 33,594,841	\$ 26,053,169	\$ 25,668,956	\$ 24,840,739	\$ 22,994,101	22,400,977	21,087,909	20,911,917
Contributions as a percentage of covered payroll	28.39%	32.95%	28.88%	24.41%	23.19%	20.13%	18.76%	17.25%

**Notes to Schedules:**

Valuation date for both plans: 6/30/2020 6/30/2020

Methods and assumptions used to determine contribution rates for both plans:

Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method		Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.500%	2.500%
Salary Increases		Varies by Entry Age and Service
Payroll Growth	2.750%	2.750%
Investment Rate of Return		7.00% Net of Pension Plan Investment Expenses; includes Inflation.
Retirement Age		The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality		The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale MP-2016 published by the Society of Actuaries.

<sup>1</sup>Due to the implementation of GASB Statement 81, covered payroll is now based on pensionable earnings. The 2015 covered payroll and percentage has been restated to reflect the implementation change.

\*Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

**County of Kings**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2022**  
**Last 10 Fiscal Years\***

	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>						
Service cost	\$ 2,802,811	\$ 2,435,121	\$ 1,383,447	\$ 1,354,282	\$ 1,316,435	\$ 1,058,527
Interest	780,935	860,119	604,062	548,472	503,796	630,869
Differences between expected and actual experience	(3,911,258)	36,144	6,615,551	-	-	-
Changes of assumptions	1,762,767	886,223	877,666	(731,498)	(766,216)	-
Benefit payments	(179,563)	(179,557)	(157,123)	(200,381)	(600,497)	(504,320)
Implicit subsidy credit	(803,644)	(751,933)	(484,952)	-	-	-
Net change in total OPEB liability	452,048	3,286,117	8,838,651	970,875	453,518	1,185,076
Total OPEB liability - beginning	30,755,637	27,469,520	18,630,869	17,659,994	17,206,476	16,021,400
Total OPEB liability - ending	<u>\$ 31,207,685</u>	<u>\$ 30,755,637</u>	<u>\$ 27,469,520</u>	<u>\$ 18,630,869</u>	<u>\$ 17,659,994</u>	<u>\$ 17,206,476</u>

**Notes to Schedules:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

In 2022 there was a change in assumption that included a decrease in the discount rate from 2.45 to 1.92. In 2021 there was a change in assumption that included a decrease in the discount rate from 3.13 percent to 2.45 percent. In 2020 there were changes of assumptions that included a decrease in the discount rate from 3.56 percent to 3.13 and decrease in salary increases decreased from 2.875 percent to 2.75. In 2019 there were changes of assumptions that included an increase in the discount rate from 3.50 percent to 3.56. In 2018 there were changes of assumptions in the 2018 fiscal year that included the salary increases reduced from 3.00 percent to 2.75 percent, healthcare cost trend rates increased from 6.00 percent to 7.00 percent with a significantly lower rate in the following years, and the discount rate reduced from 4.00 percent to 3.50 percent.

**\*Fiscal year 2017 was the first year of implementation, therefore only six years are shown.**

**County of Kings**  
**Schedule of Plan Contributions – OPEB**  
**For the Year Ended June 30, 2022**  
**Last 10 Fiscal Years\***

	2022	2021	2020	2019	2018	2017
Actuarially Determined Contributions	\$ 4,853,384	\$ 4,619,263	\$ 3,877,192	\$ 2,163,071	\$ 2,119,665	\$ 1,695,232
Contributions in relation to the actuarially determined contributions	(803,619)	(751,934)	(484,951)	(426,186)	(412,186)	(504,320)
Contribution Deficiency (excess)	<u>\$ 4,049,765</u>	<u>\$ 3,867,329</u>	<u>\$ 3,392,241</u>	<u>\$ 1,736,885</u>	<u>\$ 1,707,479</u>	<u>\$ 1,190,912</u>
Covered Employee Payroll	\$ 94,535,857	\$ 82,613,202	\$ 83,138,128	\$ 83,709,367	\$ 78,049,211	\$ 75,960,303
Contributions as a percentage of covered employee payroll	0.85%	0.91%	0.58%	0.51%	0.53%	0.66%

**Notes to schedule:**

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

In 2022 there was a change in assumption that included a decrease in the discount rate from 2.45 to 1.92. In 2021 there was a change in assumption that included a decrease in the discount rate from 3.13 percent to 2.45 percent. In 2020 there were changes of assumptions that included a decrease in the discount rate from 3.56 percent to 3.13 and decrease in salary increases decreased from 2.875 percent to 2.75. In 2019 there were changes of assumptions that included an increase in the discount rate from 3.50 percent to 3.56. In 2018 there were changes of assumptions in the 2018 fiscal year that included the salary increases reduced from 3.00 percent to 2.75 percent, healthcare cost trend rates increased from 6.00 percent to 7.00 percent with a significantly lower rate in the following years, and the discount rate reduced from 4.00 percent to 3.50 percent.

**\*Fiscal year 2017 was the first year of implementation, therefore only six years are shown.**

**County of Kings**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 23,850,388	\$ 24,916,050	\$ 25,504,746	\$ 588,696
Sales tax	3,300,000	3,300,000	5,180,815	1,880,815
Franchise taxes	1,100,000	1,100,000	1,342,771	242,771
Hotel taxes	190,000	190,000	467,005	277,005
Licenses and permits	1,150,200	1,150,200	1,000,154	(150,046)
Fines and forfeits	1,783,110	1,783,110	2,289,387	506,277
Intergovernmental revenues	228,676,079	238,322,289	223,275,298	(15,046,991)
Charges for services	15,290,029	15,290,229	14,818,932	(471,297)
Rents and concessions	511,564	511,564	812,116	300,552
Investment earnings (loss)	820,111	820,111	(5,192,190)	(6,012,301)
Miscellaneous revenues	10,173,439	11,455,868	10,510,662	(945,206)
Total revenues	<u>286,844,920</u>	<u>298,839,421</u>	<u>280,009,696</u>	<u>(18,829,725)</u>
<b>Expenditures</b>				
Current:				
General government	48,972,644	50,977,998	28,201,862	22,776,136
Public safety	80,543,375	81,911,868	75,047,743	6,864,125
Health	55,343,360	57,689,313	43,488,828	14,200,485
Public assistance	119,862,936	119,862,936	112,772,827	7,090,109
Education	335,850	267,348	272,024	(4,676)
Recreation	2,966,466	8,070,180	7,867,336	202,844
Debt service:				
Principal	2,448,011	2,448,011	2,482,393	(34,382)
Interest	-	-	1,886,625	(1,886,625)
Capital outlay	3,032,067	4,281,126	5,384,683	(1,103,557)
Total expenditures	<u>313,504,709</u>	<u>325,508,780</u>	<u>277,404,321</u>	<u>48,104,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,659,789)</u>	<u>(26,669,359)</u>	<u>2,605,375</u>	<u>29,274,734</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	12,594,021	14,387,046	45,764	(14,341,282)
Transfers out	(6,808,120)	(8,365,745)	(6,038,144)	2,327,601
Proceeds from sales of capital assets	-	-	4,113	4,113
Financed purchase liabilities issued	-	-	935,904	935,904
Lease liabilities issued	-	-	2,669,137	2,669,137
Total other financing sources (uses)	<u>5,785,901</u>	<u>6,021,301</u>	<u>(2,383,226)</u>	<u>(8,404,527)</u>
Net change in fund balances	(20,873,888)	(20,648,058)	222,149	20,870,207
Fund balances - beginning	69,350,690	69,350,690	69,350,690	69,350,690
Prior period adjustment	-	-	(14,861,043)	-
Fund balances - ending	<u>\$ 48,476,802</u>	<u>\$ 48,702,632</u>	<u>\$ 54,711,796</u>	<u>\$ 90,220,897</u>

**County of Kings**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**For the Year Ended June 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Sales tax	\$ 780,013	\$ 780,013	\$ 1,138,119	\$ 358,106
Fines and forfeits	402,000	402,000	391,683	(10,317)
Intergovernmental revenues	10,656,901	10,656,901	9,823,182	(833,719)
Investment earnings (loss)	125,000	125,000	(518,461)	(643,461)
Miscellaneous revenues	10,000	10,000	37,200	27,200
Total revenues	<u>11,973,914</u>	<u>11,973,914</u>	<u>10,871,723</u>	<u>(1,102,191)</u>
<b>Expenditures</b>				
Highways and streets	26,200,629	26,200,629	9,803,826	16,396,803
Total expenditures	<u>26,200,629</u>	<u>26,200,629</u>	<u>9,803,826</u>	<u>16,396,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,226,715)</u>	<u>(14,226,715)</u>	<u>1,067,897</u>	<u>(17,498,994)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	100,000	100,000	100,000	-
Proceeds from sales of capital assets	50,000	50,000	64,608	14,608
Total other financing sources (uses)	<u>150,000</u>	<u>150,000</u>	<u>164,608</u>	<u>14,608</u>
Net change in fund balances	(14,076,715)	(14,076,715)	1,232,505	(17,484,386)
Fund balances - beginning	<u>14,170,173</u>	<u>14,170,173</u>	<u>14,170,173</u>	<u>14,170,173</u>
Fund balances - ending	<u>\$ 93,458</u>	<u>\$ 93,458</u>	<u>\$ 15,402,678</u>	<u>\$ (3,314,213)</u>

**County of Kings**  
**Notes to the Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2022**

**BUDGETARY BASIS OF ACCOUNTING**

In accordance with the provisions of Sections 29000 through 29143 and Section 30200 of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County of Kings (the County) is required to prepare a balanced budget for each fiscal year on or before October 2. Budgeted expenditures are enacted into law through the passage of a resolution of adoption. The resolution of adoption specifies the maximum authorized expenditures for each budget unit for that fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County Board of Supervisors (the Board).

In June of each year, the County Administrative Officer (the CAO) prepares and submits a temporary recommended budget document to the County Board. In September of that year, the CAO submits the recommended budget to the Board, and public hearings are held at that time to provide the general public with an opportunity to speak on any budget items before the Board. The recommended budget, once adopted, is uploaded to the County’s financial system in late September so that budget monitoring for the new fiscal year can begin. After fiscal year-end closing activities are completed and the State Budget is approved, the CAO presents annual budget updates to the Board for adjustments to the recommended budget, as necessary, as a result of State Budget adjustments or other unforeseen changes.

An operating budget is adopted each fiscal year for governmental funds and proprietary funds. Governmental funds that are budgeted include the general fund, special revenue funds, and the debt service fund and the capital projects fund. Proprietary funds include the internal service funds. Expenditures are controlled at the object level within each budget unit of the County except for capital assets. The object level within a budget unit is the legal level of budgetary control at which the County’s management may not reallocate resources without special approval. Any amendments or transfers of appropriations between object levels within the same budget unit and same category can be approved by the Department Head. Transfers between budget units or funds must be authorized by the CAO and approved by the Board. Supplemental appropriations, normally financed by unanticipated revenues during the year, require the Board’s approval as well. Pursuant to Government Code Section 29092, the CAO is authorized to approve transfers and revision of appropriations within a single budget unit as deemed necessary and appropriate. Budgeted amounts in the budgetary comparison schedules are reported as originally adopted and as amended during the fiscal year.

The budget approved by the Board for the General Fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other governmental funds. In the accompanying budgetary comparison schedules, actual reimbursements for these items have been eliminated from the resources and related expenditures have been eliminated from the charges to appropriations to provide a meaningful comparison of actual and budgeted results of operations.

The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Annual budgets are prepared using the modified accrual basis of accounting; reimbursements for amounts disbursed on behalf of other governmental funds are reported as resources and related expenditures as charges to the appropriation; certain transactions are accounted for in different periods between budgetary and GAAP reporting basis; and securities lending activities and transactions from sub-funds reclassified from County Fiduciary funds are reported in GAAP reporting basis.

**Excess of Expenditures Over Appropriations**

Appropriations Category	Excess Expenditures
Major Funds	
General Fund	
Education	\$ 4,676
Principal	34,382
Interest	1,886,625
Capital outlay	1,103,557

**Supplementary Information  
Combining and Individual  
Fund Financial Statements and Schedules**

**County of Kings**  
**Nonmajor Governmental Funds Narrative**

**Debt Service**

The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

**Capital Projects**

The Capital Project Fund accounts for financial resources to be used for acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

**Special Revenue Funds**

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

Library Fund – The Library is a fund 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.

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.

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

Major Fund during 2022 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**  
**June 30, 2022**

	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,752	\$ -	\$ 258,109	\$ 261,861
Imprest cash	-	-	854	854
Treasurer's investments	123,620	6,158,932	11,644,530	17,927,082
Inventories and prepaids	-	-	38,189	38,189
Receivables	-	8,318,734	1,350,551	9,669,285
	<u>\$ 127,372</u>	<u>\$ 14,477,666</u>	<u>\$ 13,292,233</u>	<u>\$ 27,897,271</u>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 365	\$ 2,497,353	\$ 1,483,683	\$ 3,981,401
Advances from grantors and third parties	-	4,331,291	-	4,331,291
Due to other agencies	-	-	37,986	37,986
Due to other funds	-	-	688,078	688,078
	<u>365</u>	<u>6,828,644</u>	<u>2,209,747</u>	<u>9,038,756</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows from property taxes	-	-	546,809	546,809
Deferred inflows from grantors	-	3,017,126	-	3,017,126
Total deferred inflows of resources	<u>-</u>	<u>3,017,126</u>	<u>546,809</u>	<u>3,563,935</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	38,189	38,189
Restricted	127,007	-	11,157,427	11,284,434
Assigned	-	4,631,896	-	4,631,896
Unassigned	-	-	(659,939)	(659,939)
Total fund balances	<u>127,007</u>	<u>4,631,896</u>	<u>10,535,677</u>	<u>15,294,580</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 127,372</u>	<u>\$ 14,477,666</u>	<u>\$ 13,292,233</u>	<u>\$ 27,897,271</u>

**County of Kings**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2022**

	Debt Service Fund	Capital Projects Fund	Special Revenue Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Taxes:				
Property taxes	\$ -	\$ -	\$ 11,716,600	\$ 11,716,600
Licenses and permits	-	2,151,584	3,893	2,155,477
Fines and forfeits	-	-	501,097	501,097
Intergovernmental revenues	-	5,664,000	10,465,010	16,129,010
Charges for services	-	-	1,175,543	1,175,543
Investment earnings (loss)	(4,392)	(188,309)	(420,686)	(613,387)
Miscellaneous revenues	-	308,297	3,481,202	3,789,499
Total revenues	<u>(4,392)</u>	<u>7,935,572</u>	<u>26,922,659</u>	<u>34,853,839</u>
<b>Expenditures</b>				
Current:				
Public safety	-	-	20,717,433	20,717,433
Public assistance	-	-	5,124,764	5,124,764
Education	-	-	2,206,254	2,206,254
Debt service:				
Principal	1,395,000	-	554,851	1,949,851
Interest	375,354	-	24,057	399,411
Capital outlay	-	18,098,791	169,108	18,267,899
Total expenditures	<u>1,770,354</u>	<u>18,098,791</u>	<u>28,796,467</u>	<u>48,665,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,774,746)</u>	<u>(10,163,219)</u>	<u>(1,873,808)</u>	<u>(13,811,773)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,553,855	2,648,790	1,352,797	5,555,442
Transfers out	-	-	(502,220)	(502,220)
Financed purchase liabilities issued	-	-	27,436	27,436
Lease liabilities issued	-	-	1,402,732	1,402,732
Total other financing sources (uses)	<u>1,553,855</u>	<u>2,648,790</u>	<u>2,280,745</u>	<u>6,483,390</u>
Net change in fund balances	(220,891)	(7,514,429)	406,937	(7,328,383)
Fund balances - beginning	<u>347,898</u>	<u>12,146,325</u>	<u>10,128,740</u>	<u>22,622,963</u>
Fund balances - ending	<u>\$ 127,007</u>	<u>\$ 4,631,896</u>	<u>\$ 10,535,677</u>	<u>\$ 15,294,580</u>

**County of Kings**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds – Special Revenue**  
**June 30, 2022**

	Library	Fire	County Fish & Game	Child Support Services	Off-Highway Motor Vehicle
<b>Assets</b>					
Cash and cash equivalents	\$ 171,262	\$ 67,882	\$ 403	\$ -	\$ 2
Imprest cash	454	200	-	200	-
Treasurer's investments	6,474,575	3,701,574	13,241	658,977	58
Receivables	138,309	914,321	374	1,576	-
Inventories and prepaids	-	38,189	-	-	-
Total assets	<u>\$ 6,784,600</u>	<u>\$ 4,722,166</u>	<u>\$ 14,018</u>	<u>\$ 660,753</u>	<u>\$ 60</u>
<b>Liabilities</b>					
Accrued liabilities	\$ 53,103	\$ 640,884	\$ -	\$ 163,163	\$ -
Due to other agencies	-	37,986	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>53,103</u>	<u>678,870</u>	<u>-</u>	<u>163,163</u>	<u>-</u>
<b>Deferred inflows of resources</b>					
Deferred inflow from property taxes	123,245	423,564	-	-	-
Total deferred inflows of resources	<u>123,245</u>	<u>423,564</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficit)</b>					
Nonspendable	-	38,189	-	-	-
Restricted	6,608,252	3,581,543	14,018	497,590	60
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>6,608,252</u>	<u>3,619,732</u>	<u>14,018</u>	<u>497,590</u>	<u>60</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 6,784,600</u>	<u>\$ 4,722,166</u>	<u>\$ 14,018</u>	<u>\$ 660,753</u>	<u>\$ 60</u>

**County of Kings**  
**Combining Balance Sheet (continued)**  
**Nonmajor Governmental Funds – Special Revenue**  
**June 30, 2022**

	Job Training Office	Community Development Block Grants	Criminal Justice Facility	In-Home Supportive Services Public Authority	Total Special Revenue Funds
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 9,886	\$ 4	\$ 8,670	\$ 258,109
Imprest cash	-	-	-	-	854
Treasurer's investments	-	510,758	-	285,347	11,644,530
Receivables	194,792	1,259	99,920	-	1,350,551
Inventories and prepaids	-	-	-	-	38,189
Total assets	<u>\$ 194,792</u>	<u>\$ 521,903</u>	<u>\$ 99,924</u>	<u>\$ 294,017</u>	<u>\$ 13,292,233</u>
<b>Liabilities</b>					
Accrued liabilities	\$ 363,713	\$ 262,820	\$ -	\$ -	\$ 1,483,683
Due to other agencies	-	-	-	-	37,986
Due to other funds	284,615	97,835	-	305,628	688,078
Total liabilities	<u>648,328</u>	<u>360,655</u>	<u>-</u>	<u>305,628</u>	<u>2,209,747</u>
<b>Deferred inflows of resources</b>					
Deferred inflow from property taxes	-	-	-	-	546,809
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>546,809</u>
<b>Fund balances (deficit)</b>					
Nonspendable	-	-	-	-	38,189
Restricted	194,792	161,248	99,924	-	11,157,427
Unassigned	(648,328)	-	-	(11,611)	(659,939)
Total fund balances (deficit)	<u>(453,536)</u>	<u>161,248</u>	<u>99,924</u>	<u>(11,611)</u>	<u>10,535,677</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 194,792</u>	<u>\$ 521,903</u>	<u>\$ 99,924</u>	<u>\$ 294,017</u>	<u>\$ 13,292,233</u>

**County of Kings**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds – Special Revenue**  
**For the Year Ended June 30, 2022**

	Library	Fire	County Fish & Game	Child Support Services	Off-Highway Motor Vehicle
<b>REVENUES</b>					
Taxes:					
Property taxes	\$ 2,773,309	\$ 8,943,291	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeits	13,458	1,950	1,098	-	-
Intergovernmental revenues	20,954	3,127,293	-	3,991,778	-
Charges for services	11,043	1,164,500	-	-	-
Investment earnings (loss)	(224,341)	(140,670)	(456)	(23,044)	(2)
Miscellaneous revenues	4,847	2,513,215	-	76,377	-
Total revenues	<u>2,599,270</u>	<u>15,609,579</u>	<u>642</u>	<u>4,045,111</u>	<u>(2)</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	-	15,678,408	-	5,039,025	-
Public assistance	-	-	-	-	-
Education	2,206,254	-	-	-	-
Debt Service:					
Principal	-	246,652	-	207,053	-
Interest	-	16,609	-	5,610	-
Capital outlay	-	141,672	-	27,436	-
Total expenditures	<u>2,206,254</u>	<u>16,083,341</u>	<u>-</u>	<u>5,279,124</u>	<u>-</u>
Excess(deficiency) of revenue over (under) expenditures	<u>393,016</u>	<u>(473,762)</u>	<u>642</u>	<u>(1,234,013)</u>	<u>(2)</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	1,352,797	-	-	-
Transfers out	-	(25,660)	-	-	-
Financed purchase liabilities issued	-	-	-	27,436	-
Lease liabilities issued	-	-	-	994,008	-
Total other financing sources (uses)	<u>-</u>	<u>1,327,137</u>	<u>-</u>	<u>1,021,444</u>	<u>-</u>
Net change in fund balances (deficit)	393,016	853,375	642	(212,569)	(2)
Fund balances (deficit), beginning of year	<u>6,215,236</u>	<u>2,766,357</u>	<u>13,376</u>	<u>710,159</u>	<u>62</u>
Fund balances (deficit), end of year	<u>\$ 6,608,252</u>	<u>\$ 3,619,732</u>	<u>\$ 14,018</u>	<u>\$ 497,590</u>	<u>\$ 60</u>

**County of Kings**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Nonmajor Governmental Funds – Special Revenue**  
**For the Year Ended June 30, 2022**

	Job Training Office	Community Development Block Grants	Criminal Justice Facility	In-Home Supportive Services Public Authority	Total Special Revenue Funds
<b>REVENUES</b>					
Taxes:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 11,716,600
Licenses and permits	-	3,893	-	-	3,893
Fines and forfeits	-	-	484,591	-	501,097
Intergovernmental revenues	2,995,965	329,020	-	-	10,465,010
Charges for services	-	-	-	-	1,175,543
Investment earnings (loss)	(5,482)	(16,004)	1,236	(11,923)	(420,686)
Miscellaneous revenues	886,515	248	-	-	3,481,202
Total revenues	<u>3,876,998</u>	<u>317,157</u>	<u>485,827</u>	<u>(11,923)</u>	<u>26,922,659</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	-	-	-	-	20,717,433
Public assistance	4,319,603	805,161	-	-	5,124,764
Education	-	-	-	-	2,206,254
Debt Service:					
Principal	101,146	-	-	-	554,851
Interest	1,838	-	-	-	24,057
Capital outlay	-	-	-	-	169,108
Total expenditures	<u>4,422,587</u>	<u>805,161</u>	<u>-</u>	<u>-</u>	<u>28,796,467</u>
Excess(deficiency) of revenue over (under) expenditures	<u>(545,589)</u>	<u>(488,004)</u>	<u>485,827</u>	<u>(11,923)</u>	<u>(1,873,808)</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	1,352,797
Transfers out	-	(20,105)	(456,455)	-	(502,220)
Financed purchase liabilities issued	-	-	-	-	27,436
Lease liabilities issued	408,724	-	-	-	1,402,732
Total other financing sources (uses)	<u>408,724</u>	<u>(20,105)</u>	<u>(456,455)</u>	<u>-</u>	<u>2,280,745</u>
Net change in fund balances (deficit)	(136,865)	(508,109)	29,372	(11,923)	406,937
Fund balances (deficit), beginning of year	<u>(316,671)</u>	<u>669,357</u>	<u>70,552</u>	<u>312</u>	<u>10,128,740</u>
Fund balances (deficit), end of year	<u>\$ (453,536)</u>	<u>\$ 161,248</u>	<u>\$ 99,924</u>	<u>\$ (11,611)</u>	<u>\$ 10,535,677</u>

**County of Kings**  
**Internal Service Funds Narrative**

Internal Service Funds are used to account for the financing of good and services provided by one department or agency to other departments of 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 Technology 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 employee.

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

**County of Kings**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2022**

	Workers' Compensation Self-Insurance	Fleet Management	Information Technology	Health Self- Insurance	Public Works	Total
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 155,615	\$ -	\$ -	\$ 182,031	\$ -	\$ 337,646
Imprest cash	-	-	-	-	330	330
Treasurer's investments	5,120,853	3,245,030	582,995	7,762,787	1,157,986	17,869,651
Deposits with others	-	-	-	217,000	-	217,000
Receivables	-	70,961	29,169	14,054	2,960	117,144
Due from other funds	-	2,719	52,294	2,645	29,554	87,212
Inventories and prepaids	-	211,534	-	-	-	211,534
Total current assets	<u>5,276,468</u>	<u>3,530,244</u>	<u>664,458</u>	<u>8,178,517</u>	<u>1,190,830</u>	<u>18,840,517</u>
Noncurrent assets						
Capital assets:						
Equipment, net	-	2,734,952	65,552	-	134,001	2,934,505
Right-to-use assets, net	-	-	462,367	-	-	462,367
Total Capital Assets (net of accumulated depreciation)	<u>-</u>	<u>2,734,952</u>	<u>527,919</u>	<u>-</u>	<u>134,001</u>	<u>3,396,872</u>
Total noncurrent assets	<u>-</u>	<u>2,734,952</u>	<u>527,919</u>	<u>-</u>	<u>134,001</u>	<u>3,396,872</u>
Total assets	<u>5,276,468</u>	<u>6,265,196</u>	<u>1,192,377</u>	<u>8,178,517</u>	<u>1,324,831</u>	<u>22,237,389</u>
<b>Deferred Outflows of Resources</b>						
Deferred outflows for pensions	-	88,275	793,966	-	670,936	1,553,177
Deferred outflows for OPEB	-	55,951	277,740	-	408,593	742,284
Total Deferred Outflows of Resources	<u>-</u>	<u>144,226</u>	<u>1,071,706</u>	<u>-</u>	<u>1,079,529</u>	<u>2,295,461</u>
<b>Liabilities</b>						
Current Liabilities						
Accrued expenses payable	-	122,882	214,894	420,029	269,025	1,026,830
Financed purchases	-	-	9,366	-	4,650	14,016
Lease liabilities	-	-	173,388	-	-	173,388
Claims payable	3,417,000	-	-	-	-	3,417,000
Compensated absences payable	-	16,551	104,440	-	133,895	254,886
Total Current Liabilities	<u>3,417,000</u>	<u>139,433</u>	<u>502,088</u>	<u>420,029</u>	<u>407,570</u>	<u>4,886,120</u>
Noncurrent Liabilities						
Financed purchases	-	-	27,867	-	47,193	75,060
Lease liabilities	-	-	248,999	-	-	248,999
Claims payable	16,035,000	-	-	-	-	16,035,000
Compensated absences payable	-	15,902	100,344	-	128,645	244,891
Net pension liability	-	331,007	2,604,020	-	2,538,413	5,473,440
Total OPEB liability	<u>-</u>	<u>167,367</u>	<u>753,160</u>	<u>-</u>	<u>1,192,502</u>	<u>2,113,029</u>
Total Noncurrent Liabilities	<u>16,035,000</u>	<u>514,276</u>	<u>3,734,390</u>	<u>-</u>	<u>3,906,753</u>	<u>24,190,419</u>
Total Liabilities	<u>19,452,000</u>	<u>653,709</u>	<u>4,236,478</u>	<u>420,029</u>	<u>4,314,323</u>	<u>29,076,539</u>
<b>Deferred Inflows of Resources</b>						
Deferred inflows for pensions	-	212,789	1,676,472	-	1,631,677	3,520,938
Deferred inflows for OPEB	-	19,292	86,814	-	137,456	243,562
Total Deferred Inflows of Resources	<u>-</u>	<u>232,081</u>	<u>1,763,286</u>	<u>-</u>	<u>1,769,133</u>	<u>3,764,500</u>
<b>Net Position (Deficit)</b>						
Net investment in capital assets	-	2,734,952	68,299	-	82,158	2,885,409
Unrestricted	(14,175,532)	2,788,680	(3,803,980)	7,758,488	(3,761,254)	(11,193,598)
Total Net Position (Deficit)	<u>\$ (14,175,532)</u>	<u>\$ 5,523,632</u>	<u>\$ (3,735,681)</u>	<u>\$ 7,758,488</u>	<u>\$ (3,679,096)</u>	<u>\$ (8,308,189)</u>



**County of Kings**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Workers' Compensation Self-Insurance	Fleet Management	Information Technology	Health Self- Insurance	Public Works	Total
<b>Operating Revenues</b>						
Charges for services	\$ 4,700,000	\$ 2,936,682	\$ 7,004,555	\$ -	\$ 6,515,845	\$ 21,157,082
Other revenues	157,526	230,026	-	17,128,187	6,994	17,522,733
Total Operating Revenues	<u>4,857,526</u>	<u>3,166,708</u>	<u>7,004,555</u>	<u>17,128,187</u>	<u>6,522,839</u>	<u>38,679,815</u>
<b>Operating Expenses</b>						
Salaries and employee benefits	-	388,679	2,532,579	-	2,991,616	5,912,874
Services and supplies	6,829,934	1,843,463	3,491,945	17,100,874	2,200,172	31,466,388
Administration	-	2,720	52,363	2,649	29,572	87,304
Depreciation and amortization	-	1,021,320	263,145	-	27,586	1,312,051
Total Operating Expenses	<u>6,829,934</u>	<u>3,256,182</u>	<u>6,340,032</u>	<u>17,103,523</u>	<u>5,248,946</u>	<u>38,778,617</u>
Operating Income (Loss)	<u>(1,972,408)</u>	<u>(89,474)</u>	<u>664,523</u>	<u>24,664</u>	<u>1,273,893</u>	<u>(98,802)</u>
<b>Non-operating Revenues (Expenses)</b>						
Investment earnings (loss)	(214,920)	(120,145)	(24,521)	(272,075)	(51,602)	(683,263)
Interest expense	-	-	(1,641)	-	-	(1,641)
Net gain/(loss) on sale of capital assets	-	169,209	1,634	-	(113)	170,730
Total Non-operating Revenue (Expenses)	<u>(214,920)</u>	<u>49,064</u>	<u>(24,528)</u>	<u>(272,075)</u>	<u>(51,715)</u>	<u>(514,174)</u>
Income (loss) before operating transfers	<u>(2,187,328)</u>	<u>(40,410)</u>	<u>639,995</u>	<u>(247,411)</u>	<u>1,222,178</u>	<u>(612,976)</u>
Transfers in	<u>-</u>	<u>301,000</u>	<u>459,988</u>	<u>-</u>	<u>78,170</u>	<u>839,158</u>
Change in Net Position (Deficit)	<u>(2,187,328)</u>	<u>260,590</u>	<u>1,099,983</u>	<u>(247,411)</u>	<u>1,300,348</u>	<u>226,182</u>
Net Position (Deficit), Beginning of Year	<u>(11,988,204)</u>	<u>5,263,042</u>	<u>(4,835,664)</u>	<u>8,005,899</u>	<u>(4,979,444)</u>	<u>(8,534,371)</u>
Net Position (Deficit), End of Year	<u>\$ (14,175,532)</u>	<u>\$ 5,523,632</u>	<u>\$ (3,735,681)</u>	<u>\$ 7,758,488</u>	<u>\$ (3,679,096)</u>	<u>\$ (8,308,189)</u>

**County of Kings**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Workers' Compensation Self-Insurance	Fleet Management	Information Technology
<b>Cash Flows from Operating Activities:</b>			
Receipts from interfund services provided	\$ 4,857,526	\$ 3,285,217	\$ 7,007,836
Payments to suppliers	(5,773,934)	(1,820,268)	(3,751,508)
Payments to and on behalf of employees	-	(556,045)	(3,971,586)
Payments for interfund services used	-	2,371	60,405
Net Cash Provided (Used) by Operating Activities	<u>(916,408)</u>	<u>911,275</u>	<u>(654,853)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers (to)/from other funds	-	301,000	459,988
Net Cash Provided (Used) by Non-capital Financing Activities	<u>-</u>	<u>301,000</u>	<u>459,988</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Interest paid	-	-	(1,641)
Principal payments made on leases	-	-	(175,172)
Proceeds from the sale of capital assets	-	201,310	1,634
Capital expenditures	-	(949,551)	9,259
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(748,241)</u>	<u>(165,920)</u>
<b>Cash Flows from Investing Activities:</b>			
Proceeds from sales and maturities of investments	9,341,830	4,983,000	1,382,688
Purchase of investments	(8,170,239)	(5,380,398)	(1,015,881)
Investment earnings (loss)	(214,920)	(120,145)	(24,521)
Net Cash Provided (Used) by Investing Activities	<u>956,671</u>	<u>(517,543)</u>	<u>342,286</u>
Net Increase (Decrease) in Cash and Cash Equivalents	40,263	(53,509)	(18,499)
Cash and Cash Equivalents, Beginning of Year	115,352	53,509	18,499
Cash and Cash Equivalents, End of Year	<u>\$ 155,615</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income/(loss)	\$ (1,972,408)	\$ (89,474)	\$ 664,523
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	1,021,320	263,145
(Increase) decrease in:			
Receivables, net	-	118,509	3,281
Deposits with others	-	-	-
Due from other funds	-	2,371	60,405
Inventories and prepaids	-	(52,314)	-
Advances from grantors and third parties	-	(3,379)	-
Accrued expenses payable	-	78,229	(232,869)
Lease liability	-	-	25,669
Compensated absences payable	-	-	(71,320)
Claims payable	1,056,000	20,721	-
Total OPEB liability and deferred resources	-	(184,708)	(30,432)
Net pension liability and deferred resources	-	-	(1,337,255)
Total Adjustments	<u>1,056,000</u>	<u>1,000,749</u>	<u>(1,319,376)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (916,408)</u>	<u>\$ 911,275</u>	<u>\$ (654,853)</u>

**County of Kings**  
**Combining Statement of Cash Flows (continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2022**

	Health Self- Insurance	Public Works	Total
<b>Cash Flows from Operating Activities:</b>			
Receipts from interfund services provided	\$ 17,223,195	\$ 6,523,510	\$ 38,897,284
Payments to suppliers	(16,683,494)	(2,012,200)	(30,041,404)
Payments to and on behalf of employees	-	(4,329,961)	(8,857,592)
Payments for interfund services used	3,055	30,073	95,904
Net Cash Provided (Used) by Operating Activities	<u>542,756</u>	<u>211,422</u>	<u>94,192</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers (to)/from other funds	-	78,170	839,158
Net Cash Provided (Used) by Non-capital Financing Activities	<u>-</u>	<u>78,170</u>	<u>839,158</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Interest paid	-	-	(1,641)
Principal payments made on leases	-	-	(175,172)
Proceeds from the sale of capital assets	-	-	202,944
Capital expenditures	-	(93,278)	(1,033,570)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(93,278)</u>	<u>(1,007,439)</u>
<b>Cash Flows from Investing Activities:</b>			
Proceeds from sales and maturities of investments	12,496,845	1,899,234	30,103,597
Purchase of investments	(12,666,473)	(2,067,527)	(29,300,518)
Investment earnings (loss)	(272,075)	(51,602)	(683,263)
Net Cash Provided (Used) by Investing Activities	<u>(441,703)</u>	<u>(219,895)</u>	<u>119,816</u>
Net Increase (Decrease) in Cash and Cash Equivalents	101,053	(23,581)	45,727
Cash and Cash Equivalents, Beginning of Year	80,978	23,581	291,919
Cash and Cash Equivalents, End of Year	<u>\$ 182,031</u>	<u>\$ -</u>	<u>\$ 337,646</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income/(loss)	\$ 24,664	\$ 1,273,893	\$ (98,802)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	27,586	1,312,051
(Increase) decrease in:			
Receivables, net	2,348	671	124,809
Deposits with others	64,070	-	64,070
Due from other funds	3,055	30,073	95,904
Inventories and prepaids	-	-	(52,314)
Advances from grantors and third parties	-	-	(3,379)
Accrued expenses payable	420,029	168,840	434,229
Lease liability	-	48,704	74,373
Compensated absences payable	-	18,542	(52,778)
Claims payable	-	-	1,076,721
Total OPEB liability and deferred resources	-	169,306	(45,834)
Net pension liability and deferred resources	-	(1,526,193)	(2,863,448)
Total Adjustments	<u>518,092</u>	<u>(1,062,471)</u>	<u>192,994</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 542,756</u>	<u>\$ 211,422</u>	<u>\$ 94,192</u>

## **County of Kings Fiduciary Funds Narrative**

Fiduciary Funds are used to account for funds held by the County on behalf of other agencies or governments.

Retiree Health Trust Fund – This fund accounts for assets held in a trustee 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 to assist with their health insurance premiums during retirement.

Public Administrator Custodial Fund – These funds consist of assets held by the County on behalf of individuals who have no other party to manage their estate.

Property Tax Collection Fund – The County performs the function of collecting taxes within the County. This fund consists of the property tax revenues collected and held in trust on behalf of the various local governments and special districts.

External Investment Custodial Funds – These funds consist of assets held in trust on behalf of other agencies and governments for which the County serves as an investment pool.

Other Custodial Funds – These represent the assets held on behalf of other organizations that do not fit into any of the other custodial fund categories.

**County of Kings**  
**Combining Statement of Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	<b>Custodial Funds</b>				<b>Total Combining Custodial Funds</b>
	<b>Public Administrator</b>	<b>Property Tax Collection</b>	<b>External Investment</b>	<b>Other Custodial</b>	
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 290,017	\$ 2,051,048	\$ 378,382	\$ 2,719,447
Imprest cash	-	-	-	1,900	1,900
Treasurer's investments	1,482,707	30,208,342	383,071,349	3,515,021	418,277,419
Deposit with others	-	-	-	170,000	170,000
Receivables	9,307	9,453,355	602,295	10,265	10,075,222
Total assets	<u>1,492,014</u>	<u>39,951,714</u>	<u>385,724,692</u>	<u>4,075,568</u>	<u>431,243,988</u>
<b>Liabilities</b>					
Accrued expenses payable	-	-	-	292	292
Due to other agencies	-	10,303,220	-	2,347,999	12,651,219
Unearned revenue	-	-	-	187,421	187,421
Other liabilities	-	-	-	495,626	495,626
Total liabilities	<u>-</u>	<u>10,303,220</u>	<u>-</u>	<u>3,031,338</u>	<u>13,334,558</u>
<b>Net position</b>					
Restricted for:					
Pool participants	-	-	385,724,692	-	385,724,692
Individuals and other governments	1,492,014	29,648,494	-	1,044,230	32,184,738
Net position held in trust	<u>\$ 1,492,014</u>	<u>\$ 29,648,494</u>	<u>\$ 385,724,692</u>	<u>\$ 1,044,230</u>	<u>\$ 417,909,430</u>

**County of Kings**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	<b>Custodial Funds</b>				<b>Total Combining Custodial Funds</b>
	<b>Public Administrator</b>	<b>Property Tax Collection</b>	<b>External Investment</b>	<b>Other Custodial</b>	
<b>Additions</b>					
Property tax collections	\$ -	\$ 96,553,186	\$ -	\$ 33,228	\$ 96,586,414
Other tax collections	-	195,403	-	-	195,403
Custodial fund collections	1,790,969	-	1,631,710,638	552,069	1,634,053,676
Other revenue	-	5,186,792	-	606,868	5,793,660
Investment earnings (loss)	(65,997)	(1,215,474)	(13,638,725)	(5,432)	(14,925,628)
Total additions	<u>1,724,972</u>	<u>100,719,907</u>	<u>1,618,071,913</u>	<u>1,186,733</u>	<u>1,721,703,525</u>
<b>Deductions</b>					
Custodial fund distributions	<u>228,930</u>	<u>94,875,014</u>	<u>1,582,386,256</u>	<u>1,940,943</u>	<u>1,679,431,143</u>
Total deductions	<u>228,930</u>	<u>94,875,014</u>	<u>1,582,386,256</u>	<u>1,940,943</u>	<u>1,679,431,143</u>
Change in fiduciary net position	1,496,042	5,844,893	35,685,657	(754,210)	42,272,382
Fiduciary net position, beginning	(4,028)	23,803,601	350,039,035	1,798,440	375,637,048
Fiduciary net position, ending	<u>\$ 1,492,014</u>	<u>\$ 29,648,494</u>	<u>\$ 385,724,692</u>	<u>\$ 1,044,230</u>	<u>\$ 417,909,430</u>