

STATE OF CALIFORNIA  
COUNTY OF KINGS

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2015

Rebecca Valenzuela, CPA, CGMA  
Director of Finance



**County of Kings**  
**For the Year Ended June 30, 2015**

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## **Introductory Section**



# COUNTY OF KINGS DEPARTMENT OF FINANCE

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December 10, 2015

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

The Comprehensive Annual Basic Financial Report of the County of Kings for the fiscal year ended June 30, 2015, is hereby submitted as mandated by Sections 25250 and 25253 of the Government Code of the State of California. These statutes require that the County publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

These financial statements were independently audited by the firm of Hudson Henderson and Company, LLP, licensed certified public accountants authorized to conduct audits in accordance with auditing standards generally accepted in the United States of America.

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

Hudson Henderson and Company, LLP, Certified Public Accountants, issued an unmodified ("clean") opinion on the County of Kings' financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standard governing the Single Audit engagement requires the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls over compliance involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement the MD&A and therefore, should be read in conjunction with the MD&A.

## Profile of the Government

The County of Kings, incorporated in 1893, is positioned midway between Los Angeles and the Bay Area, in the heart of California's San Joaquin Valley. The County covers 1,391 square miles with four incorporated cities within the County: Hanford, Lemoore, Corcoran, and Avenal. The City of Hanford is the County seat. Located seven miles West of Lemoore is Naval Air Station Lemoore, the home of the west coast fighter squadrons with a military and civilian workforce exceeding 10,000.

The County of Kings is home for two major State Prisons at Corcoran and Avenal with a total population in excess of 20,000. The County of Kings is bordered by Fresno County to the North, Kern County to the South, Tulare County to the East, Monterey County to the Northwest, and San Luis Obispo County to the Southwest. Los Angeles and San Francisco International Airports are each about 3 ½ hours away. Fresno Yosemite International Airport is 35 miles North and Visalia Municipal Airport is 15 miles East from the County's population centers.

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

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

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

The operations of some component units are so intertwined with those of the County of Kings that they function, for all practical purposes, as an integral part of the County despite their separate legal status and should be 'blended' with the financial statement reports in accordance with accounting principles generally accepted in the United States of America. Blended component units of the County include the Kings County Finance Authority for jail facility construction, and In-Home Supportive Services (I.H.S.S.) Public Authority Fund for providing in-house care for the elderly, blind, and disabled.

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

#### Local Economy

The County's current population is 149,721 and is projected for expansion to 167,465 by 2020, and to 218,394 by 2040. Kings County has a civilian workforce of 1,294 and the average annual unemployment rate is 9.1% percent as of August 2015.

The gross value of all agricultural crops and products produced during 2014 in Kings County was \$2,471,746,000. This represents an increase of \$204,568,000 (9%) from the 2013 record value.

Due to increases in milk prices, livestock and poultry had the largest increase in value at \$777,477,000 (25.2%). Fruit and nuts increased \$55,146,000,000 (10.7%) due to higher almond and pistachio acreage and prices. Higher processing tomato production and price led to an increase in vegetable crops of \$66,304,000 (43.3%). Milk, valued at \$970,330,000, continues to be the top commodity.

The government sector in Kings County accounts for 24.9% of all jobs and represents the largest source of employment in the County. Other sectors, such as Agriculture (16.5%); Trade (10.8%); Manufacturing (8.2%); Educational and Health Services (19.6%); Leisure and Hospitality (10.7%); Professional Business Services and Financial Activities (8.5%); Transportation and Warehousing and Utilities (4.7%); and Construction (3.7%) represent the other major contributors of jobs to the local economy.

#### Factors Affecting Financial Condition

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

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

The slow recovery from the recent recession along with the ongoing drought conditions in Kings County, continue to provide challenges. 2014-15 State revenues grew at a much faster pace than expected. As a result the State is in the position to pay local governments for pre-2004 state mandates. Kings County is in the position to receive approximately \$1.3 million as well as an additional \$300,000 in interest owed on these payments. The first of these payments were received by the County in early 2015-16.

The County's General Purpose Fund had revenues that exceeded expenditures by \$2.4 million. A total of \$1.5 million was transferred out for the support of the ongoing operations of the Fire Department (\$987 thousand), office remodels paid out of the Capital Projects fund (\$303 thousand) and refunding Lease Revenue Bonds in the Debt Service Fund (\$250 thousand). This resulted in a residual general fund balance of \$27.3 million as of June 30, 2015.

Major Initiatives

On January 16, 2014, Kings County was conditionally awarded an additional \$20 million for the expansion of the jail under SB 1022. The focus of this project will be on beds and program space which will likely assist in the reduction of recidivism.

On April 9, 2015, Kings County was conditionally awarded \$9,600,000 in State lease-revenue bond funding for the

Ongoing capital projects include:

<u>Project</u>	<u>15/16 Budget</u>	
Jail Improvements	\$20,432,451	SB 1022
Juvenile Detention Remodel	\$11,663,000	SB 81
		Other financing

Projects due for completion in 2016 include:

The AB 900 Jail Expansion Project is scheduled for completion in spring 2016. This project was funded in part with a \$33 million state award, the remaining \$10 million is funded through issuance of bonds and County matching funds.

This project will include 170 additional beds for inmates to avoid early releases. This expansion is necessary due to the effect of realignment of State prisoners to the County Jail. This expansion is possible due to State funding of \$33 million.

<u>Project</u>	<u>15/16 Budget</u>	
New Jail	\$34,848,413	AB 900 funding Impact fees Other financing
Jail Tunnel	\$2,126,100	State funding for Realignment 2011

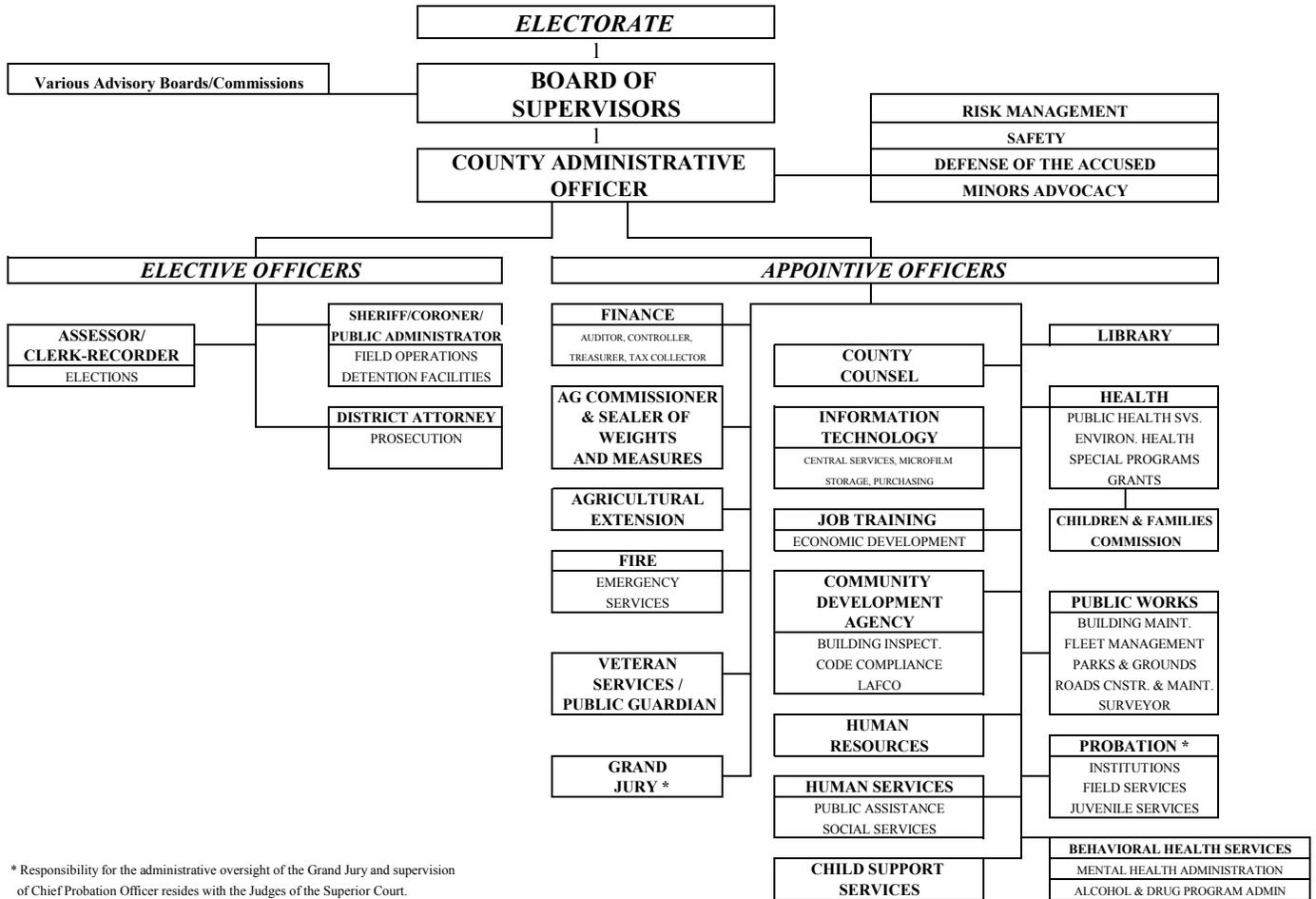
Acknowledgements

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

Respectfully submitted,

Rebecca Valenzuela, CPA CGMA  
Director of Finance

# ORGANIZATION OF KINGS COUNTY GOVERNMENT



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

**County of Kings**  
**List of Elected and Appointed Officials**  
**June 30, 2015**

**ELECTED OFFICIALS**

Supervisor – District 1	Joe Neves
Supervisor – District 2	Richard Valle
Supervisor – District 3	Doug Verboon
Supervisor – District 4	Craig Pedersen
Supervisor – District 5	Richard Fagundes
Assessor/Clerk Recorder	Kristine Lee
District Attorney	Keith Fagundes
Sheriff/Coroner/Public Administrator	David Robinson

**APPOINTED OFFICIALS**

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

**Financial Section**



**HUDSON HENDERSON & COMPANY, LLP**  
*Certified Public Accountants*

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Supervisors  
County of Kings, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis-of-Matter**

As described in Note 1 to the financial statements, in 2015, the County adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to these matters.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability, schedule of plan contributions, schedule of funding progress and budgetary comparison information for the General and Road Fund on pages 4-13 and 58-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

The combining and individual nonmajor fund financial statements as well as the budgetary comparison schedules for the Debt Service Fund and Capital Project Fund along with the nonmajor budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements as well as the budgetary comparison schedules for the Debt Service Fund and Capital Project Fund along with the nonmajor budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

HUDSON HENDERSON & COMPANY, LLP

A handwritten signature in black ink that reads "Hudson Henderson + Co., LLP". The signature is written in a cursive, slightly slanted style.

Clovis, California  
December 10, 2015

**County of Kings**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2015**

As management of the County of Kings (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of Kings for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i to iii of this report. Readers should also review the notes that pertain to the basic financial statements to enhance their understanding of the County's financial performance. All amounts, unless otherwise indicated, are expressed in whole dollars.

**Financial Highlights**

- The assets and deferred inflows of the County exceeded its liabilities and deferred outflows at the close of the most recent fiscal year by \$32,974,773 (net position) and from this amount \$(78,595,202) (unrestricted net position) may be used to meet the County's ongoing obligations to citizens and creditors. (see page 14, Statement of Net Position)
- The County's total net position decreased by \$(99,519,973) or 75.11% in fiscal year 2015 compared to fiscal year 2014. The amount invested by the County in capital assets (net of related debt) increased by 40.81% or \$32,309,588. (see page 14 Statement of Net Position)
- Restricted assets set aside for debt decreased to \$92,670 in fiscal year 2015 compared to \$885,052 in fiscal year 2014. No funds for construction were restricted in fiscal years 2014 and 2015.
- Current and other assets decreased by \$(2,812,159) in fiscal year 2015 while capital assets increased by \$13,370,901 compared to fiscal year 2014.
- The County's total liabilities increased by \$93,485,503 (98.66%) during the current fiscal year.
- The Statement of Activities (page 15) shows program expenditures for primary government programs in fiscal year 2015 to be \$209,367,405. Program revenues of \$179,286,748 derived from charges for services \$11,094,422, operating grants/contributions \$160,421,374, and capital grants and contributions \$7,770,952. The remaining balance of \$30,080,657 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 \$55,174,045, an increase of \$2,368,232 or 4.48% in comparison with fiscal year 2014.
- \$26,798,373 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 \$27,142,140 or 15.71% of total General Fund expenditures.

**County of Kings**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2015**

**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 required supplementary information and other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the County's assets, deferred outflows, liabilities, and deferred inflows 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.

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

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

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing

**County of Kings**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2015**

decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Debt Service Fund, Capital Projects Fund, and the Road Fund (a special revenue fund), all of which are considered major funds. Data from the remaining governmental funds, which represent special revenue funds, are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial 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 24-25 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and governmental fund financial statements. The notes to the financial statements can be found on pages 26-56 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. In addition, a budgetary comparison schedule for the General Fund and for the Road fund is required in order to demonstrate compliance with the annual adopted budget. Required supplementary information can be found on pages 58-63 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 65-90 of this report.

**County of Kings  
Management Discussion and Analysis  
For the Year Ended June 30, 2015**

**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 \$32,974,773 at the close of the most recent fiscal year.

		<b>County of Kings Net Position Governmental Activities</b>	
		<b>2015</b>	<b>2014</b>
Assets:			
Current assets and other assets	\$	112,407,626	\$ 115,219,785
Capital Assets		125,397,543	112,026,642
Total assets		<u>237,805,169</u>	<u>227,246,427</u>
Deferred outflows:			
		<u>12,975,439</u>	<u>-</u>
Liabilities:			
Long-term liabilities outstanding		132,444,514	46,602,348
Other liabilities		55,792,670	48,149,333
Total liabilities		<u>188,237,184</u>	<u>94,751,681</u>
Deferred inflows:			
		<u>29,568,651</u>	<u>-</u>
Net position:			
Net investment in capital assets		111,477,305	79,167,717
Restricted		92,670	885,052
Unrestricted		(78,595,202)	52,441,977
Total Net Position	\$	<u><u>32,974,773</u></u>	\$ <u><u>132,494,746</u></u>

The largest portion of the County's net assets, \$111,477,305 (338.07%), reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, construction in progress, and infrastructure), less any related outstanding debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position amounting to \$92,670 (0.28%) 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. For fiscal years 2015 and 2014 there were no restricted funds set aside for ongoing construction. The remaining balance of unrestricted net assets of \$(78,595,202) ((238.35)%) is primarily the result of the County's unfunded pension.

The County's total net position decreased by \$(99,519,973) or (75.11)%. Following the logic of the Statement of Activities this decrease can be explained by the prior period adjustment that reflects the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 which is reporting the net pension liability beginning balance. Details can found in the Note 17. GASB Statement No. 34 dictates that ten principal categories constitute Governmental Activities as shown on page 14. The General Revenue sources are listed on page 14 and shown below.

**County of Kings  
Management Discussion and Analysis  
For the Year Ended June 30, 2015**

Total liabilities increased by \$93,485,503 in fiscal year 2015. Liabilities are reported net of impact fees that are considered property tax revenues for government-wide reporting purposes rather than as an unearned liability for governmental funds. Liabilities include continued debt service payments for the pension obligation bonds \$7,087,884, lease revenue bonds of \$7,190,000, and capital leases of \$17,911,706.

**Governmental activities.** Governmental activities increased the County net position by \$11,550,739. Key elements of the increase in net position are as follows:

		<b>County of Kings Changes in Net Position Governmental Activities</b>	
		<u>2015</u>	<u>2014</u>
Revenues:			
Program Revenues:			
Charges for services	\$	11,094,422	\$ 12,007,131
Operating grants and contributions		160,421,374	139,720,063
Capital grants and contributions		7,770,952	8,228,509
General Revenues:			
Property taxes		27,236,392	26,259,585
Other tax revenue		5,196,011	3,921,676
Other		7,145,656	5,978,602
Total revenues		<u>218,864,807</u>	<u>196,115,566</u>
Expenses:			
General government		27,433,240	22,481,125
Public safety		68,164,007	66,234,449
Public ways and facilities		126,620	70,540
Highways and streets		9,194,805	7,638,948
Health and sanitation		25,819,767	26,324,341
Public assistance		72,853,951	68,281,588
Education		2,027,049	2,014,495
Culture and recreation		2,335,825	2,808,263
Unallocated depreciation		-	1,115,618
Interest on long-term debt		1,412,141	1,199,536
Total expenses		<u>209,367,405</u>	<u>198,168,903</u>
Change in net position		9,497,402	(2,053,337)
Beginning net position		132,494,746	134,548,083
Prior period adjustment		(109,017,375)	-
Ending net position	\$	<u>32,974,773</u>	\$ <u>132,494,746</u>

- Property tax revenues increased \$976,807 or 3.72% during fiscal year 2015. Assessed values of properties increased 1.22% from fiscal year 2014. However, total delinquencies decreased approximately to \$5,189,718 (13.00%) from \$5,971,411 the prior year due to less foreclosures and the County coming out of the recession.

**County of Kings**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2015**

- Sales taxes increased \$1,124,406 or 46.13%. Early estimates for fiscal year 2016 based on research and data provided by Hinderliter de Llamas and Associates project an upswing in sales tax revenues for the San Joaquin Valley in general.
- Franchise taxes increased \$146,095 or 12.41%. Franchise Taxes are derived from companies with telephone 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.
- Rents and concessions revenue decreased by \$24,411.
- Tribal gaming revenues were \$900,000 in fiscal year 2015 as there was no additional State funding above the \$900,000 contributed by the Tachi Palace Hotel and Casino.
- The \$20,701,311 (net) increased in operating grants and contributions can be attributed to increases of \$1,701,762 from general government, \$16,106,032 from public safety, and \$4,837,726 from public assistance. This was offset by decreases in health \$1,281,081, education \$1,970, and culture and recreation \$661,158.
- Investment earnings increased by \$266,912 as historically low interest rates continue unabated. Average investment returns increased from 0.53% fiscal year 2014 to 0.62% in fiscal year 2015. This is the net yield on pooled treasury funds, the rate pooled investments earn after expenses are deducted for administration and fees, from the Kings County Report of Interest Earnings.
- Miscellaneous revenues, the catch-all category on the Statement of Activities, witnessed a decrease of \$(360,612) or 5.27%. This was primarily due to fewer programs in the General Fund which decreased the Miscellaneous Revenues in the amount of \$564,079.

**Financial Analysis of the County's Funds**

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

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$55,174,045, an increase of \$2,368,232 4.48% in comparison with the prior fiscal year. Approximately 0.49% of this total amount or \$26,798,373 constitutes unassigned fund balance, which is available for spending at the County's discretion. A total of \$12,248,617 has been assigned, or

**County of Kings**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2015**

constrained for use by the County's intent to be used for a specific purpose, but is neither restricted or committed, of this amount \$11,138,955 is for the purposes of capital projects, \$1,084,532 is for the purpose of repayment of debt service, and imprest cash, \$25,130. The remainder of fund balance is restricted, resources subject to external restrictions on their use, or by enabling legislation (1) to pay debt service \$92,670, and (2) for other restricted purposes \$16,034,385.

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 \$27,142,140, while total ending fund balance for the General Fund at the conclusion of fiscal year 2015 was \$27,259,940. 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 15.71% of total General Fund's expenditures, while total fund balance represents 15.78% of that same amount.

**General Fund.** In fiscal year 2015, the County's General Fund revenues exceeded expenditures by \$2,378,143. A total of \$1,540,698 was transferred out to the following funds: Debt Service 249,999, Capital Projects \$303,363 and Nonmajor Governmental Funds 987,336. A total of \$250,228 of capital lease proceeds were received from new capital leases in the current year. This increase to fund balance left a residual General Fund balance of \$27,259,940.

Total expenditures increased in the General Fund by \$10,437,100 (\$172,776,607 vs. \$162,339,507 in 2014). The following factors contributed to the additional operating expenditures:

- General government expenditures from the General Fund increased \$2,928,622 due to a general increase in departmental expenditures.
- Public Safety expenditures from the General Fund increased in fiscal year 2015 to \$53,597,551 from \$52,533,506 in fiscal year 2014. The expenditures increased in part due to Public Safety Realignment at the State level.
- Public Assistance expenditures from the General Fund increased by \$5,906,247. The increase was primarily due to an increase in Foster Care expenditures

**Debt Service fund.** The County Debt Service Fund has a total fund balance of \$1,084,532 that is comparable to the prior fiscal year, all of which is reserved for the payment of debt service. The County issued lease revenue bonds for the main jail facility construction project with revenues derived from the Criminal Justice Facilities Fund, which represent a portion of the penalty assessments by the Judicial Courts, have been pledged to pay the debt service.

**Capital Projects fund.** The County Capital Projects Fund balance increased \$2,144,636 due to the difference between actual capital outlay revenues and expenditures. Impact fees have been transferred to the Capital Projects Fund due to construction of the Jail expansion project. Major capital outlays included \$12 million toward the new jail construction, \$2 million for the jail tunnel project and \$1 million to complete the new morgue.

**Road fund.** The County Road Fund has a total fund balance of \$9,520,744 as of June 30, 2015. This fund holds assets of \$9,520,744, of which \$7,937,586 are invested in the County's portfolio. This fund has no liabilities.

**Nonmajor funds.** These funds represent special revenue funds that account for proceeds of specific

**County of Kings**  
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**For the Year Ended June 30, 2015**

revenue sources that are restricted to expenditures for specified purposes. The nonmajor fund balance minimally increased by \$487,413. To comply with GASB Statement 61 the Families First Five Commission was removed from the primary government, nonmajor governmental funds and discretely presented as a component unit.

**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 2015 amounted to \$(4,924,928). Net position decreased due to the implementation of GASB Statement 68, reporting a net pension liability of \$6,704,961.

**General Fund Budgetary Highlights**

The County's final budget of the General Fund differs from the original budget in that it contains carry-forward appropriations for various programs and projects, and supplemental appropriations approved during the fiscal year. Differences between the original budget and the final amended budget of \$493,666 net increased in appropriations are briefly summarized as follows:

- Assessor department decreased appropriations \$368,166.
- Board of Supervisors department increased appropriations \$107,808.
- District Attorney department increased appropriations \$135,751.
- Finance department increased appropriations \$504,558.
- Health department increased appropriations \$177,624.
- Sheriff department decreased appropriations \$283,223.

Overall, the County's actual General Fund revenues were less than budgeted during fiscal year 2015 by \$(3,268,020) or (1.83)%. Revenues that had significant variances include the following:

- Board of Supervisor revenues were more than budgeted by \$3,406,489 or 7.76%.
- Administrative Office revenues were less than budgeted by \$2,584,500 or 31.55%.
- Health revenues were less than budgeted by \$1,522,533 or 15.25%.
- Human Services Agency were less than budgeted by \$2,251,963 or 3.31%.

**County of Kings  
Management Discussion and Analysis  
For the Year Ended June 30, 2015**

**Capital Assets and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$125,397,543 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, roads, bridges, and water and sewer systems. The total increase in the County's investment in capital assets for the current fiscal year was 11.94% for governmental activities.

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

	2015	2014
Land	\$ 6,958,299	\$ 6,958,299
Structures and improvements	75,749,297	75,686,913
Equipment	13,625,708	12,472,056
Construction in progress	18,239,562	5,004,695
Infrastructure	10,824,677	11,904,679
Total	\$ 125,397,543	\$ 112,026,642

Additional information on the County of Kings' capital assets can be found in note 1.A. (page 33), and note 4 (page 38) of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$14,277,884. From this amount, \$7,087,884 (Pension Obligation) comprises debt backed by the full faith and credit of the County and the remaining amount of \$7,190,000 (Lease Revenue) represents bonds secured by specified revenue sources that are collateralized by certain buildings of the County. In addition, the County of Kings has total capital leases outstanding of \$17,911,706.

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

	2015	2014
Pension Obligation Bonds	\$ 7,087,884	\$ 7,780,976
Lease Revenue Bonds	-	8,090,000
Lease Revenue Bonds - refunding	7,190,000	-
Capital Leases	17,911,706	13,910,045
Total	\$ 32,189,590	\$ 29,781,021

The County of Kings bonded debt decreased by \$1,593,092 or (-10.04%) and capital lease obligations outstanding increased by \$4,001,661 (28.77%) during the current fiscal year representing principal reductions from bond and significant increases in lease payments.

The Lease Revenue Bonds issued by the Kings County Financing Authority in 2005, have been refunded. Total savings by refunding the bonds are \$581,394 with an interest rate lock of 3.07%.

**County of Kings**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2015**

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 \$450,593,945, 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 (pages 33-34) and Notes 7 and 8 (pages 40-44) of this report.

**Budget and Economic Factors**

- The unemployment rate for Kings County is currently 9.60%, which is a decrease from a rate of 12.10% during fiscal year 2014. The unemployment rate for the State has been reported to be 6.1% and remain steady. The State unemployment rate was approximately 7.4% a year ago.
- The 2015-2016 County's Final Budget included an overall budget of \$324 million, which is 15 million or 4% more than the fiscal year final budget.
- Total allocated positions are 1,294.00 full-time equivalents (FTEs), which is 183 FTEs more than adopted in the 2014-2015 budget.

**Requests for Information**

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

**County of Kings**  
**Statement of Net Position**  
**June 30, 2015**

	Primary Government	Component Unit
	Governmental Activities	First 5 - Children and Families Commission
<b>Assets</b>		
Cash and cash equivalents	\$ 14,400,332	\$ 272,093
Investments	80,920,670	1,844,252
Receivables	16,805,526	318,728
Inventories and prepaids	188,428	-
Restricted assets	92,670	-
Capital assets, not being depreciated	25,197,861	-
Capital assets, net of accumulated depreciation	100,199,682	-
Total assets	237,805,169	2,435,073
<b>Deferred outflows of resources</b>		
Deferred lease	3,991,468	-
Deferred pensions	8,983,971	19,212
Total deferred outflows of resources	12,975,439	19,212
<b>Liabilities</b>		
Accounts payable and other current liabilities	10,301,248	110,049
Accrued interest payable	3,633,571	-
Due to other governments	25,733	-
Advances from grantors and third parties	32,931,821	-
Long-term liabilities		
Portion due within one year:		
Claims payable	3,229,705	-
Capital lease obligations	1,350,037	-
Pension obligation bonds	709,471	-
Lease revenue bonds	455,000	-
Compensated absences	3,156,084	5,289
Portion due in more than one year:		
Claims payable	9,916,295	-
Capital lease obligations	16,561,669	-
Pension obligation bonds	6,378,413	-
Lease revenue bonds	6,735,000	-
Compensated absences	3,032,315	5,081
Net OPEB obligation	5,213,146	-
Net pension liability	84,607,676	186,969
Total liabilities	188,237,184	307,388
<b>Deferred inflows of resources</b>		
Deferred pensions	29,568,651	63,921
Total deferred inflows of resources	29,568,651	63,921
<b>Net Position</b>		
Net investment in capital assets	111,477,305	-
Restricted for debt service	92,670	-
Unrestricted	(78,595,202)	2,082,976
Total Net Position	\$ 32,974,773	\$ 2,082,976

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



**County of Kings  
Balance Sheet  
Governmental Funds  
June 30, 2015**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Road</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Assets</b>						
Cash and cash equivalents	\$ 8,183,005	\$ 148,686	\$ 1,089,867	\$ 1,264,178	\$ 1,229,222	\$ 11,914,958
Imprest cash	25,130	-	-	-	654	25,784
Treasurer's investments	48,183,985	934,226	4,629,537	7,937,586	5,931,976	67,617,310
Deposit with others	25,000	-	-	-	73,272	98,272
Investments	446,782	-	-	-	-	446,782
Receivables	7,485,381	1,620	8,225,993	318,980	617,504	16,649,478
Due from other funds	101,699	-	-	-	-	101,699
Due from other governments	8,412	-	-	-	-	8,412
Deposit with others - restricted	92,670	-	-	-	-	92,670
	<u>64,552,064</u>	<u>1,084,532</u>	<u>13,945,397</u>	<u>9,520,744</u>	<u>7,852,628</u>	<u>96,955,365</u>
<b>Deferred Outflows of Resources</b>						
Deferred outflow - lease	-	-	3,991,468	-	-	3,991,468
	<u>-</u>	<u>-</u>	<u>3,991,468</u>	<u>-</u>	<u>-</u>	<u>3,991,468</u>
Total Deferred Outflows of Resources	-	-	3,991,468	-	-	3,991,468
	<u>-</u>	<u>-</u>	<u>3,991,468</u>	<u>-</u>	<u>-</u>	<u>3,991,468</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 64,552,064</u>	<u>\$ 1,084,532</u>	<u>\$17,936,865</u>	<u>\$ 9,520,744</u>	<u>\$ 7,852,628</u>	<u>\$ 100,946,833</u>
<b>Liabilities</b>						
Accrued expenses payable	\$ 4,211,443	\$ -	\$ 4,043,344	\$ -	\$ 1,078,381	\$ 9,333,168
Advances from grantors and third parties	30,167,667	-	2,754,566	-	-	32,922,233
Due to other funds	813,158	-	-	-	227,958	1,041,116
Due to other governments	25,733	-	-	-	-	25,733
	<u>35,218,001</u>	<u>-</u>	<u>6,797,910</u>	<u>-</u>	<u>1,306,339</u>	<u>43,322,250</u>
Total Liabilities	35,218,001	-	6,797,910	-	1,306,339	43,322,250
<b>Deferred Inflows of Resources</b>						
Deferred inflow from property taxes	914,360	-	-	-	376,415	1,290,775
Deferred inflow from grantors	1,159,763	-	-	-	-	1,159,763
Total Deferred Inflows of Resources	2,074,123	-	-	-	376,415	2,450,538
	<u>2,074,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>376,415</u>	<u>2,450,538</u>
<b>Fund Balances</b>						
Restricted	92,670	-	-	9,520,744	6,513,641	16,127,055
Assigned	25,130	1,084,532	11,138,955	-	-	12,248,617
Unassigned	27,142,140	-	-	-	(343,767)	26,798,373
	<u>27,259,940</u>	<u>1,084,532</u>	<u>11,138,955</u>	<u>9,520,744</u>	<u>6,169,874</u>	<u>55,174,045</u>
Total Fund Balances	27,259,940	1,084,532	11,138,955	9,520,744	6,169,874	55,174,045
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 64,552,064</u>	<u>\$ 1,084,532</u>	<u>\$17,936,865</u>	<u>\$ 9,520,744</u>	<u>\$ 7,852,628</u>	<u>\$ 100,946,833</u>

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

**County of Kings**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2015**

Total fund balances - total governmental funds		\$ 55,174,045
Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds		119,736,810
Deferred outflows of pension contributions reported in the Statement of Net Position		8,287,519
Certain accrued revenues are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds.		
Property taxes	\$ 1,290,775	
Impact fees	<u>1,159,763</u>	2,450,538
Accrued interest payable represents interest incurred, but is not yet due, as of the end of the fiscal year. Governmental funds recognize interest payable when due since this requires the use of current financial resources.		
Pension obligation bonds	(3,540,057)	
Lease revenue bonds	(28,665)	
Capital leases	<u>(64,849)</u>	(3,633,571)
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.		486,225
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Pension obligation bonds	(7,087,884)	
Lease revenue bonds	(7,190,000)	
Capital leases	(17,662,126)	
Compensated absences	(5,569,560)	
General liability - IBNR	(1,625,000)	
Net OPEB obligation	(5,213,146)	
Net pension liability	<u>(77,902,715)</u>	(122,250,431)
Deferred inflows of pension contributions reported in the Statement of Net Position		<u>(27,276,362)</u>
Total net position - governmental activities		<u>\$ 32,974,773</u>

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

**County of Kings**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Road</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Taxes:						
Property taxes	\$ 19,194,050	\$ -	\$ -	\$ -	\$ 8,119,267	\$ 27,313,317
Sales tax	2,677,661	-	-	884,247	-	3,561,908
Franchise taxes	1,323,427	-	-	-	-	1,323,427
Hotel taxes	310,676	-	-	-	-	310,676
Licenses and permits	543,986	-	-	-	-	543,986
Fines and forfeits	878,679	-	-	159,687	629,517	1,667,883
Intergovernmental revenues	137,937,066	-	13,277,913	7,009,638	9,996,230	168,220,847
Charges for services	8,191,363	-	-	-	57,435	8,248,798
Rents and concessions	619,537	-	-	-	690	620,227
Investment earnings	414,025	17,564	53,967	64,964	47,206	597,726
Contributions and donations	2,886	-	-	-	10,642	13,528
Miscellaneous revenues	3,061,394	393	-	55,136	3,368,516	6,485,439
Total Revenues	<u>175,154,750</u>	<u>17,957</u>	<u>13,331,880</u>	<u>8,173,672</u>	<u>22,229,503</u>	<u>218,907,762</u>
<b>Expenditures</b>						
Current:						
General government	19,653,563	-	21,033	-	-	19,674,596
Public safety	53,597,551	-	-	-	13,731,144	67,328,695
Public ways and facilities	-	126,249	371	-	-	126,620
Highways and streets	-	-	-	9,194,805	-	9,194,805
Health	25,703,770	-	-	-	-	25,703,770
Public assistance	66,496,604	-	-	-	5,690,259	72,186,863
Education	194,861	-	-	-	1,812,850	2,007,711
Recreation	2,335,825	-	-	-	-	2,335,825
Debt Service:						
Debt Service	1,449,692	8,090,000	-	-	402,146	9,941,838
Interest expense	813,697	540,486	-	-	107,888	1,462,071
Capital Outlay	2,531,044	-	16,353,936	-	316,062	19,201,042
Total Expenditures	<u>172,776,607</u>	<u>8,756,735</u>	<u>16,375,340</u>	<u>9,194,805</u>	<u>22,060,349</u>	<u>229,163,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,378,143</u>	<u>(8,738,778)</u>	<u>(3,043,460)</u>	<u>(1,021,133)</u>	<u>169,154</u>	<u>(10,256,074)</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	145,022	907,305	303,363	-	987,336	2,343,026
Transfers out	(1,540,698)	-	-	-	(802,328)	(2,343,026)
Capital leases-other financing sources	250,228	-	4,985,000	-	172,880	5,408,108
Other financing sources - refunding bonds	-	7,190,000	-	-	-	7,190,000
Total Other Financing Sources (Uses)	<u>(1,145,448)</u>	<u>8,097,305</u>	<u>5,288,363</u>	<u>-</u>	<u>357,888</u>	<u>12,598,108</u>
Net change in fund balances	1,232,695	(641,473)	2,244,903	(1,021,133)	527,042	2,342,034
Fund Balances - Beginning	25,755,906	1,730,690	8,994,319	10,642,437	5,682,461	52,805,813
Prior Period Adjustment	271,339	(4,685)	(100,267)	(100,560)	(39,629)	26,198
Fund Balances - Ending	<u>\$ 27,259,940</u>	<u>\$ 1,084,532</u>	<u>\$11,138,955</u>	<u>\$ 9,520,744</u>	<u>\$ 6,169,874</u>	<u>\$ 55,174,045</u>

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

**County of Kings**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2015**

Net change in fund balances - total governmental funds \$ 2,342,034

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

Depreciation	\$ (6,010,920)	
Capital outlays	<u>19,201,042</u>	13,190,122

The net effect from sale, trade-in transactions and transfers involving capital assets is to decrease net assets. (93,729)

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

Property tax receivables	(76,925)	
Intergovernmental revenues	<u>(306,658)</u>	(383,583)

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	693,092	
Capital leases	1,158,746	
Lease revenue bonds	8,090,000	
offset by the reversal of loan and capital lease proceeds	<u>(12,598,108)</u>	(2,656,270)

Certain expenses reported in the statement of activities do not require the use of financial resources and, therefore, are not reported as expenditures in the governmental funds. In the governmental activities, expense and liabilities are reported when amounts are due and payable.

General liability - Claims payable	(61,000)	
Accrued Interest	105,554	
Net pension liability	<u>837,983</u>	882,537

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 for the Net OPEB Obligation and Compensated Absences.

Net OPEB obligation	(937,716)	
Compensated absences	<u>(560,170)</u>	(1,497,886)

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 (expenses) of activities from internal service funds is reported within governmental activities.

(2,285,823)

Change in net assets of governmental activities \$ 9,497,402

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

**County of Kings  
Statement of Net Position  
Proprietary Funds  
June 30, 2015**

	<u>Internal Service Funds</u>
<b>Assets</b>	
Current Assets	
Cash and cash equivalents	\$ 2,070,988
Imprest cash	330
Treasurer's investments	12,856,578
Deposit with others	290,000
Receivables	122,030
Due from other funds	1,040,237
Due from other governments	25,606
Inventories and prepaids	<u>188,428</u>
Total Current Assets	<u>16,594,197</u>
Noncurrent Assets	
Capital assets:	
Equipment	15,505,029
Accumulated depreciation - Equipment	<u>(9,844,296)</u>
Total capital assets (net of accumulated depreciation)	<u>5,660,733</u>
Total Noncurrent Assets	<u>5,660,733</u>
Total Assets	<u>22,254,930</u>
<b>Deferred Outflows of Resources</b>	
Deferred outflows for contributions	<u>696,452</u>
<b>Liabilities</b>	
Current Liabilities	
Accrued expenses payable	968,080
Due to other funds	100,820
Advances from grantors and third parties	9,588
Capital leases payable	167,083
Claims payable	2,632,888
Compensated absences payable	<u>315,608</u>
Total Current Liabilities	<u>4,194,067</u>
Noncurrent Liabilities	
Leases payable	82,497
Claims payable	8,888,112
Compensated absences payable	303,231
Net pension liability	<u>6,704,961</u>
Total Noncurrent Liabilities	<u>15,978,801</u>
Total Liabilities	<u>20,172,868</u>
<b>Deferred Inflows of Resources</b>	
Deferred inflows of resources - actuarial	<u>2,292,289</u>
<b>Net Position</b>	
Net investment in capital assets	5,411,153
Unrestricted	<u>(4,924,928)</u>
Total Net Position	<u>\$ 486,225</u>

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

**County of Kings**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<u>Internal Service Funds</u>
<b>Operating Revenues</b>	
Charges for services	\$ 23,710,159
Miscellaneous revenues	<u>13,564,684</u>
Total Operating Revenues	<u>37,274,843</u>
<b>Operating Expenses</b>	
Salaries and employee benefits	21,711,736
Services and supplies	15,548,642
Administration	1,280,176
Depreciation	<u>1,378,967</u>
Total Operating Expenses	<u>39,919,521</u>
Operating Income (Loss)	<u>(2,644,678)</u>
<b>Nonoperating Revenues (Expenses)</b>	
Intergovernmental revenues	278,137
Investment earnings	62,491
Interest expense	(55,624)
Net gain/(loss) on sale of assets	<u>73,851</u>
Total Nonoperating Revenues (Expenses)	<u>358,855</u>
Change in net position	(2,285,823)
Net position, beginning of year	11,572,266
Prior period adjustment	<u>(8,800,218)</u>
Net position, end of year	<u><u>\$ 486,225</u></u>

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

**County of Kings  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2015**

	<u>Internal Service Funds</u>
<b>Cash Flows from Operating Activities</b>	
Receipts from interfund services provided	\$ 37,278,587
Payments to suppliers	(16,771,999)
Payments to and on behalf of employees	(21,196,277)
Payments for interfund services used	(419,647)
Net Cash Provided (Used) by Operating Activities	<u>(1,109,336)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Intergovernmental revenues	<u>278,137</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>278,137</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Interest expense	<u>(55,624)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(55,624)</u>
<b>Cash Flows from Investing Activities</b>	
Proceeds from sales and maturities of investments	16,492,725
Purchase of investments	(13,748,994)
Investment earnings	62,491
Net Cash Provided (Used) by Investing Activities	<u>2,806,222</u>
Net Increase in Cash and Cash Equivalents	1,919,399
Cash and Cash Equivalents, Beginning of Year	151,589
Cash and Cash Equivalents, End of Year	<u>\$ 2,070,988</u>
<b>Non-Cash Operating, Capital and Related Financing and Investing Activities</b>	
Assets acquired under capital lease	<u>\$ 20,068</u>
Total noncash capital and related financing activities	<u>\$ 20,068</u>

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

**County of Kings**  
**Statement of Cash Flows**  
**Proprietary Funds (continued)**  
**For the Year Ended June 30, 2015**

	<u>Internal Service Funds</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>	
Operating income (loss)	\$ <u>(2,644,678)</u>
Adjustments to Reconcile Operating Income (Loss)	
Depreciation expense	1,378,967
Net gain on sale of assets	73,851
(Increase) Decrease in receivables	58,017
(Increase) Decrease in deposits with others	(210,000)
(Increase) Decrease in due from other funds	(124,967)
(Increase) Decrease in due from other governments	(3,135)
(Increase) Decrease in inventories and prepaids	22,397
Increase (Decrease) in advances from grantors and third parties	(22)
Increase (Decrease) in accrued expenses payable	(138,574)
Increase (Decrease) in due to other funds	4,243
Increase (Decrease) in capital leases payable	(250,894)
Increase (Decrease) in compensated absences payable	(21,541)
Increase (Decrease) in claims payable	747,000
Total adjustments	<u>1,535,342</u>
Net Cash Provided By (Used For) Operating Activities	<u>\$ (1,109,336)</u>

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

**County of Kings**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	Retiree Health	
	Trust	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 67,560	\$ 27,225,603
Treasurer's investments	423,336	173,196,737
Deposit with others	-	1,787,512
Receivables	-	10,884,855
Prepaid expenses	-	129,635
Total Assets	490,896	213,224,342
<b>Liabilities</b>		
Due to other agencies	-	213,224,342
Total Liabilities	-	213,224,342
<b>Net Position</b>		
Net position held in trust	\$ 490,896	\$ -

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

**County of Kings**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2015**

	<u>Retiree Health Trust</u>
<b>Additions</b>	
Contributions	
Employer contributions	\$ 169,753
Plan members contributions	<u>70,545</u>
Total contributions	240,298
Investment earnings	<u>(2,672)</u>
Total additions	<u>237,626</u>
<b>Deductions</b>	
Health insurance premiums	<u>181,103</u>
Total deductions	<u>181,103</u>
Change in net position	56,523
Net position, beginning of year	<u>434,373</u>
Net position, end of year	<u><u>\$ 490,896</u></u>

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

**Reporting entity**

The County of Kings (County) was incorporated in 1893 under laws of the State of California and currently consists of approximately 1,391 square miles with four incorporated cities within the County: Hanford, Lemoore, Corcoran and Avenal. The County is bordered by Fresno County to the north, Kern and San Luis Obispo Counties to the south, Monterey County to the west and Tulare County to the east. The County is a general law county divided into five supervisorial districts on the basis of registered voters and population. The County is governed by a five-member Board of Supervisors (Board) that is elected by district. Members serve staggered four-year terms and the Chair is elected by the Board members. The County Administrative Officer is appointed by the Board. County administration consists of appointed and elected officials, boards, commissions and committees that assist the Board of Supervisors, including the Director of Finance, County Counsel, the Assessor-Clerk-Recorder, the District Attorney and the Sheriff-Coroner-Public Administrator.

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

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

Kings County Children and Families First 5 Commission (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 seven members. Three members are representatives of the County's human services departments, County's social services departments and the Board of Supervisors. The County Board of Supervisors are not substantively the same as the Commission and is therefore considered a discretely presented component unit of the County. Completed financial statements may be obtained by contacting the County of Kings, Finance Department, 1400 W. Lacey Blvd., Hanford, CA 93230, Attn: Rebecca Valenzuela, CPA, CGMA - Director of Finance, telephone number (559) 852-2460.

**Blended Component Units.** The operations of some component units are so intertwined with those of Kings County Government that they function, for all practical purposes, as an integral part of the County despite their separate legal status. GAAP 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. Blended component units of the County include Kings

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

**Reporting entity (continued)**

County Financing Authority for 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. 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.

**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 land owners residing in the district in order to manage the district's affairs and act as a governing board. The Conservation District was formed to control water runoff, the prevention and control of soil erosion, development and distribution of water, and the improvement of land capabilities. The Mosquito Abatement District defines the policies for operations and employs the necessary staff with resources necessary to control mosquitoes.

**Government-wide and Fund Financial Statements**

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

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.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

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

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 revenues to be available if they are collected within 9 months at the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

The financial statements include the activities of various funds and account groups, for which the County has oversight responsibility. The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Account groups are no longer presented as such in the financial statements, but the information is incorporated in the governmental activities column of the government-wide statement of net position. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Governmental resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The County groups and reports the various funds in the financial statements as follows:

Governmental Funds:

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

*Special Revenue Funds* – Account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes. Reported in the **Nonmajor Fund** column, except for the **Road Fund which is considered a major fund** for financial reporting purposes. The Road Fund was established to account for the repairs and maintenance of the County's roads. Revenue sources consists 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. **(Major Fund)**

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

Proprietary Funds:

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

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

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

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

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

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

**Fiduciary Funds:**

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

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

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.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

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

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

**A. Assets, Liabilities, and Net Assets or Equity**

**Deposits and Investments**

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

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

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. 31 accounting pronouncement requires governmental entities to report the fair market value changes for these investments at year-end and, if significant, report these gains or losses on their income statements. Accordingly, the carrying value of the County and the Commission investments at fair market value were greater than their historical cost as of June 30, 2015. As a result, the County decreased treasurer investments and investment earnings in Governmental Funds by \$56,204, Proprietary Funds by \$2,790, Fiduciary Funds by \$38,036 and the Commission by \$398.

**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).

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

**A. Assets, Liabilities, and Net Assets or Equity (continued)**

**Receivables and Payables (continued)**

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 1 and February 1 and are receivable when levied. For assessment and collection purposes, property is classified either as 'secured' or 'unsecured' and is listed accordingly on separate parts of the assessment roll. The secured roll is that part of the assessment roll containing State assessed property and real property which can be secured by liens. Other property is assessed on the 'unsecured roll' representing taxes paid on property that is not owned by the property tax payer; this property is not secured if unpaid by the tax payer (i.e., business leases a building). The County has not adopted the method of secured property tax apportionment known as the Teeter Plan.

The County levies a one percent property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State Law enacted in 1979. Under this formula, the County and all other taxing entities receive a base year allocation on the basis of 'situs' growth in assessed value (new construction, change of ownership and inflation) among the jurisdictions which serve the tax rate areas within which the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

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

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

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

**A. Assets, Liabilities, and Net Assets or Equity (continued)**

**Receivables and Payables (continued)**

month following the date the first installment is delinquent.

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

**Inventories and Prepaid Items**

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

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

**Restricted Assets**

Certain 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 \$92,670 for the current fiscal year.

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, water/sewer systems and similar items), are reported in the government-wide financial statements. The proprietary fund financial statements include capital assets which are also reported in the government-wide financial statements. Purchased or constructed capital assets are reported at cost or estimated historical cost. Capital assets, other than infrastructure assets, are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

The County reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount. In the case of the initial capitalization of infrastructure assets, the County chose to include all such items purchased and constructed after June 30, 1980, as required by GASB. The reported cost of capital assets exclude normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the County values these capital assets at

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

**A. Assets, Liabilities, and Net Assets or Equity (continued)**

**Capital Assets (continued)**

the estimated fair value of the item at the date of its donation.

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

Asset Class	<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

**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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

**A. Assets, Liabilities, and Net Assets or Equity (continued)**

**Pensions (continued)**

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.

**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 - 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, 2015**

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

**A. Assets, Liabilities, and Net Assets or Equity (continued)**

**Fund Balance (continued)**

As of June 30, 2015, the fund balance details by classification are listed below:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Road</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
Restricted for:						
Library	\$ -	\$ -	\$ -	\$ -	\$ 3,536,464	\$ 3,536,464
Road	-	-	-	9,520,744	-	9,520,744
Fire	-	-	-	-	1,672,019	1,672,019
County Fish & Game	-	-	-	-	14,194	14,194
Child Support Services	-	-	-	-	91,936	91,936
Community Development Block Grants	-	-	-	-	810,398	810,398
Criminal Justice Facility	-	-	-	-	41,901	41,901
In-Home Supportive Services	-	-	-	-	346,729	346,729
Debt Service Reserve Funds	<u>92,670</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,670</u>
Total Restricted Fund Balance	92,670	-	-	9,520,744	6,513,641	16,127,055
Assigned:						
Debt Service	-	1,084,532	-	-	-	1,084,532
Imprest Cash	25,130	-	-	-	-	25,130
Capital Projects	<u>-</u>	<u>-</u>	<u>11,138,955</u>	<u>-</u>	<u>-</u>	<u>11,138,955</u>
Total Assigned Fund Balance	25,130	1,084,532	11,138,955	-	-	12,248,617
Unassigned:						
General	27,142,140	-	-	-	-	27,142,140
Off-Highway Motor Vehicle	-	-	-	-	(184)	(184)
Job Training Office	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(343,583)</u>	<u>(343,583)</u>
Total Unassigned Fund Balance	<u>\$ 27,142,140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (343,767)</u>	<u>\$ 26,798,373</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 \$343,583 and the Off-Highway Motor Vehicle for \$184 as of June 30, 2015. The Job Training Office fund operates on a cost reimbursement basis; expenditures causing the fund deficit has been claimed for reimbursement, but has 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. The Off-Highway Motor Vehicle fund transferred out a significant amount to the General Fund to pay for a capital asset. In addition, included in the Internal Service Funds, the following funds had a deficit of net position: the Workers' Compensation Self-Insurance Fund of \$5,610,604, Information Services of \$1,292,665 and Public Works of \$3,455,774.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

**A. Assets, Liabilities, and Net Assets or Equity (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 require that a government disclose whenever the income from investments in one fund is assigned directly to the benefit of another fund. See additional detail in Note 16.

**Accounting Standards Update**

During the fiscal year ending June 30, 2015, the County implemented the following standards:

GASB Statement No. 68 - Accounting and Financial Reporting for Pensions - *an Amendment of GASB Statement No. 27*. The provisions of GASB Statement No. 68 are effective for financial statements beginning after June 15, 2014. The County has implemented this change for the fiscal year ending June 30, 2015.

GASB Statement No. 69 - *Government Combinations and Disposals of Government Operations*. The provisions of GASB Statement No. 69 are effective for financial statements beginning after December 15, 2013. There was no effect on the County's accounting or financial reporting as a result of implementing this standard.

GASB Statement No. 71 - *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB No. 68*. The provisions of this statement will be applied simultaneously with the provisions of Statement 68. The County has implemented this change for the fiscal year ending June 30, 2015.

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

GASB Statement No. 72 - *Fair Value Measurement and Application*. The requirements of this Statement are effective for financial statements for reporting periods beginning after June 15, 2015.

GASB Statement No. 73 - *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 74 - *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75 - *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 76 - *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions in Statement 76 are effective for reporting periods beginning after June 15, 2015.

GASB Statement No. 77 - *Tax Abatement Disclosures*. The requirements of this Statement are effective for

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

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

**Accounting Standards Update (continued)**

reporting periods beginning after December 15, 2015.

**Note 2. Deposits and Investments**

As of June 30, 2015, the County had the following investments and maturities:

Investment Type	Investment Maturities				
	Total	Less than 1 Year	1 Year	2 Years	3 Years
Money Market Mutual Funds	\$ 2,462,770	\$ 2,462,770	\$ -	\$ -	\$ -
Federal Agencies	164,489,936	8,835,003	9,785,357	126,289,733	19,579,843
Local Agency Investment Fund	48,954,502	48,954,502	-	-	-
Medium-Term Corporate Notes	40,031,005	15,737,852	16,489,900	7,803,253	-
Total	<u>\$255,938,213</u>	<u>\$ 75,990,127</u>	<u>\$ 26,275,257</u>	<u>\$134,092,986</u>	<u>\$ 19,579,843</u>

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

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

*Credit risk.* State law limits investment purchases in commercial paper to the highest rating and medium-term corporate notes to the upper investment grade rating and higher (A to AAA for S&P, A2 to Aaa for Moody's) issued by nationally recognized statistical rating organizations (NRSROs). Prior to 2009, it was the County's policy to limit its investments in these investment types to the same ratings as required by the State. 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, 2015, the County's investments in medium-term notes were rated A+ to AA+ by Standard & Poor's and A1 to Aa2 by Moody's Investors Service. The Federal Agencies and Money Market Mutual Funds are rated AA to AA+ by Standard & Poor's and Aa2 to AAA by Moody's Investors Service.

*Concentration of credit risk.* The County's investment policy does not allow for an investment in any one corporate issuer that is in excess of 10 percent of the County's total investments. As of June 30, 2015 there were no corporate issuers that exceeded 5 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. At June 30, 2015, the County's remaining unamortized balance is \$446,782.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 3. Receivables**

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

	General Fund	Debt Service	Capital Projects	Road	Nonmajor Governmental Funds	Total Governmental Funds	Internal Service Funds	Fiduciary Funds	Total
Receivables									
Accounts	\$ -	\$ -	\$ -	\$ -	\$ (4,035)	\$ (4,035)	\$ 67,888	\$ 16,986	\$ 80,839
Intergovernmental	6,526,857	-	8,209,052	312,300	221,112	15,269,321	40,000	7,115,322	22,424,643
Taxes	832,375	-	-	-	377,774	1,210,149	-	3,390,972	4,601,121
Interest	126,149	1,620	16,941	6,680	22,653	174,043	14,142	361,575	549,760
Totals	<u>\$ 7,485,381</u>	<u>\$ 1,620</u>	<u>\$ 8,225,993</u>	<u>\$ 318,980</u>	<u>\$ 617,504</u>	<u>\$ 16,649,478</u>	<u>\$ 122,030</u>	<u>\$ 10,884,855</u>	<u>\$ 27,656,363</u>

**Note 4. Capital Assets**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 6,958,299	\$ -	\$ -	\$ -	\$ 6,958,299
Construction in progress	5,004,695	16,721,471	(3,486,604)	-	18,239,562
Total capital assets, not being depreciated	<u>11,962,994</u>	<u>16,721,471</u>	<u>(3,486,604)</u>	<u>-</u>	<u>25,197,861</u>
Capital assets, being depreciated:					
Structures and Improvements	121,946,228	3,029,928	-	92,335	125,068,491
Equipment	34,962,364	4,224,773	(2,821,363)	324,002	36,689,776
Infrastructure	42,525,803	-	-	-	42,525,803
Total capital assets, being depreciated	<u>199,434,395</u>	<u>7,254,701</u>	<u>(2,821,363)</u>	<u>416,337</u>	<u>204,284,070</u>
Less accumulated depreciation:					
Accumulated depreciation - Structures & improvements	(46,259,315)	(3,059,879)	-	-	(49,319,194)
Accumulated depreciation - Equipment	(22,490,308)	(3,250,006)	2,676,246	-	(23,064,068)
Accumulated depreciation - Infrastructure	(30,621,124)	(1,080,002)	-	-	(31,701,126)
Total accumulated depreciation	<u>(99,370,747)</u>	<u>(7,389,887)</u>	<u>2,676,246</u>	<u>-</u>	<u>(104,084,388)</u>
Total capital assets being depreciated, net	<u>100,063,648</u>	<u>(135,186)</u>	<u>(145,117)</u>	<u>416,337</u>	<u>100,199,682</u>
Governmental activities capital assets, net	<u>\$ 112,026,642</u>	<u>\$ 16,586,285</u>	<u>\$ (3,631,721)</u>	<u>\$ 416,337</u>	<u>\$ 125,397,543</u>

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

Governmental Activities:	
General Government	\$ 5,720,934
Public Safety	866,530
Health and Sanitation	115,997
Public Assistance	667,088
Education	19,338
Grand Total	<u>\$ 7,389,887</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 5. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2015, is as follows:

Due to / from other funds:		
Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 101,699
Health Self-Insurance Fund (1)	General Fund	764,362
	Nonmajor Governmental Funds	126,259
	Internal Service Funds	100,820
Fleet Fund	General Fund	2,052
Information Services Fund	General Fund	27,831
Public Works Fund	General Fund	18,913
	Total	\$ 1,141,936

(1) Internal Service Fund

Short-term working capital loans payable to the General Fund represent \$101,699 of the total interfund balance amount of \$1,141,936 as noted above. The remaining \$1,040,237 reflects a timing difference between the current year insurance contributions withheld from payroll using a clearing account verses the allocation of these contributions to the Health Self-Insurance Fund subsequent to year-end.

*Interfund transfers:*

	Transfers In:				Total
	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	
Transfers out:					
General Fund	\$ -	\$ 249,999	\$ 303,363	\$ 987,336	\$ 1,540,698
Nonmajor Governmental Funds:	145,022	657,306	-	-	802,328
Total	\$ 145,022	\$ 907,305	\$ 303,363	\$ 987,336	\$ 2,343,026

(1) Nonmajor Funds = Special Revenue Funds

The above \$145,022 represents \$100,162 from the transfer of Homeland Security Grant funds from the Fire Department to the General Fund and \$44,860 from Off Highway Motor Vehicle Fund to support Sheriff's operations. The \$907,305 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. The \$303,363 represents \$223,978 received from the Williamson Act contract and transferred to the Capital Projects Funds for general projects, \$79,385 transferred from the General Fund for general capital projects. The \$987,336 above represents \$287,336 from the Williamson Act contract and \$700,000 from Tribal Mitigation Fees to support the Fire Department Fund.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 6. Advances from Grantors and Third Parties**

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

At June 30, 2015, the various components of advances from grantors and third parties reported as follows:

	<u>Advances</u>
General Fund:	
Grant drawdowns and fees collected prior to meeting all eligibility requirements	\$ 30,167,667
Total General Fund	30,167,667
Capital Projects Fund	
Impact fees collected on new developments	2,754,566
Public Works	
Environmental impact studies	9,588
Total advances from grantors and third parties	\$ 32,931,821

**Note 7. Leases**

The government leases buildings and office facilities, vehicles, and office equipment under noncancelable operational leases. Total estimated costs for such leases were \$851,023 for the year ended June 30, 2015. The future minimum lease payments for the leases are estimated as follows:

Year Ending June 30,	<u>Amount</u>
2016	\$ 829,343
2017	546,108
2018	558,011
2019	563,270
2020	478,818
2021 - 2022	624,709
Total	\$ 3,600,259

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 7. Leases (continued)**

The County has entered into certain lease agreements which qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Structures and Improvements	\$ 15,524,663
Equipment	<u>3,945,612</u>
Total	<u>19,470,275</u>
Less: Accumulated Depreciation	<u>(8,077,974)</u>
Total	<u>\$ 11,392,301</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30,	Governmental Activities
2016	\$ 2,091,801
2017	2,164,655
2018	2,006,216
2019	1,921,586
2020	1,809,863
2021 - 2025	7,904,853
2026 - 2029	<u>5,323,466</u>
Total: minimum lease payments	23,222,440
Less: amount representing interest	<u>(5,310,734)</u>
Present value of minimum lease payments	<u>\$ 17,911,706</u>

**Note 8. Long-Term Debt**

**Pension Obligation Bonds**

On June 29, 2004, Kings County issued \$13,877,742 in taxable Pension Obligation Bonds. Kings County participated in two separate issues. For Series A-2, the County issued \$7,007,742 in Capital Appreciation Bonds through the California Statewide Community Development Authority. For Series B, the County issued \$6,870,000 in floating rate securities (Index Bonds) by private placement. The bonds were issued to pay the County's unfunded accrued actuarial liability (UAAL), now known as 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.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 8. Long-Term Debt (continued)**

**Pension Obligation Bonds (continued)**

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

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

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

Purpose	<u>Interest Rates</u>	<u>Amount</u>
CALPERS UAAL (2016-2020)	6.08 - 6.45%	\$ 1,764,112
CALPERS UAAL (2021-2024)	6.48 - 6.58%	<u>1,203,772</u>
Total		<u>\$ 2,967,884</u>

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

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>
2016	\$ 379,471	\$ 395,529
2017	365,703	439,297
2018	352,554	482,446
2019	338,846	526,154
2020	327,538	572,463
2021-2025	<u>1,203,772</u>	<u>2,736,228</u>
Total	<u>\$ 2,967,884</u>	<u>\$ 5,152,117</u>

2004 Series B Pension Obligation Bonds (Index Bonds)

The interest rate for the Series B Pension Obligation Bonds is indexed to the London Interbank Offered Rate (LIBOR). The calculation is based on LIBOR plus .30%. The County is required to deposit with the Trustee, Wells Fargo Bank, on or before August 1 of each year of the 20 year issue, the estimated annual debt service amount for the upcoming year. Plus an additional 2.00%, amounting to \$92,670 for the 2015 fiscal year, to ensure that debt service funds will be sufficient in the event that the LIBOR rate exceeds projections.

Series B Pension Obligation Bonds currently outstanding are as follows:

Purpose	<u>Current Interest Rate</u>	<u>Amount</u>
CALPERS UAAL	.170% as of 06/15	\$ 4,120,000

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 8. Long-Term Debt (continued)**

**Pension Obligation Bonds (continued)**

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

Year Ending June 30,	<u>Principal</u>	<u>Projected Interest</u>
2016	\$ 330,000	\$ 33,120
2017	360,000	49,530
2018	390,000	79,350
2019	415,000	100,980
2020	445,000	113,735
2021-2024	<u>2,180,000</u>	<u>363,915</u>
Total	<u>\$ 4,120,000</u>	<u>\$ 740,630</u>

**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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
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.

Revenue bond debt service requirements to maturity are as follows:

Year Ending June 30,	<u>Principal</u>	<u>Interest</u>
2016	\$ 455,000	\$ 225,025
2017	470,000	206,763
2018	490,000	192,336
2019	505,000	177,291
2020	520,000	161,791
2021-2025	2,835,000	560,429
2026-2028	<u>1,915,000</u>	<u>118,656</u>
Total	<u>\$ 7,190,000</u>	<u>\$ 1,642,291</u>

**County of Kings**  
**Notes to the Financial Statements**  
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**Note 8. Long-Term Debt (continued)**

**Lease Revenue Bonds (continued)**

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Bonds payable:					
Pension obligation bonds Series A-2	\$ 3,360,976	\$ -	\$ (393,092)	\$ 2,967,884	\$ 379,471
Pension obligation bonds Series B	4,420,000	-	(300,000)	4,120,000	330,000
Lease revenue bonds	8,090,000	-	(8,090,000)	-	-
Refunded Lease Revenue Bonds	-	7,190,000	-	7,190,000	455,000
Total Bonds Payable	<u>15,870,976</u>	<u>7,190,000</u>	<u>(8,783,092)</u>	<u>14,277,884</u>	<u>1,164,471</u>
Capital Leases	13,910,045	5,428,186	(1,426,525)	17,911,706	1,350,037
Claims	12,338,000	3,881,986	(3,073,986)	13,146,000	3,229,705
Compensated absences	5,649,769	5,643,288	(5,104,658)	6,188,399	3,156,084
Net OPEB Obligation	4,275,430	1,597,955	(660,239)	5,213,146	-
Net Pension Liability *	<u>115,050,318</u>	<u>48,373,098</u>	<u>(78,815,740)</u>	<u>84,607,676</u>	<u>-</u>
Long-term liabilities	<u>\$167,094,538</u>	<u>\$ 72,114,513</u>	<u>\$ (97,864,240)</u>	<u>\$141,344,811</u>	<u>\$ 8,900,297</u>
Component Unit:					
Compensated absences	\$ 7,904	\$ 18,248	\$ (15,782)	\$ 10,370	\$ 5,289
Net Pension Liability	253,962	104,192	(171,185)	186,969	-
Long-term liabilities	<u>\$ 261,866</u>	<u>\$ 122,440</u>	<u>\$ (186,967)</u>	<u>\$ 197,339</u>	<u>\$ 5,289</u>

\* The net pension liability is a new long-term liability beginning in Fiscal Year 2014-15 as a result of the implementation of GASB Statement No. 68. The prior year balance is a result of a prior period adjustment.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$11,521,000 of claims, \$618,839 of compensated absences, \$249,580 of capital leases and \$6,704,961 of net pension liability from internal service funds are included in the above amounts.

**Note 9. Deferred Inflow of Resources**

Pursuant to GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" and GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the County recognized deferred inflows of resources in the 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 \$1,290,775 from property taxes and \$1,159,763 from grantors, for a grand total of \$2,450,538 for the year ended June 30, 2015.

**County of Kings**  
**Notes to the Financial Statements**  
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**Note 10. Risk Management**

The government is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. 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 3.0% return on investments per year for both workers compensation and general liability.

The County has coverage limits for excess liability for individual claims in excess of \$500,000 through \$25,000,000 and workers compensation claims exceeding \$300,000.

	General Liability	Workers' Compensation	Total
Unpaid claims, beginning of fiscal year	\$ 1,177,000	\$ 9,038,000	\$ 10,215,000
Incurred claims (including IBNRs)	1,271,258	5,126,146	6,397,404
Claim payments	<u>(884,258)</u>	<u>(3,390,146)</u>	<u>(4,274,404)</u>
Unpaid claims, as of June 30, 2014	<u>1,564,000</u>	<u>10,774,000</u>	<u>12,338,000</u>
Unpaid claims, beginning of fiscal year	1,564,000	10,774,000	12,338,000
Incurred claims (including IBNRs)	1,141,351	2,740,635	3,881,986
Claim payments	<u>(1,080,351)</u>	<u>(1,993,635)</u>	<u>(3,073,986)</u>
Unpaid claims, as of June 30, 2015	<u>\$ 1,625,000</u>	<u>\$ 11,521,000</u>	<u>\$ 13,146,000</u>

The County has medical malpractice coverage with limits of \$21,500,000 over the \$5,000 deductible. Fully insured programs include property insurance with limits of \$600,000,000, master crime liability program with limits of \$15,000,000 over the \$25,000 deductible, a pollution liability program with limitations to \$10,000,000. In addition, the County has designated funds to manage risk as follows: Earthquake Self-Insurance for \$500,000, Liability Self-Insurance for \$2,431,297, Economic Uncertainties for \$3,300,271 and reserves for Contingencies amounting to \$23,264,460.

**County of Kings**  
**Notes to the Financial Statements**  
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**Note 11. Jointly Governed Organization**

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).

**Note 12. 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.

On January 16, 2014, Kings County was conditionally awarded an additional \$20 million for the expansion of the jail under SB 1022. The focus of this project will be on beds and program space which will likely assist in the reduction of recidivism. Total budgeted figures to complete the jail expansion project are \$20.4 million. In addition, The AB 900 Jail Expansion Project is scheduled for completion in spring 2016. This project was funded in part with a \$33 million state award, the remaining \$10 million is funded through issuance of bonds and County matching funds. This project will include 170 additional beds for inmates to avoid early releases. This expansion is necessary due to the effect of realignment of State prisoners to the County Jail. Estimated figures for completion of the new jail are \$34.8 million.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 13. 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, 2015 the following employee were covered by the benefit terms for each plan

	Miscellaneous	Safety
Inactive employees entitled to but not yet receiving benefits	\$ 841	\$ 304
Inactive employees or beneficiaries currently receiving benefits	950	212
Active employees	976	330
Total	\$ 2,767	\$ 846

**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 the 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, 2014 (the measurement date), the average active employee contribution rate is 6.982 percent of annual pay, and the employer's contribution rate is 11.146 percent of annual payroll for those employees in the Miscellaneous Plan. The average active employee contribution rate is 9.020 percent of annual pay, and the employer's contribution rate is 17.451 percent of annual payroll for those employees in the Safety plan.

**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, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 13. Employee Retirement Systems and Pension Plans (continued)**

**Net Pension Liability: (continued)**

Actuarial Assumptions – The total pension liabilities in the June 30, 2013 and the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal Cost Method	
Actuarial Assumptions:		
Discount rate	7.50%	7.50%
Inflation	2.75%	2.75%
Salary Increases	Varies by entry age and service	
Investment Rate of Return <sup>1</sup>	7.50%	7.50%
Mortality Rate Table <sup>2</sup>	Derived using CalPERS' Membership Data for all Funds	
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power	
Increase	Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	

<sup>1</sup> Net of pension plan investment and administrative expenses; includes inflation.

<sup>2</sup> The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvement using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

**Discount Rate:**

The discount rate used to measure the total pension liability was 7.50 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, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 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.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 13. Employee Retirement Systems and Pension Plans (continued)**

**Discount Rate: (continued)**

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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.

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. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>1</sup>	Real Return Years 11+ <sup>2</sup>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	.99	2.43
Inflation Sensitive	6.0	.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
Total	<u>100%</u>		

<sup>1</sup> An expected inflation of 2.5% used for this period

<sup>2</sup> An expected inflation of 3.0% used for this period

**County of Kings**  
**Notes to the Financial Statements**  
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**Note 13. Employee Retirement Systems and Pension Plans (continued)**

**Changes in the Net Pension Liability:**

The changes in the Net Pension Liability for each Plan 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)
Balance at June 30, 2014	\$ 294,466,649	\$ 224,175,488	\$ 70,291,161	\$ 1,063,910	\$ 809,948	\$ 253,962
Changes in the year:						
Service Cost	6,980,520	-	6,980,520	25,221	-	25,221
Interest on the Total Pension Liability	21,857,639	-	21,857,639	78,972	-	78,972
Contributions from the Employer	-	5,292,436	(5,292,436)	-	19,122	(19,122)
Contributions from Employees	-	3,400,079	(3,400,079)	-	12,285	(12,285)
Net Investment Income <sup>2</sup>	-	38,687,599	(38,687,599)	-	139,779	(139,779)
Benefit Payments, including Refunds of Employee Contributions	(13,043,455)	(13,043,455)	-	(47,126)	(47,126)	-
Net Changes	<u>\$ 15,794,704</u>	<u>\$ 34,336,659</u>	<u>\$ (18,541,955)</u>	<u>\$ 57,067</u>	<u>\$ 124,060</u>	<u>\$ (66,993)</u>
Balance at June 30, 2015	<u>\$ 310,261,353</u>	<u>\$ 258,512,147</u>	<u>\$ 51,749,206</u>	<u>\$ 1,120,977</u>	<u>\$ 934,008</u>	<u>\$ 186,969</u>

<sup>2</sup> Net of administrative expenses.

Safety Plan:

	Increases (Decreases)		
	Primary Government - Governmental Activities		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2014	\$ 195,293,315	\$ 150,534,158	\$ 44,759,157
Changes in the year:			
Service Cost	5,005,317	-	5,005,317
Interest on the Total Pension Liability	14,529,622	-	14,529,622
Contributions from the Employer	-	3,606,687	(3,606,687)
Contributions from Employees	-	1,833,128	(1,833,128)
Net Investment Income <sup>2</sup>	-	25,995,811	(25,995,811)
Benefit Payments, including Refunds of Employee Contributions	(8,135,362)	(8,135,362)	-
Net Changes	<u>11,399,577</u>	<u>23,300,264</u>	<u>(11,900,687)</u>
Balance at June 30, 2015	<u>\$ 206,692,892</u>	<u>\$ 173,834,422</u>	<u>\$ 32,858,470</u>

<sup>2</sup> Net of administrative expenses

**County of Kings**  
**Notes to the Financial Statements**  
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**Note 13. 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 7.50 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 (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Miscellaneous Plan - Primary Government - Governmental Activities	92,041,218	51,749,206	18,278,784
Miscellaneous Plan - Component Unit - First Five	332,546	186,969	66,041
Safety Plan - Primary Government - Governmental Activities	\$ 62,879,397	\$ 32,858,470	\$ 8,351,944

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

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

For the year ended June 30, 2015, the County of Kings recognized pension expense of \$8,025,133 and the component unit, First Five, recognized pension expense of \$16,051. At June 30, 2015, 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:

	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	\$ 8,983,971	\$ -	\$ 19,212	\$ -
Net differences between projected and actual earnings on	-	(29,568,651)	-	(63,921)
Total	<u>\$ 8,983,971</u>	<u>\$ (29,568,651)</u>	<u>\$ 19,212</u>	<u>\$ (63,921)</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 13. Employee Retirement Systems and Pension Plans (continued)**

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

\$8,983,971 and \$19,212 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, 2016 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:

Year Ended June 30,	Primary Government - Governmental Activities	Component Unit - First Five
2016	\$ 7,392,163	\$ 15,980
2017	7,392,163	15,980
2018	7,392,163	15,980
2019	7,392,162	15,981
Total	<u>\$ 29,568,651</u>	<u>\$ 63,921</u>

**Note 14. Other Postemployment Benefits (OPEB)**

Kings County provides health insurance benefits (medical, dental, vision, chiropractic, and mental health) through a self-insured plan administered by Health Now using the Blue Shield PPO. The County contributes toward the cost of such coverage for its employees as set forth in a bargaining memorandum of understanding. The County does not explicitly contribute toward the cost of health benefits for retirees. However, there are two benefits offered to County retirees that give rise to an implicit cost to the County under GASB Statement No. 45:

1. Retirees with more than a stated number of service hours at the time they retire are entitled to convert a portion of their accumulated sick leave to a dollar amount which is held in a Medical Incentive Account (MIA) for the purpose of helping defray some or all of the costs of health insurance coverage through the County's plan until the account is exhausted.
2. Premiums charged to retirees in the plan are the same as those used for active employees. Because the plan is self-insured, the County is actually paying claims and administrative expenses on behalf of all participating retirees – the premiums are a mechanism for budgeting and negotiations, but do not reflect the underlying cost of providing retiree healthcare coverage. The excess of the actual cost of retiree and dependent coverage over the premiums charged to those retirees constitutes a significant financial benefit, sometimes called an employer's "implicit subsidy" under GASB Statement No. 45.

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

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 14. Other Postemployment Benefits (OPEB) (continued)**

**Funding Policy:**

As required by GASB Statement No. 45, an actuary will determine the County's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years. However, GASB Statement No. 45 does not require pre-funding of OPEB benefits. Therefore, the County's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The County has elected not to establish an irrevocable trust at this time. The County's Board of Supervisors reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the County.

**Annual OPEB Cost and Net OPEB Obligation:**

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

Annual required contribution	\$ 1,426,938
Interest on net OPEB obligation	171,017
Adjustment to annual required contribution	<u>(247,248)</u>
 Annual OPEB cost (expense)	 1,350,707
Contributions Made	<u>(412,991)</u>
 Increase in net OPEB obligation	 937,716
Net OPEB obligation - beginning of year	<u>4,275,430</u>
Net OPEB obligation - end of year	<u><u>\$ 5,213,146</u></u>

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation for the fiscal year ended June 30, 2015 and the proceeding two years was as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 1,138,822	\$ 407,777	35.81 %	\$ 3,629,956
June 30, 2014	\$ 1,125,787	\$ 480,313	42.66 %	\$ 4,275,430
June 30, 2015	\$ 1,350,707	\$ 412,991	30.58 %	\$ 5,213,146

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 14. Other Postemployment Benefits (OPEB) (continued)**

**Annual OPEB Cost and Net OPEB Obligation: (continued)**

plan and the ARC of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

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

The plan's most recent actuarial valuation was performed as of July 1, 2014. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.0 percent. Both assumptions reflect an implicit 3.0 percent general inflation assumption. The County's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of June 30, 2015, was 30 years.

**Note 15. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2015, expenditures exceeded appropriations in individual funds as follows:

<u>Appropriations Category</u>	<u>Excess Expenditures</u>
Major Funds	
General Fund	
Assessor	82,303
Behavioral Health	303,534
Debt Service	7,725,716
Capital Projects Fund	
Office Remodel	1,050
Internal Service Funds	
Workers' Compensation Self-Insurance	(2,706,634)
Health Self-Insurance	(1,021,266)

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 16. Investment Income Assigned Directly to the Benefit of Another Fund For the Year Ending June 30, 2015, is as Follows:**

<u>Type of Fund</u>	<u>Fund Name</u>	<u>General Fund</u>
Internal Service Fund	Workers' Comp Self-Insurance	\$ 38,716
Fiduciary Fund	Agency Collections Payable	1,462
Fiduciary Fund	Court Alcohol/Drug Trust	305
Fiduciary Fund	Escheated Property	59
Fiduciary Fund	School Developer Fees	86
Fiduciary Fund	Assessor's Misc Trust	2
Fiduciary Fund	Food Stamp Trust	4,703
Fiduciary Fund	Welfare Repayment Trust	126
Fiduciary Fund	D.A. Restitution Fund	218
Fiduciary Fund	Retiree Health Trust	2,569
Fiduciary Fund	Schools Trust	3,658
Fiduciary Fund	City of Avenal	597
Fiduciary Fund	City of Corcoran	878
Fiduciary Fund	City of Hanford	3,323
Fiduciary Fund	City of Lemoore	1,542
Fiduciary Fund	Tulare Lake Rec Dist #761	1
		<u>\$ 58,245</u>

A Fiduciary Fund called 'Department Trust' reported investment income of \$10,295 which includes all fund types that were directly assigned to the benefit of the General Fund.

**Note 17. Prior Period Adjustments**

Prior period adjustments for the year ending June 30, 2015 is summarized as follows:

Net position of the governmental activities:

	<u>Governmental Activities</u>
Net position previously reported	\$ 132,494,746
Implement GASB 68 and report prior period costs of net pension liability	(106,151,195)
Correction to treasurer's investment valuation	(497,366)
Worker's Compensation fund's prior year depletion of deposits with others account	(210,000)
General fund's capital lease correction	355,000
First Five Children and Families commission previously stated as a blended component unit	(2,513,814)
Net position restated	<u>\$ 23,477,371</u>

Fund Balance of the governmental funds, major:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Road</u>
Fund balance previously reported	\$ 25,755,906	\$ 1,730,690	\$ 8,994,319	\$ 10,642,437
Correction to treasurer's investment valuation	(83,661)	(4,685)	(100,267)	(100,560)
General fund's capital lease correction	355,000	-	-	-
Fund balance restated	<u>\$ 26,027,245</u>	<u>\$ 1,726,005</u>	<u>\$ 8,894,052</u>	<u>\$ 10,541,877</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2015**

**Note 17. Prior Period Adjustments (continued)**

Fund Balance of the governmental funds, non-major:

	<u>Library</u>	<u>Fire</u>	<u>County Fish &amp; Game</u>	<u>Child Support Services</u>	<u>Off-Highway Motor Vehicle</u>
Fund balance previously reported	\$ 3,286,564	\$ 1,769,072	\$ 14,880	\$ 71,948	\$ 45,641
Correction to treasurer's investment valuation	<u>(23,327)</u>	<u>(8,387)</u>	<u>(692)</u>	<u>53</u>	<u>(1,168)</u>
Fund Balance restated	<u>\$ 3,263,237</u>	<u>\$ 1,760,685</u>	<u>\$ 14,188</u>	<u>\$ 72,001</u>	<u>\$ 44,473</u>

	<u>Job Training Office</u>	<u>Community Development Block Grants</u>	<u>Criminal Justice Facility</u>	<u>In-Home Supportive Services Public Authority</u>
Fund balance previously reported	\$ (428,873)	\$ 1,318,323	\$ 68,864	\$ (463,958)
Correction to treasurer's investment valuation	<u>(4,448)</u>	<u>(1,600)</u>	<u>(44)</u>	<u>(16)</u>
Fund Balance restated	<u>\$ (433,321)</u>	<u>\$ 1,316,723</u>	<u>\$ 68,820</u>	<u>\$ (463,974)</u>

Net position of the internal service funds:

	<u>Workers' Compensation Self-Insurance</u>	<u>Fleet Management</u>	<u>Information Services</u>	<u>Health Self- Insurance</u>	<u>Public Works</u>
Net position previously reported	\$ (3,305,370)	\$ 7,015,062	\$ 2,135,766	\$ 5,234,955	\$ 491,853
Implement GASB 68 and report prior period costs of net pension liability	-	(469,682)	(3,600,893)	-	(4,351,079)
Correction to treasurer's investment valuation	<u>(76,560)</u>	<u>(34,601)</u>	<u>(14,516)</u>	<u>(37,123)</u>	<u>(5,764)</u>
Worker's Compensation fund's prior year depletion of deposits with others account	<u>(210,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net position restated	<u>\$ (3,591,930)</u>	<u>\$ 6,510,779</u>	<u>\$ (1,479,643)</u>	<u>\$ 5,197,832</u>	<u>\$ (3,864,990)</u>

**Required Supplementary Information**

**County of Kings**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2015**  
**Last 10 Fiscal Years\***

**Miscellaneous Plan (Non-Safety)**

	2015
Total Pension Liability	
Service cost	\$ 7,005,742
Interest on total pension liability	21,936,611
Benefit payments, including refunds of employee contributions	(13,090,581)
Net change in total pension liability	15,851,772
Total pension liability - beginning	295,530,559
Total pension liability - ending (a)	\$ 311,382,331
Plan Fiduciary Net Position	
Contributions - employer	\$ 5,311,558
Contributions - employee	3,412,364
Net investment income	38,827,378
Benefit payments, including refunds of employee contributions	(13,090,581)
Net change in fiduciary net position	34,460,719
Plan Fiduciary Net Position - Beginning	224,985,436
Plan fiduciary net position - Ending (b)	\$ 259,446,155
Plan net pension liability/(asset) - ending (a) - (b)	\$ 51,936,176
Plan fiduciary net position as a percentage of the total pension liability	83.32 %
Covered-employee payroll	\$ 49,449,012
Net pension liability as percentage of covered-employee payroll	105.03 %

**Safety Plan**

	2015
Total Pension Liability	
Service cost	\$ 5,005,317
Interest on total pension liability	14,529,622
Benefit payments, including refunds of employee contributions	(8,135,362)
Net change in total pension liability	11,399,577
Total pension liability - beginning	195,293,315
Total pension liability - ending (a)	\$ 206,692,892
Plan Fiduciary Net Position	
Contributions - employer	\$ 3,606,687
Contributions - employee	1,833,128
Net investment income	25,995,811
Benefit payments, including refunds of employee contributions	(8,135,362)
Net change in fiduciary net position	23,300,264
Plan Fiduciary Net Position - Beginning	150,534,158
Plan fiduciary net position - ending (b)	\$ 173,834,422
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 32,858,470
Plan fiduciary net position as a percentage of the total pension liability	84.10 %
Covered-employee payroll	\$ 24,496,099
Net pension liability as percentage of covered employee payroll	134.14 %

**Notes to Schedules:**

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. 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: There were no changes in assumptions.

\*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**County of Kings**  
**Schedule of Plan Contributions**  
**For the Year Ended June 30, 2015**  
**Last 10 Fiscal Years\***

**Miscellaneous Plan (Non-Safety):**

	2015
Actuarially determined contribution	\$ 5,311,558
Contributions in relation to the actuarially determined contributions	(5,311,558)
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 49,449,012
Contributions as a percentage of covered-employee payroll	10.74 %

**Safety Plan:**

	2015
Actuarially determined contribution	\$ 3,606,687
Contributions in relation to the actuarially determined contributions	(3,606,687)
Contribution deficiency (excess)	\$ -
Covered-employee payroll	\$ 24,496,099
Contributions as a percentage of covered-employee payroll	14.72 %

**Notes to Schedules:**

Valuation date for both plans: 6/30/2013

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

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2011 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\*Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**County of Kings**  
**Schedule of Funding Progress**  
**Other Postemployment Benefits (OPEB) - Health Insurance**  
**For the Year Ended June 30, 2015**  
**Last 10 Fiscal Years**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Credit	Overfunded (Underfunded) AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2008	\$ -	\$ 10,182,975	\$ (10,182,975)	- %	\$ 64,336,548	(15.8)%
2010	-	8,129,733	(8,129,733)	- %	63,714,932	(12.8)%
2012	-	8,240,190	(8,240,190)	- %	64,558,591	(12.8)%
2014	-	10,083,316	(10,083,316)	- %	66,007,307	(15.3)%

**Note:**

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

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Agricultural Commissioner/Sealer	\$ 1,752,257	\$ 1,752,257	\$ 1,680,666	\$ (71,591)
Assessor	686,050	686,050	822,965	136,915
Behavioral Health	16,544,269	16,559,285	16,923,903	364,618
Board of Supervisors	43,872,767	43,872,767	47,279,256	3,406,489
Clerk-Recorder	641,000	641,000	439,838	(201,162)
Administrative Office	8,192,170	8,192,170	5,607,670	(2,584,500)
County Counsel	629,060	629,060	521,264	(107,796)
District Attorney	3,283,367	3,416,589	3,736,015	319,426
Elections	104,500	104,500	61,240	(43,260)
Finance	813,500	818,000	872,722	54,722
Health	9,906,983	9,984,475	8,461,922	(1,522,553)
Human Resources	224,329	224,329	209,619	(14,710)
Human Services Agency	68,129,509	68,129,509	65,877,546	(2,251,963)
Planning	423,981	423,981	618,534	194,553
Probation	6,267,269	6,381,265	6,083,848	(297,417)
Public Guardian	244,000	244,000	288,825	44,825
Sheriff/Coroner/Public Administrator	16,605,343	16,754,783	16,053,744	(701,039)
UC Cooperative Extension	4,000	4,000	10,423	6,423
Total Revenues	<u>178,324,354</u>	<u>178,818,020</u>	<u>175,550,000</u>	<u>(3,268,020)</u>
<b>Expenditures</b>				
Agricultural Commissioner/Sealer	2,488,530	2,488,530	2,379,461	109,069
Assessor	2,373,498	2,005,332	2,087,635	(82,303)
Behavioral Health	16,578,820	16,593,836	16,897,370	(303,534)
Board of Supervisors	721,482	829,290	609,506	219,784
Clerk-Recorder	567,715	567,715	514,738	52,977
Administrative Office	25,188,115	25,257,343	16,568,983	8,688,360
County Counsel	1,404,601	1,472,886	1,290,172	182,714
District Attorney	6,635,330	6,771,081	6,701,834	69,247
Elections	870,773	870,773	712,851	157,922
Finance	2,987,676	3,492,234	3,380,939	111,295
Health	10,568,309	10,745,933	8,846,427	1,899,506
Human Resources	1,126,078	1,126,078	1,065,771	60,307
Human Services Agency	70,686,206	70,686,206	67,474,372	3,211,834
Planning	1,646,061	1,646,061	1,409,511	236,550
Probation	14,311,256	14,378,041	12,196,185	2,181,856
Public Guardian	599,834	599,834	566,007	33,827
Sheriff/Coroner/Public Administrator	33,666,827	33,383,604	31,407,110	1,976,494
UC Cooperative Extension	242,504	242,504	208,433	34,071
Total Expenditures	<u>192,663,615</u>	<u>193,157,281</u>	<u>174,317,305</u>	<u>18,839,976</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(14,339,261)	(14,339,261)	1,232,695	15,571,956

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Net Change in Fund Balance	\$ (14,339,261)	\$ (14,339,261)	\$ 1,232,695	\$ 15,571,956
Fund Balance, Beginning of Year	25,755,906	25,755,906	25,755,906	-
Prior Period Adjustment	-	-	271,339	271,339
Fund Balance, End of Year	<u>\$ 11,416,645</u>	<u>\$ 11,416,645</u>	<u>\$ 27,259,940</u>	<u>\$ 15,843,295</u>

**Note:**

The basis of budgeting for the County's General fund is at the department level and essentially a Non-GAAP accounting basis less contingencies that differs from cash basis. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting. All contingencies are budgeted in the County Administrative Office which total \$7,132,248. If contingencies of \$7,132,248 is removed from the final budgeted County Administrative Office, then the final budgeted fund balance would be \$18,548,893 and the final budget vs. \$27,259,940 of actual would equal \$8,711,047 of variance with budget.

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Road Fund**  
**For the Year Ended June 30, 2015**

	<u>Original</u>	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>				
Roads	\$ 8,352,900	\$ 8,352,900	\$ 8,173,672	\$ (179,228)
<b>Expenditures</b>				
Roads	<u>18,889,211</u>	<u>18,889,211</u>	<u>9,194,805</u>	<u>9,694,406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,536,311)	(10,536,311)	(1,021,133)	9,515,178
Fund Balance, Beginning of Year	10,642,437	10,642,437	10,642,437	-
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>(100,560)</u>	<u>100,560</u>
Fund Balance, End of Year	<u><u>\$ 106,126</u></u>	<u><u>\$ 106,126</u></u>	<u><u>\$ 9,520,744</u></u>	<u><u>\$ 9,414,618</u></u>

**Note:**

The basis of budgeting for the County's Roads fund is at the fund level and essentially a Non-GAAP accounting basis less contingencies that differs from cash basis. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting. All contingencies are budgeted in the Roads Department which total \$6,699,977. If contingencies of \$6,699,977 is removed from the final budgeted fund balance, then the ending final budgeted fund balance would be \$6,806,103 and the final budget vs. \$9,520,744 of actual would equal \$2,714,641 of variance with budget.

## **Supplementary Information**

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended June 30, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Debt Service	\$ 1,031,019	\$ 8,115,262	\$ 7,084,243
<b>Expenditures</b>			
Debt Service	<u>1,031,019</u>	<u>8,756,735</u>	<u>(7,725,716)</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	-	(641,473)	(641,473)
Fund Balance, Beginning of Year	1,730,690	1,730,690	-
Prior Period Adjustment	-	(4,685)	(4,685)
Fund Balance, End of Year	<u>\$ 1,730,690</u>	<u>\$ 1,084,532</u>	<u>\$ (646,158)</u>

**Note:**

The basis of budgeting for the County's Debt Service fund is at the fund level and essentially a Non-GAAP accounting basis. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting. The final budget did not account for the refunding of long-term debt.

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Capital Projects Fund**  
**For the Year Ended June 30, 2015**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Capital projects general	\$ 559,175	\$ 357,330	\$ (201,845)
Jail project (SB 1022)	20,000,000	-	(20,000,000)
New jail construction (AB 900)	38,600,000	18,262,913	(20,337,087)
Total Revenues	<u>59,159,175</u>	<u>18,620,243</u>	<u>(40,538,932)</u>
<b>Expenditures</b>			
Repair/replace roof	109,798	28,740	81,058
Parking lot improvements	100,000	-	100,000
Morgue	1,098,549	1,090,464	8,085
Jail tunnel	3,216,565	2,207,026	1,009,539
Modular building	50,000	-	50,000
Data center remodel	56,879	53,519	3,360
Burris park restrooms	133,175	-	133,175
Office remodel	31,000	32,050	(1,050)
Success dam	33,254	371	32,883
Jail project (SB 1022)	20,654,233	761,083	19,893,150
New jail construction (AB 900)	38,865,524	12,202,087	26,663,437
SB 81 project	2,063,000	-	2,063,000
Approp for contingencies	371,400	-	371,400
Total Expenditures	<u>66,783,377</u>	<u>16,375,340</u>	<u>50,408,037</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,624,202)</u>	<u>2,244,903</u>	<u>9,869,105</u>
Net Change in Fund Balance	(7,624,202)	2,244,903	9,869,105
Fund Balance, Beginning of Year	8,994,319	8,994,319	-
Prior Period Adjustment	-	(100,267)	(100,267)
Fund Balance, End of Year	<u>\$ 1,370,117</u>	<u>\$ 11,138,955</u>	<u>\$ 9,768,838</u>

**Note:**

The basis of budgeting for the particular fund is at the project level and essentially a Non-GAAP accounting basis less contingencies that differs from cash basis. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting. All contingencies budgeted in the Capital Projects fund total \$371,400. If contingencies of \$371,400 is removed from the final budgeted Capital Projects fund, then the ending final budgeted fund balance would be \$1,741,517 and the final budget vs. \$11,138,955 of actual would equal \$9,397,438 of variance with budget.

## **County of Kings Special Revenue Funds**

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

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

**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 County-wide oversight of the In-Home Supportive Services Program providing in-house care for indigents.

Major Fund during 2015 Fiscal Year:

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

**County of Kings**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds - Special Revenue**  
**June 30, 2015**

	<u>Library</u>	<u>Fire</u>	<u>County Fish &amp; Game</u>	<u>Child Support Services</u>	<u>Off-Highway Motor Vehicle</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 495,696	\$ 256,017	\$ 1,952	\$ 22,233	\$ 8
Imprest cash	454	200	-	-	-
Treasurer's investments	3,067,463	1,712,773	12,141	194,627	(192)
Deposit with others	-	-	-	-	-
Receivables	<u>105,812</u>	<u>382,026</u>	<u>101</u>	<u>709</u>	<u>-</u>
Total Assets	<u>\$ 3,669,425</u>	<u>\$ 2,351,016</u>	<u>\$ 14,194</u>	<u>\$ 217,569</u>	<u>\$ (184)</u>
<b>Liabilities</b>					
Accrued expenses payable	\$ 32,192	\$ 328,558	\$ -	\$ 92,387	\$ -
Due to other funds	<u>12,122</u>	<u>62,671</u>	<u>-</u>	<u>33,246</u>	<u>-</u>
Total Liabilities	<u>44,314</u>	<u>391,229</u>	<u>-</u>	<u>125,633</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflow from property taxes	<u>88,647</u>	<u>287,768</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>88,647</u>	<u>287,768</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances</b>					
Restricted	3,536,464	1,672,019	14,194	91,936	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(184)</u>
Total Fund Balances	<u>3,536,464</u>	<u>1,672,019</u>	<u>14,194</u>	<u>91,936</u>	<u>(184)</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 3,669,425</u>	<u>\$ 2,351,016</u>	<u>\$ 14,194</u>	<u>\$ 217,569</u>	<u>\$ (184)</u>

**County of Kings**  
**Combining Balance Sheet (continued)**  
**Nonmajor Governmental Funds - Special Revenue**  
**June 30, 2015**

	<u>Job Training Office</u>	<u>Community Development Block Grants</u>	<u>Criminal Justice Facility</u>	<u>In-Home Supportive Services Public Authority</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 40,537	\$ 126,684	\$ 48	\$ 286,047	\$ 1,229,222
Imprest cash	-	-	-	-	654
Treasurer's investments	162,860	796,276	(123)	(13,849)	5,931,976
Deposit with others	-	-	-	73,272	73,272
Receivables	(4,501)	91,381	41,976	-	617,504
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 198,896</u>	<u>\$ 1,014,341</u>	<u>\$ 41,901</u>	<u>\$ 345,470</u>	<u>\$ 7,852,628</u>
<b>Liabilities</b>					
Accrued expenses payable	\$ 524,259	\$ 102,244	\$ -	\$ (1,259)	\$ 1,078,381
Due to other funds	18,220	101,699	-	-	227,958
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>542,479</u>	<u>203,943</u>	<u>-</u>	<u>(1,259)</u>	<u>1,306,339</u>
<b>Deferred Inflows of Resources</b>					
Deferred inflow from property taxes	-	-	-	-	376,415
Total Deferred Inflows of Resources	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>376,415</u>
<b>Fund Balances</b>					
Restricted	-	810,398	41,901	346,729	6,513,641
Unassigned	(343,583)	-	-	-	(343,767)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>(343,583)</u>	<u>810,398</u>	<u>41,901</u>	<u>346,729</u>	<u>6,169,874</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 198,896</u>	<u>\$ 1,014,341</u>	<u>\$ 41,901</u>	<u>\$ 345,470</u>	<u>\$ 7,852,628</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, 2015**

	<u>Library</u>	<u>Fire</u>	<u>County Fish &amp; Game</u>	<u>Child Support Services</u>	<u>Off-Highway Motor Vehicle</u>
<b>Revenues</b>					
Taxes:					
Property taxes	\$ 2,012,864	\$ 6,106,403	\$ -	\$ -	\$ -
Fines and Forfeits	-	-	620	-	-
Intergovernmental revenues	21,634	2,475,053	169	3,895,959	-
Charges for services	39,150	18,285	-	-	-
Rents and concessions	690	-	-	-	-
Investment earnings	24,664	9,604	116	2,446	203
Contributions and donations	10,642	-	-	-	-
Miscellaneous revenues	53,117	765,824	-	69,319	-
Total Revenues	<u>2,162,761</u>	<u>9,375,169</u>	<u>905</u>	<u>3,967,724</u>	<u>203</u>
<b>Expenditures</b>					
Current:					
Public safety	-	9,809,343	899	3,920,902	-
Public assistance	-	-	-	-	-
Education	1,812,850	-	-	-	-
Debt Service:					
Debt service	54,765	334,883	-	5,418	-
Interest expense	21,919	84,675	-	394	-
Capital Outlay	47,674	247,313	-	21,075	-
Total Expenditures	<u>1,937,208</u>	<u>10,476,214</u>	<u>899</u>	<u>3,947,789</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>225,553</u>	<u>(1,101,045)</u>	<u>6</u>	<u>19,935</u>	<u>203</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	987,336	-	-	-
Transfers out	-	(100,163)	-	-	(44,860)
Capital leases-other financing sources	47,674	125,206	-	-	-
Total Other Financing Sources (Uses)	<u>47,674</u>	<u>1,012,379</u>	<u>-</u>	<u>-</u>	<u>(44,860)</u>
Net Change in Fund Balances	273,227	(88,666)	6	19,935	(44,657)
Fund Balances, Beginning of Year	3,286,564	1,769,072	14,880	71,948	45,641
Prior Period Adjustment	(23,327)	(8,387)	(692)	53	(1,168)
Fund Balances, End of Year	<u>\$ 3,536,464</u>	<u>\$ 1,672,019</u>	<u>\$ 14,194</u>	<u>\$ 91,936</u>	<u>\$ (184)</u>

**County of Kings**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Nonmajor Governmental Funds - Special Revenue**  
**June 30, 2015**

	Job Training Office	Community Development Block Grants	Criminal Justice Facility	In-Home Supportive Services Public Authority	Total Nonmajor Governmental Funds
<b>Revenues</b>					
Taxes:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 8,119,267
Fines and Forfeits	-	-	628,897	-	629,517
Intergovernmental revenues	1,888,190	408,771	-	1,306,454	9,996,230
Charges for services	-	-	-	-	57,435
Rents and concessions	-	-	-	-	690
Investment earnings	274	8,163	1,489	247	47,206
Contributions and donations	-	-	-	-	10,642
Miscellaneous revenues	2,380,795	-	-	99,461	3,368,516
Total Revenues	<u>4,269,259</u>	<u>416,934</u>	<u>630,386</u>	<u>1,406,162</u>	<u>22,229,503</u>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	-	13,731,144
Public assistance	4,175,326	923,259	-	591,674	5,690,259
Education	-	-	-	-	1,812,850
Debt Service:					
Debt service	3,622	-	-	3,458	402,146
Interest expense	573	-	-	327	107,888
Capital Outlay	-	-	-	-	316,062
Total Expenditures	<u>4,179,521</u>	<u>923,259</u>	<u>-</u>	<u>595,459</u>	<u>22,060,349</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>89,738</u>	<u>(506,325)</u>	<u>630,386</u>	<u>810,703</u>	<u>169,154</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	-	-	-	987,336
Transfers out	-	-	(657,305)	-	(802,328)
Capital leases-other financing sources	-	-	-	-	172,880
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(657,305)</u>	<u>-</u>	<u>357,888</u>
Net Change in Fund Balances	89,738	(506,325)	(26,919)	810,703	527,042
Fund Balances, Beginning of Year	(428,873)	1,318,323	68,864	(463,958)	5,682,461
Prior Period Adjustment	(4,448)	(1,600)	(44)	(16)	(39,629)
Fund Balances, End of Year	<u>\$ (343,583)</u>	<u>\$ 810,398</u>	<u>\$ 41,901</u>	<u>\$ 346,729</u>	<u>\$ 6,169,874</u>

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Library Fund**  
**For the Year Ended June 30, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Library	\$ 2,062,053	\$ 2,210,435	\$ 148,382
<b>Expenditures</b>			
Library	5,084,637	1,937,208	3,147,429
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,022,584)</u>	<u>273,227</u>	<u>3,295,811</u>
Net Change in Fund Balance	(3,022,584)	273,227	3,295,811
Fund Balance, Beginning of Year	3,286,564	3,286,564	-
Prior Period Adjustment	-	(23,327)	(23,327)
Fund Balance, End of Year	<u>\$ 263,980</u>	<u>\$ 3,536,464</u>	<u>\$ 3,272,484</u>

**Note:**

The basis of budgeting for the County's Library fund is at the department level and essentially a Non-GAAP accounting basis less contingencies that differs from cash basis. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting. If contingencies of \$2,924,829 is removed from the final budgeted fund balance, then the ending final budgeted fund balance would be \$2,660,849 and the final budget vs. \$3,536,464 of actual would equal \$347,655 of variance with budget.

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Fire Fund**  
**For the Year Ended June 30, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Fire	\$ 11,293,329	\$ 10,487,711	\$ (805,618)
<b>Expenditures</b>			
Fire	<u>13,338,732</u>	<u>10,576,377</u>	<u>2,762,355</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,045,403)</u>	<u>(88,666)</u>	<u>1,956,737</u>
Net Change in Fund Balance	(2,045,403)	(88,666)	1,956,737
Fund Balance, Beginning of Year	1,769,072	1,769,072	-
Prior Period Adjustment	-	(8,387)	(8,387)
Fund Balance, End of Year	<u>\$ (276,331)</u>	<u>\$ 1,672,019</u>	<u>\$ (1,948,350)</u>

**Note:**

The basis of budgeting for the County's Fire fund is at the department level and essentially a Non-GAAP accounting basis less contingencies that differs from cash basis. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting. If contingencies of \$1,220,034 is removed from the final budgeted fund balance, then the ending final budgeted fund balance would be \$943,703 and the final budget vs. \$1,672,019 of actual would equal \$728,316 of variance with budget.

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**County Fish & Game Fund**  
**For the Year Ended June 30, 2015**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Fish and Game	\$ 2,250	\$ 905	\$ (1,345)
<b>Expenditures</b>			
Fish and Game	20,156	899	19,257
Excess (Deficiency) of Revenues Over (Under) Expenditures	17,906	6	17,912
Net Change in Fund Balance	17,906	6	17,912
Fund Balance, Beginning of Year	14,880	14,880	-
Prior Period Adjustment	-	(692)	(692)
Fund Balance, End of Year	<u>\$ 32,786</u>	<u>\$ 14,194</u>	<u>\$ 17,220</u>

**Note:**

The basis of budgeting for the County's Fish and Game fund is at the department level and essentially a Non-GAAP accounting basis less contingencies that differs from cash basis. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting. If contingencies of \$15,806 is removed from the final budgeted fund balance, then the ending final budgeted fund balance would be \$12,780 of final budget vs. \$14,194 of actual would equal \$1,414 of variance with budget.

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Child Support Services Fund**  
**For the Year Ended June 30, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Child Support Services	<u>\$ 4,189,677</u>	<u>\$ 3,967,724</u>	<u>\$ (221,953)</u>
<b>Expenditures</b>			
Child Support Services	<u>4,189,677</u>	<u>3,947,789</u>	<u>241,888</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>19,935</u>	<u>19,935</u>
Net Change in Fund Balance	-	19,935	19,935
Fund Balance, Beginning of Year	71,948	71,948	-
Prior Period Adjustment	-	53	53
Fund Balance, End of Year	<u><u>\$ 71,948</u></u>	<u><u>\$ 91,936</u></u>	<u><u>\$ 19,988</u></u>

**Note:**

The basis of budgeting for the County's Child Support Services fund is at the fund level and essentially a Non-GAAP accounting basis. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting.

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Off-Highway Motor Vehicle Fund**  
**For the Year Ended June 30, 2015**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Off-Highway Motor Vehicle	\$ -	\$ 203	\$ 203
Total Revenues	<u>-</u>	<u>203</u>	<u>(203)</u>
<b>Expenditures</b>			
Off-Highway Motor Vehicle	-	44,860	(44,860)
Total Expenditures	<u>-</u>	<u>44,860</u>	<u>(44,860)</u>
Excess (Deficiency) of Revenues Over (Under)			
Expenditures	-	(44,657)	(44,657)
Fund Balance, Beginning of Year	45,641	45,641	-
Prior Period Adjustment	-	(1,168)	(1,168)
Fund Balance, End of Year	<u>\$ 45,641</u>	<u>\$ (184)</u>	<u>\$ 45,825</u>

**Note:**

The fund was not budgeted. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting.

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Job Training Office Fund**  
**For the Year Ended June 30, 2015**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>			
Job Training Office	\$ 4,648,864	\$ 4,269,259	\$ (379,605)
Total Revenues	<u>4,648,864</u>	<u>4,269,259</u>	<u>(379,605)</u>
<b>Expenditures</b>			
Job Training Office	4,648,864	4,179,521	469,343
Total Expenditures	<u>4,648,864</u>	<u>4,179,521</u>	<u>469,343</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>89,738</u>	<u>89,738</u>
Net Change in Fund Balance	-	89,738	89,738
Fund Balance, Beginning of Year	(428,873)	(428,873)	-
Prior Period Adjustment	<u>-</u>	<u>(4,448)</u>	<u>(4,448)</u>
Fund Balance, End of Year	<u>\$ (428,873)</u>	<u>\$ (343,583)</u>	<u>\$ 85,290</u>

**Note:**

The basis of budgeting for the County's Job Training Office fund is at the fund level and essentially a Non-GAAP accounting basis. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting.

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Community Development Block Grants Fund**  
**For the Year Ended June 30, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Community Development	\$ -	\$ 416,934	\$ 416,934
Total Revenues	<u>-</u>	<u>416,934</u>	<u>416,934</u>
<b>Expenditures</b>			
Community Development	-	923,259	(923,259)
Total Expenditures	<u>-</u>	<u>923,259</u>	<u>(923,259)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(506,325)</u>	<u>(506,325)</u>
Net Change in Fund Balance	-	(506,325)	(506,325)
Fund Balance, Beginning of Year	1,318,323	1,318,323	-
Prior Period Adjustment	<u>-</u>	<u>(1,600)</u>	<u>(1,600)</u>
Fund Balance, End of Year	<u>\$ 1,318,323</u>	<u>\$ 810,398</u>	<u>\$ (507,925)</u>

**Note:**

The fund was not budgeted. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting.

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Criminal Justice Facility Special Revenue Fund**  
**For the Year Ended June 30, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
Criminal Justice Facility	\$ -	\$ 630,386	\$ 630,386
Total Revenues	<u>-</u>	<u>630,386</u>	<u>630,386</u>
<b>Expenditures</b>			
Criminal Justice Facility - exp	-	657,305	(657,305)
Total Expenditures	<u>-</u>	<u>657,305</u>	<u>657,305</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>(26,919)</u>	<u>(26,919)</u>
Net Change in Fund Balance	-	(26,919)	(26,919)
Fund Balance, Beginning of Year	68,864	68,864	-
Prior Period Adjustment	-	(44)	(44)
Fund Balance, End of Year	<u>\$ 68,864</u>	<u>\$ 41,901</u>	<u>\$ (26,963)</u>

**Note:**

The fund was not budgeted. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting.

**County of Kings**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**In-Home Supportive Services Public Authority Fund**  
**For the Year Ended June 30, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Revenues</b>			
In-Home Supportive Services	\$ 1,614,772	\$ 1,406,162	\$ (208,610)
Total Revenues	<u>1,614,772</u>	<u>1,406,162</u>	<u>(208,610)</u>
<b>Expenditures</b>			
In-Home Supportive Services	1,614,772	595,459	1,019,313
Total Expenditures	<u>1,614,772</u>	<u>595,459</u>	<u>1,019,313</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>810,703</u>	<u>810,703</u>
Net Change in Fund Balance	-	810,703	810,703
Fund Balance, Beginning of Year	(463,958)	(463,958)	-
Prior Period Adjustment	-	(16)	(16)
Fund Balance, End of Year	<u>\$ (463,958)</u>	<u>\$ 346,729</u>	<u>\$ (810,687)</u>

**Note:**

The basis of budgeting for the County's In-Home Supportive Services Public Authority fund is at the fund level and essentially a Non-GAAP accounting basis. The actual fund balance amount is based on GAAP using the modified accrual basis of accounting.

## **County of Kings Internal Service Funds**

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

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

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

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

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

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

**County of Kings**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2015**

	Workers' Compensation Self-Insurance	Fleet Management	Information Services	Health Self- Insurance	Public Works	Total
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 852,829	\$ 454,764	\$ 213,108	\$ 415,874	\$ 134,413	\$ 2,070,988
Imprest cash	-	-	-	-	330	330
Treasurer's investments	5,357,491	2,829,107	1,261,671	2,605,686	802,623	12,856,578
Deposit with others	-	-	-	290,000	-	290,000
Receivables	-	45,442	65,937	6,891	3,760	122,030
Due from other funds	-	2,052	27,831	991,441	18,913	1,040,237
Due from other governments	-	-	-	25,606	-	25,606
Inventories and prepaids	-	159,330	29,098	-	-	188,428
Total current assets	<u>6,210,320</u>	<u>3,490,695</u>	<u>1,597,645</u>	<u>4,335,498</u>	<u>960,039</u>	<u>16,594,197</u>
Noncurrent assets:						
Capital assets:						
Equipment	-	9,739,596	3,800,141	-	1,965,292	15,505,029
Accumulated depreciation - Equipment	-	<u>(5,878,598)</u>	<u>(2,510,885)</u>	-	<u>(1,454,813)</u>	<u>(9,844,296)</u>
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>3,860,998</u>	<u>1,289,256</u>	<u>-</u>	<u>510,479</u>	<u>5,660,733</u>
Total noncurrent assets	<u>-</u>	<u>3,860,998</u>	<u>1,289,256</u>	<u>-</u>	<u>510,479</u>	<u>5,660,733</u>
Total Assets	<u>6,210,320</u>	<u>7,351,693</u>	<u>2,886,901</u>	<u>4,335,498</u>	<u>1,470,518</u>	<u>22,254,930</u>
<b>Deferred Outflows of Resources</b>						
Deferred outflows for contributions	<u>-</u>	<u>38,892</u>	<u>297,631</u>	<u>-</u>	<u>359,929</u>	<u>696,452</u>
<b>Liabilities</b>						
Current liabilities:						
Accrued expenses payable	299,924	37,283	136,871	280,693	213,309	968,080
Due to other funds	-	5,390	38,641	-	56,789	100,820
Advances from grantors and third parties	-	-	-	-	9,588	9,588
Capital leases payable	-	881	164,899	-	1,303	167,083
Claims payable	2,632,888	-	-	-	-	2,632,888
Compensated absences payable	-	25,900	109,052	-	180,656	315,608
Total Current liabilities	<u>2,932,812</u>	<u>69,454</u>	<u>449,463</u>	<u>280,693</u>	<u>461,645</u>	<u>4,194,067</u>
Noncurrent liabilities:						
Leases payable	-	4,000	75,955	-	2,542	82,497
Claims payable	8,888,112	-	-	-	-	8,888,112
Compensated absences payable	-	24,885	104,775	-	173,571	303,231
Net pension liability	-	373,941	2,866,877	-	3,464,143	6,704,961
Total noncurrent liabilities	<u>8,888,112</u>	<u>402,826</u>	<u>3,047,607</u>	<u>-</u>	<u>3,640,256</u>	<u>15,978,801</u>
Total liabilities	<u>11,820,924</u>	<u>472,280</u>	<u>3,497,070</u>	<u>280,693</u>	<u>4,101,901</u>	<u>20,172,868</u>
<b>Deferred Inflows of Resources</b>						
Deferred inflows of resources - actuarial	<u>-</u>	<u>127,842</u>	<u>980,127</u>	<u>-</u>	<u>1,184,320</u>	<u>2,292,289</u>
<b>Net Position</b>						
Net Investment in capital assets	-	3,856,117	1,048,402	-	506,634	5,411,153
Unrestricted	<u>(5,610,604)</u>	<u>2,934,346</u>	<u>(2,341,067)</u>	<u>4,054,805</u>	<u>(3,962,408)</u>	<u>(4,924,928)</u>
Total Net Position	<u>\$ (5,610,604)</u>	<u>\$ 6,790,463</u>	<u>\$ (1,292,665)</u>	<u>\$ 4,054,805</u>	<u>\$ (3,455,774)</u>	<u>\$ 486,225</u>

**County of Kings**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2015**

	Workers' Compensation Self - Insurance	Fleet Management	Information Services	Health Self- Insurance	Public Works	Total
<b>Operating revenues</b>						
Charges for services	\$ -	\$ 2,659,050	\$ 7,335,951	\$ -	\$13,715,158	\$ 23,710,159
Miscellaneous revenues	716,336	186,445	8,657	12,555,567	97,679	13,564,684
Total Operating Revenues	<u>716,336</u>	<u>2,845,495</u>	<u>7,344,608</u>	<u>12,555,567</u>	<u>13,812,837</u>	<u>37,274,843</u>
<b>Operating Expenses</b>						
Salaries and employee benefits	1,783,644	451,878	3,460,026	11,546,849	4,469,339	21,711,736
Services and supplies	96,461	1,411,545	3,038,405	2,178,958	8,823,273	15,548,642
Administration	860,529	185,393	175,702	-	58,552	1,280,176
Depreciation	-	888,090	452,209	-	38,668	1,378,967
Total Operating Expenses	<u>2,740,634</u>	<u>2,936,906</u>	<u>7,126,342</u>	<u>13,725,807</u>	<u>13,389,832</u>	<u>39,919,521</u>
Operating Income (Loss)	<u>(2,024,298)</u>	<u>(91,411)</u>	<u>218,266</u>	<u>(1,170,240)</u>	<u>423,005</u>	<u>(2,644,678)</u>
<b>Nonoperating Revenues (Expenses)</b>						
Intergovernmental revenues	-	278,137	-	-	-	278,137
Investment earnings	5,625	21,320	10,596	27,213	(2,263)	62,491
Interest expense	-	(1,114)	(42,984)	-	(11,526)	(55,624)
Sale of capital assets	-	72,752	1,099	-	-	73,851
Total Nonoperating Revenues (Expenses)	<u>5,625</u>	<u>371,095</u>	<u>(31,289)</u>	<u>27,213</u>	<u>(13,789)</u>	<u>358,855</u>
Change in net position	(2,018,673)	279,684	186,977	(1,143,027)	409,216	(2,285,823)
Net position, Beginning of Year	(3,305,370)	7,015,062	2,135,766	5,234,955	491,853	11,572,266
Prior Period Adjustments	(286,560)	(504,283)	(3,615,409)	(37,123)	(4,356,843)	(8,800,218)
Net position, End of Year	<u>\$ (5,610,603)</u>	<u>\$ 6,790,463</u>	<u>\$ (1,292,666)</u>	<u>\$ 4,054,805</u>	<u>\$ (3,455,774)</u>	<u>\$ 486,225</u>

**County of Kings**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2015**

	<u>Workers'</u> <u>Compensation</u> <u>Self-Insurance</u>	<u>Fleet</u> <u>Management</u>	<u>Information</u> <u>Services</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from interfund services provided	\$ 716,336	\$ 2,930,958	\$ 7,360,722
Payments to suppliers	(886,582)	(1,389,518)	(3,587,239)
Payments to and on behalf of employees	(1,246,644)	(450,907)	(3,482,496)
Payments for interfund services used	-	(185,393)	(175,702)
Total Cash Flows from Operating Activities	<u>(1,416,890)</u>	<u>905,140</u>	<u>115,285</u>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Intergovernmental revenues	-	278,137	-
Total Cash Flows from Non-Capital Financing Activities	<u>-</u>	<u>278,137</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Interest expense	-	(1,114)	(42,984)
Total Cash Flows from Capital and Related Financing Activities	<u>-</u>	<u>(1,114)</u>	<u>(42,984)</u>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sales and maturities of investments	6,872,718	3,629,246	1,618,502
Purchase of investments	(4,673,433)	(4,407,368)	(1,501,488)
Investment earnings	5,625	21,320	10,596
Total Cash Flows from Investing Activities	<u>2,204,910</u>	<u>(756,802)</u>	<u>127,610</u>
Net Increase (Decrease) in Cash and Cash Equivalents	788,020	425,361	199,911
Cash and Cash Equivalents, Beginning of Year	64,809	29,403	13,197
Cash and Cash Equivalents, End of Year	<u>\$ 852,829</u>	<u>\$ 454,764</u>	<u>\$ 213,108</u>

**Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for)**

<b>Operating Activities</b>			
Operating income (loss)	<u>\$ (2,024,298)</u>	<u>\$ (91,411)</u>	<u>\$ 218,266</u>
Adjustment to Reconcile Operating Income (Loss)			
Depreciation	-	888,090	452,209
Net gain on sale of capital assets	-	72,752	1,099
(Increase) Decrease in receivables	-	14,763	42,846
(Increase) Decrease in deposits with others	(210,000)	-	-
(Increase) Decrease in due from other funds	-	(2,052)	(27,831)
(Increase) Decrease in due from other governments	-	-	-
(Increase) Decrease in inventories and prepaids	-	22,397	-
Increase (Decrease) in advances from grantors and third parties	-	-	-
Increase (Decrease) in accrued expenses payable	70,408	(5,433)	(294,256)
Increase (Decrease) in due to other funds	-	182	(50)
Increase (Decrease) in capital leases payable	-	4,881	(254,528)
Increase (Decrease) in compensated absences payable	-	971	(22,470)
Increase (Decrease) in Claims Payable	<u>747,000</u>	<u>-</u>	<u>-</u>
Total adjustments	<u>607,408</u>	<u>996,551</u>	<u>(102,981)</u>
Net cash provided (used) by operating activities	<u>\$ (1,416,890)</u>	<u>\$ 905,140</u>	<u>\$ 115,285</u>

**County of Kings**  
**Combining Statement of Cash Flows (continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2015**

	Health Self- Insurance	Public Works	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from interfund services provided	\$ 12,480,308	\$ 13,790,263	\$ 37,278,587
Payments to suppliers	(1,898,265)	(9,010,395)	(16,771,999)
Payments to and on behalf of employees	(11,546,849)	(4,469,381)	(21,196,277)
Payments for interfund services used	-	(58,552)	(419,647)
Total Cash Flows from Operating Activities	<u>(964,806)</u>	<u>251,935</u>	<u>(1,109,336)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>			
Intergovernmental revenues	-	-	278,137
Total Cash Flows from Non-Capital Financing Activities	<u>-</u>	<u>-</u>	<u>278,137</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Interest expense	-	(11,526)	(55,624)
Total Cash Flows from Capital and Related Financing Activities	<u>-</u>	<u>(11,526)</u>	<u>(55,624)</u>
<b>Cash Flows from Investing Activities</b>			
Proceeds from sales and maturities of investments	3,342,636	1,029,623	16,492,725
Purchase of investments	(2,023,680)	(1,143,025)	(13,748,994)
Investment earnings	27,213	(2,263)	62,491
Total Cash Flows from Investing Activities	<u>1,346,169</u>	<u>(115,665)</u>	<u>2,806,222</u>
Net Increase (Decrease) in Cash and Cash Equivalents	381,363	124,744	1,919,399
Cash and Cash Equivalents, Beginning of Year	34,511	9,669	151,589
Cash and Cash Equivalents, End of Year	<u>\$ 415,874</u>	<u>\$ 134,413</u>	<u>\$ 2,070,988</u>

**Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for)**

<b>Operating Activities</b>			
Operating income (loss)	\$ (1,170,240)	\$ 423,005	\$ (2,644,678)
Adjustment to Reconcile Operating Income (Loss)			
Depreciation	-	38,668	1,378,967
Net gain on sale of capital assets	-	-	73,851
(Increase) Decrease in receivables	4,047	(3,639)	58,017
(Increase) Decrease in deposits with others	-	-	(210,000)
(Increase) Decrease in due from other funds	(76,171)	(18,913)	(124,967)
(Increase) Decrease in due from other governments	(3,135)	-	(3,135)
(Increase) Decrease in inventories and prepaids	-	-	22,397
Increase (Decrease) in advances from grantors and third parties	-	(22)	(22)
Increase (Decrease) in accrued expenses payable	280,693	(189,986)	(138,574)
Increase (Decrease) in due to other funds	-	4,111	4,243
Increase (Decrease) in capital leases payable	-	(1,247)	(250,894)
Increase (Decrease) in compensated absences payable	-	(42)	(21,541)
Increase (Decrease) in Claims Payable	-	-	747,000
Total adjustments	<u>205,434</u>	<u>(171,070)</u>	<u>1,535,342</u>
Net cash provided (used) by operating activities	<u>\$ (964,806)</u>	<u>\$ 251,935</u>	<u>\$ (1,109,336)</u>

**County of Kings**  
**Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual**  
**Workers' Compensation Self-Insurance Fund**  
**For the Year Ended June 30, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Operating Revenues:</b>			
Workers' Compensation	\$ 34,000	\$ 721,961	\$ 687,961
Total revenues	<u>34,000</u>	<u>721,961</u>	<u>687,961</u>
<b>Operating Expenses:</b>			
Workers' Compensation	34,000	2,740,634	2,706,634
Total expenses	<u>34,000</u>	<u>2,740,634</u>	<u>2,706,634</u>
Change in net position	-	(2,018,673)	(2,018,673)
Net position, Beginning of Year	(3,305,370)	(3,305,370)	-
Prior Period Adjustments	-	(286,560)	(286,560)
Net position, End of Year	<u>\$ (3,305,370)</u>	<u>\$ (5,610,603)</u>	<u>\$ (2,305,233)</u>

**County of Kings**  
**Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual**  
**Fleet Management Fund**  
**For the Year Ended June 30, 2015**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Operating Revenues:</b>			
Fleet	\$ 2,921,297	\$ 3,217,704	\$ 296,407
Total revenues	<u>2,921,297</u>	<u>3,217,704</u>	<u>296,407</u>
<b>Operating Expenses:</b>			
Fleet	4,126,692	2,938,020	1,188,672
Total expenses	<u>4,126,692</u>	<u>2,938,020</u>	<u>1,188,672</u>
Change in net position	(1,205,395)	279,684	1,485,079
Net position, Beginning of Year	7,015,062	7,015,062	-
Prior Period Adjustments	-	(504,283)	(504,283)
Net position, End of Year	<u>\$ 5,809,667</u>	<u>\$ 6,790,463</u>	<u>\$ 980,796</u>

**County of Kings**  
**Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual**  
**Information Services Fund**  
**For the Year Ended June 30, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Operating Revenues:</b>			
Information Services	\$ 7,893,118	\$ 7,356,303	\$ (536,815)
Total revenues	<u>7,893,118</u>	<u>7,356,303</u>	<u>(536,815)</u>
<b>Operating Expenses:</b>			
Information Services	8,367,326	7,169,326	1,198,000
Total expenses	<u>8,367,326</u>	<u>7,169,326</u>	<u>1,198,000</u>
Change in net position	(474,208)	186,977	661,185
Net position, Beginning of Year	2,135,766	2,135,766	-
Prior Period Adjustments	-	(3,615,409)	(3,615,409)
Net position, End of Year	<u>\$ 1,661,558</u>	<u>\$ (1,292,666)</u>	<u>\$ (2,954,224)</u>

**County of Kings**  
**Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual**  
**Health Self-Insurance Fund**  
**For the Year Ended June 30, 2015**

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Operating Revenues:</b>			
Health Self-Insurance	\$ 11,875,651	\$ 12,582,780	\$ 707,129
Total revenues	<u>11,875,651</u>	<u>12,582,780</u>	<u>707,129</u>
<b>Operating Expenses:</b>			
Health Self-Insurance	12,704,541	13,725,807	(1,021,266)
Total expenses	<u>12,704,541</u>	<u>13,725,807</u>	<u>(1,021,266)</u>
Change in net position	(828,890)	(1,143,027)	(314,137)
Net position, Beginning of Year	5,234,955	5,234,955	-
Prior Period Adjustments	-	(37,123)	(37,123)
Net position, End of Year	<u>\$ 4,406,065</u>	<u>\$ 4,054,805</u>	<u>\$ (351,260)</u>

**County of Kings**  
**Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual**  
**Public Works Fund**  
**For the Year Ended June 30, 2015**

	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>Operating Revenues:</b>			
Public Works	\$ 16,948,475	\$ 13,812,837	\$ (3,135,638)
Total revenues	<u>16,948,475</u>	<u>13,812,837</u>	<u>(3,135,638)</u>
<b>Operating Expenses:</b>			
Public Works	16,948,475	13,403,621	3,544,854
Total expenses	<u>16,948,475</u>	<u>13,403,621</u>	<u>3,544,854</u>
Change in net position	-	409,216	409,216
Net position, Beginning of Year	491,853	491,853	-
Prior Period Adjustment	-	(4,356,843)	(4,356,843)
Net position, End of Year	<u>\$ 491,853</u>	<u>\$ (3,455,774)</u>	<u>\$ (3,947,627)</u>

**County of Kings  
Statistical Table of Contents  
For the Year Ended June 30, 2015**

Statistical Section

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

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<i>Demographic and Economic Information - These schedules offer economic and demographic indicators to help the reader understand the socioeconomic environment within which the County’s financial activities take place.</i>	
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**County of Kings**  
**Net Position by Component (Unaudited)**  
Last Ten Fiscal Years (in thousands)  
(accrual basis of accounting)

	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2006</u>
Governmental Activities										
Net investment in capital assets	\$ 111,477	\$ 79,168	\$ 80,014	\$ 78,927	\$ 95,097	\$ 95,077	\$ 96,084	\$ 89,999	\$ 86,581	\$ 65,193
Restricted	93	885	881	892	901	994	3,357	1,057	954	870
Unrestricted	<u>(78,595)</u>	<u>52,442</u>	<u>53,653</u>	<u>56,205</u>	<u>37,937</u>	<u>36,615</u>	<u>36,383</u>	<u>37,057</u>	<u>31,013</u>	<u>28,549</u>
Total Governmental Activities Net Position	<u>\$ 32,975</u>	<u>\$ 132,495</u>	<u>\$ 134,548</u>	<u>\$ 136,024</u>	<u>\$ 133,935</u>	<u>\$ 132,686</u>	<u>\$ 135,824</u>	<u>\$ 128,113</u>	<u>\$ 118,548</u>	<u>\$ 94,612</u>

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

**County of Kings**  
**Changes in Net Position (Unaudited)**  
**Last Ten Fiscal Years (in thousands)**  
**(accrual basis of accounting)**

	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 27,433	\$ 22,481	\$ 17,302	\$ 17,083	\$ 18,951
Public safety	68,164	66,234	61,560	59,219	59,837
Public ways and facilities	127	71	124	278	2,471
Highways and streets	9,195	7,639	9,150	6,533	34
Health and sanitation	25,820	26,324	28,430	26,918	25,885
Public assistance	72,854	68,282	64,090	59,435	68,258
Education	2,027	2,014	2,168	1,844	2,054
Culture and recreation	2,336	2,808	1,921	1,814	1,827
Unallocated depreciation	-	1,116	1,136	5,171	5,316
Interest on long-term debt	1,412	1,200	1,342	2,340	1,768
	<u>          </u>				
Total governmental activities expenses	<u>(209,368)</u>	<u>198,169</u>	<u>187,223</u>	<u>180,635</u>	<u>186,401</u>
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General government	4,222	4,575	4,710	4,755	2,836
Public safety	5,158	5,529	5,502	8,039	5,416
Public ways and facilities	-	-	-	38	463
Highways and streets	160	395	434	504	587
Health and sanitation	1,092	1,057	953	919	1,258
Public assistance	27	14	19	23	108
Education	349	352	348	344	33
Culture and recreation	87	86	77	76	129
Operating grants and contributions	160,421	139,720	133,945	135,900	136,437
Capital grants and contributions	7,771	8,229	5,736	-	-
	<u>          </u>				
Total governmental activities program revenues	<u>179,287</u>	<u>159,957</u>	<u>151,724</u>	<u>150,598</u>	<u>147,267</u>
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>388,655</u>	<u>(38,212)</u>	<u>(35,499)</u>	<u>(30,037)</u>	<u>(39,134)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Property taxes	27,236	26,260	26,506	19,720	23,835
Sales taxes	3,562	2,438	2,211	2,032	1,669
Franchise taxes	1,323	1,177	1,122	1,157	1,629
Hotel taxes	311	307	277	280	233
Investment earnings (loss)	660	393	(100)	1,077	1,559
Gain (loss) on sale of capital assets	-	(1,261)	(386)	40	(317)
Miscellaneous	6,485	6,846	9,383	7,540	11,469
Extraordinary item	-	-	-	1,246	-
	<u>          </u>				
Total Primary Government	<u>39,577</u>	<u>36,160</u>	<u>39,013</u>	<u>33,092</u>	<u>40,077</u>
<b>Change in Net Position</b>					
Governmental Activities	<u>\$ 9,497</u>	<u>\$ (2,052)</u>	<u>\$ 3,514</u>	<u>\$ 3,055</u>	<u>\$ 943</u>

**County of Kings**  
**Changes in Net Position (Unaudited) (Continued)**  
 Last Ten Fiscal Years (in thousands)  
 (accrual basis of accounting)

	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2006</u>
<b>Expenses</b>					
Governmental Activities:					
General government	\$ 16,125	\$ 17,124	\$ 18,020	\$ 16,499	\$ 14,349
Public safety	58,422	58,485	53,977	54,435	47,856
Public ways and facilities	-	35	144	312	1,717
Highways and streets	4,130	3,704	4,693	5,120	6,311
Health and sanitation	25,791	27,687	25,662	23,926	21,730
Public assistance	70,489	65,086	64,589	63,022	60,923
Education	2,099	1,987	1,957	1,760	1,445
Culture and recreation	1,633	1,603	1,593	1,559	1,380
Unallocated depreciation	4,540	4,235	4,195	3,820	2,243
Interest on long-term debt	1,401	1,426	1,408	1,532	1,608
	<u>184,630</u>	<u>181,372</u>	<u>176,238</u>	<u>171,985</u>	<u>159,562</u>
Total governmental activities expenses					
<b>Program Revenues</b>					
Governmental Activities:					
Charges for Services:					
General government	3,297	3,735	3,190	3,601	3,750
Public safety	3,434	3,561	3,778	3,795	4,387
Public ways and facilities	71	-	31	42	13
Highways and streets	525	451	309	370	497
Health and sanitation	1,283	1,258	1,261	1,183	875
Public assistance	78	57	40	42	51
Education	37	50	53	42	42
Culture and recreation	84	59	76	105	141
Operating grants and contributions	138,215	143,090	134,893	132,662	127,852
Capital grants and contributions	-	-	-	-	-
	<u>147,024</u>	<u>152,261</u>	<u>143,631</u>	<u>141,842</u>	<u>137,608</u>
Total governmental activities program revenues					
<b>Net (Expense)/Revenue</b>					
Governmental activities	<u>(37,606)</u>	<u>(29,111)</u>	<u>(32,607)</u>	<u>(30,143)</u>	<u>(21,954)</u>
<b>General Revenues and Other Changes in Net Position</b>					
Governmental Activities:					
Taxes					
Property taxes	23,748	24,211	24,444	20,546	16,971
Sales taxes	1,430	1,917	1,727	1,817	2,146
Franchise taxes	2,128	2,809	3,334	3,458	3,367
Hotel taxes	199	213	234	234	212
Investment earnings (loss)	1,802	2,289	3,215	3,199	2,486
Gain (loss) on sale of capital assets	(1,376)	-	-	-	27
Miscellaneous	6,537	5,383	9,218	5,302	4,767
Extraordinary item	-	-	-	-	-
	<u>34,468</u>	<u>36,822</u>	<u>42,172</u>	<u>34,556</u>	<u>29,976</u>
Total Primary Government					
<b>Change in Net Position</b>					
Governmental Activities	<u>\$ (3,138)</u>	<u>\$ 7,711</u>	<u>\$ 9,565</u>	<u>\$ 4,413</u>	<u>\$ 8,022</u>

**County of Kings**  
**Fund Balances - Governmental Funds (Unaudited)**  
 Last Ten Fiscal Years (in thousands)  
 (modified accrual basis of accounting)

	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2006</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,652	\$ 1,435	\$ 1,453	\$ 1,742	\$ 2,102
Unreserved	-	-	-	-	-	19,442	25,195	28,112	29,460	31,881
Restricted	93	101	103	113	118	-	-	-	-	-
Assigned	25	25	25	25	26	-	-	-	-	-
Unassigned	27,142	25,630	24,528	21,315	14,091	-	-	-	-	-
Total General Fund	<u>\$ 27,260</u>	<u>\$ 25,756</u>	<u>\$ 24,656</u>	<u>\$ 21,453</u>	<u>\$ 14,235</u>	<u>\$ 21,094</u>	<u>\$ 26,630</u>	<u>\$ 29,565</u>	<u>\$ 31,202</u>	<u>\$ 33,983</u>
All Other Governmental Funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,799	\$ 3,048	\$ 796	\$ 809	\$ 2,115
Unreserved, reported in:										
Special Revenue Funds	-	-	-	-	-	13,377	13,261	10,754	-	10,732
Capital Projects Funds	-	-	-	-	-	6,404	12,166	9,958	7,482	2,479
Debt Service Funds	-	-	-	-	-	578	464	317	274	268
Nonspendable	-	-	-	-	3,000	-	-	-	-	-
Restricted	16,034	20,955	19,306	24,277	20,853	-	-	-	-	-
Assigned	12,223	9,502	10,473	12,839	7,139	-	-	-	-	-
Unassigned	(344)	(893)	(347)	(356)	(856)	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 27,913</u>	<u>\$ 29,564</u>	<u>\$ 29,432</u>	<u>\$ 36,760</u>	<u>\$ 30,136</u>	<u>\$ 24,158</u>	<u>\$ 28,939</u>	<u>\$ 21,825</u>	<u>\$ 8,565</u>	<u>\$ 15,594</u>

**Note:** In FY 2010-11 the County implemented GASB 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned. FY 2009-10 fund balances have been recharacterized to comply with GASB54 in order to facilitate year-to-year comparisons.

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

	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>
<b>Revenues</b>					
<b>Taxes</b>					
Property taxes	\$ 27,313	\$ 26,349	\$ 25,049	\$ 24,032	\$ 23,477
Sales tax	3,562	2,438	2,211	2,032	1,669
Franchise taxes	1,323	1,177	1,122	1,157	1,629
Hotel taxes	311	307	277	280	233
Licenses and permits	544	386	380	389	360
Fines and forfeits	1,668	2,090	2,074	2,606	2,408
Intergovernmental revenue	168,221	147,831	137,839	135,881	133,348
Charges for services	8,249	8,843	8,803	10,987	8,440
Rents and concessions	620	645	749	651	686
Investment earnings (loss)	598	367	(16)	962	1,340
Contributions and donations	14	43	38	65	97
Miscellaneous revenues	6,485	6,846	9,383	7,143	9,331
<b>Total Revenues</b>	<u>218,908</u>	<u>197,322</u>	<u>187,909</u>	<u>186,185</u>	<u>183,018</u>
<b>Expenditures</b>					
General government	19,674	16,757	14,839	14,368	16,003
Public safety	67,329	65,486	60,907	58,755	57,213
Public ways and facilities	126	71	124	278	1,186
Highways and streets	9,195	7,639	9,150	6,533	6,045
Health and sanitation	25,704	26,180	28,255	26,760	25,801
Public assistance	72,187	67,643	63,520	59,086	67,340
Education	2,008	1,992	2,157	1,841	2,045
Culture and recreation	2,336	2,808	1,921	1,814	1,866
Debt Service:					
Principal	9,942	2,006	2,009	2,122	1,521
Interest	1,462	1,204	1,214	1,517	1,029
Capital outlay	19,201	4,788	6,160	4,948	4,353
<b>Total Expenditures</b>	<u>229,164</u>	<u>196,574</u>	<u>190,256</u>	<u>178,022</u>	<u>184,402</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(10,256)</u>	<u>748</u>	<u>(2,347)</u>	<u>8,163</u>	<u>(1,384)</u>
<b>Other Financing Sources (Uses)</b>					
Capital leases - other financing sources	5,408	481	328	189	-
Loan proceeds	7,190	-	-	4,147	-
Transfers in	2,343	3,539	2,276	2,407	1,743
Transfers out	(2,343)	(3,539)	(3,276)	(2,407)	(1,784)
<b>Total other financing sources (uses)</b>	<u>12,598</u>	<u>481</u>	<u>(672)</u>	<u>4,336</u>	<u>(41)</u>
<b>Extraordinary Items</b>					
State of California AB 99 reversal	-	-	-	1,238	-
Redevelopment Agency dissolution gain	-	-	-	8	-
<b>Total extraordinary items</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,246</u>	<u>-</u>
<b>Net Changes in Fund Balances</b>	<u>\$ 2,342</u>	<u>\$ 1,229</u>	<u>\$ (3,019)</u>	<u>\$ 13,745</u>	<u>\$ (1,425)</u>
Debt Services as a Percentage of Non-Capital Expenditures	4.68 %	1.65 %	1.69 %	2.03 %	1.37 %

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

	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2006</u>
<b>Revenues</b>					
<b>Taxes</b>					
Property taxes	\$ 22,833	\$ 24,128	\$ 22,074	\$ 20,283	\$ 16,702
Sales tax	1,430	1,917	1,727	1,817	2,146
Franchise taxes	2,128	2,809	3,334	3,458	3,367
Hotel taxes	199	213	234	234	212
Licenses and permits	354	370	453	447	516
Fines and forfeits	815	584	444	524	862
Intergovernmental revenue	136,409	142,967	134,893	132,662	127,852
Charges for services	8,488	9,010	8,372	8,252	8,014
Rents and concessions	676	673	834	1,050	968
Investment earnings (loss)	1,504	2,092	3,054	3,026	2,397
Contributions and donations	426	65	35	53	82
Miscellaneous revenues	6,824	5,293	9,126	5,216	4,640
<b>Total Revenues</b>	<u>182,086</u>	<u>190,121</u>	<u>184,580</u>	<u>177,022</u>	<u>167,758</u>
<b>Expenditures</b>					
General government	17,204	19,199	21,684	18,146	14,454
Public safety	57,566	57,538	54,145	53,778	47,366
Public ways and facilities	421	448	281	683	1,723
Highways and streets	4,329	4,048	4,727	5,475	6,293
Health and sanitation	25,714	27,627	25,793	23,901	21,673
Public assistance	71,022	65,716	65,230	63,321	61,464
Education	2,083	1,969	1,955	1,742	1,433
Culture and recreation	1,633	1,603	1,593	1,559	1,380
Debt Service:					
Principal	1,482	1,394	1,375	1,341	616
Interest	1,027	962	954	1,007	1,003
Capital outlay	9,898	12,823	6,105	3,294	18,921
<b>Total Expenditures</b>	<u>192,379</u>	<u>193,327</u>	<u>183,842</u>	<u>174,247</u>	<u>176,326</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(10,293)</u>	<u>(3,206)</u>	<u>738</u>	<u>2,775</u>	<u>(8,568)</u>
<b>Other Financing Sources (Uses)</b>					
Capital leases - other financing sources	-	7,213	-	-	-
Loan proceeds	-	-	-	-	-
Transfers in	3,062	5,839	7,417	9,221	2,170
Transfers out	(3,087)	(5,669)	(7,437)	(10,898)	(2,709)
<b>Total other financing sources (uses)</b>	<u>(25)</u>	<u>7,383</u>	<u>(20)</u>	<u>(1,677)</u>	<u>(539)</u>
<b>Extraordinary Items</b>					
State of California AB 99 reversal	-	-	-	-	-
Redevelopment Agency dissolution gain	-	-	-	-	-
<b>Total extraordinary items</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Changes in Fund Balances</b>	<u>\$ (10,318)</u>	<u>\$ 4,177</u>	<u>\$ 718</u>	<u>\$ 1,098</u>	<u>\$ (9,107)</u>
Debt Services as a Percentage of Non-Capital Expenditures	1.33 %	1.27 %	1.28 %	1.34 %	1.02 %

**County of Kings**  
**Assessed Value and Actual Value of Taxable Property (Unaudited)**  
Last Ten Fiscal Years (in thousands)

Fiscal Year					Total Taxable	Total Direct Tax Rate
	(1) Secured	(2) Unsecured	(3) Unitary	(4) Exempt	Assessed Value	
2015	\$ 8,518,483	\$ 490,616	\$ 452,965	\$ (111,188)	\$ 9,350,876	1.000
2014	8,538,342	409,271	404,653	(114,327)	9,237,939	1.000
2013	8,408,031	404,407	393,694	(115,272)	9,090,860	1.000
2012	8,297,367	388,710	384,122	(117,416)	8,952,783	1.000
2011	8,221,077	375,894	364,993	(120,141)	8,841,823	1.000
2010	8,060,625	370,456	366,975	(120,256)	8,677,800	1.000
2009	8,055,538	408,958	361,410	(120,836)	8,705,070	1.000
2008	7,179,901	318,322	354,786	(121,244)	7,731,765	1.000
2007	6,353,608	276,156	355,881	(121,649)	6,863,996	1.000
2006	5,723,986	231,472	345,447	(121,956)	6,178,949	1.000

Notes:

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

Source: Department of Finance, County of Kings

**County of Kings**  
**Property Tax Rates - Direct and Overlapping Governments (Unaudited)**  
(\$1 per \$100 of Assessed Value)  
Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Direct Rates</b>	<b>Overlapping Rates</b>			
	<b>County General</b>	<b>Schools</b>	<b>Hospitals</b>	<b>Cities</b>	<b>Total</b>
2015	1.000 %	0.650 %	0.073 %	- %	1.723 %
2014	1.000 %	0.650 %	0.073 %	- %	1.723 %
2013	1.000 %	0.568 %	0.073 %	- %	1.641 %
2012	1.000 %	0.568 %	0.073 %	0.034 %	1.675 %
2011	1.000 %	0.619 %	0.082 %	0.054 %	1.755 %
2010	1.000 %	0.505 %	0.046 %	0.056 %	1.607 %
2009	1.000 %	0.332 %	0.045 %	0.057 %	1.434 %
2008	1.000 %	0.669 %	0.044 %	0.062 %	1.775 %
2007	1.000 %	0.559 %	0.049 %	0.069 %	1.677 %
2006	1.000 %	0.636 %	0.001 %	0.076 %	1.713 %

Source: Department of Finance, County of Kings

**County of Kings**  
**Principal Property Tax Payers (Unaudited)**  
June 30, 2015 and June 30, 2006 (in thousands)

Tax Payer	2015			2006		
	(1) Net Assessed Secured Value	Rank	Percentage of Total Taxable Assessed Value	(1) Net Assessed Secured Value	Rank	Percentage of Total Taxable Assessed Value
Leprino Foods	345,087	1	3.85 %	297,602	1	5.43 %
Melga Canal Co (JG Boswell)	325,636	2	3.63 %	199,156	2	3.63 %
Pacific Gas & Electric Co	199,860	3	2.23 %	92,218	4	1.68 %
Del Monte Corporation	103,725	4	1.16 %	81,906	5	1.49 %
OLAM West Coast Inc	92,433	5	1.03 %	-		- %
GWF Energy LLC- Hanford	78,500	6	0.87 %	145,000	3	2.65 %
Chevron Corporation	74,625	7	0.83 %	-		- %
Sandridge Partners LP	74,360	8	0.83 %	36,126	8	0.66 %
Passco Hanford Mall LLC	52,747	9	0.59 %	39,588	7	0.72 %
Cloverdale Dairy LLC	50,792	10	0.57 %	-		- %
S.K. Foods	-		- %	59,598	6	1.09 %
Westlake Farms	-		- %	33,167	9	0.61 %
Waste Management Holdings	-		- %	27,766	10	0.51 %
<b>Total</b>	<b>1,397,765</b>		<b>15.6 %</b>	<b>1,012,127</b>		<b>18.5 %</b>

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

Source: Department of Finance, County of Kings and County of Kings CAFR for the fiscal year ended June 30, 2006.

**County of Kings**  
**Property Tax Levies and Collections (Unaudited)**  
 Last Ten Fiscal Years  
 (in thousands)

Fiscal Year	Taxes Levied	Collections within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2015	\$ 104,776	\$ 103,023	98.33 %	\$ 1,753	\$ 104,776	100.00 %
2014	103,162	101,635	98.52 %	1,527	103,162	100.00 %
2013	103,166	101,270	98.16 %	1,896	103,166	100.00 %
2012	100,113	97,692	97.58 %	1,360	99,052	98.94 %
2011	99,075	96,322	97.22 %	2,469	98,791	99.71 %
2010	96,402	92,882	96.35 %	2,261	95,143	98.69 %
2009	94,339	90,359	95.78 %	1,850	92,209	97.74 %
2008	87,325	83,985	96.18 %	1,053	85,038	97.38 %
2007	77,288	75,092	97.16 %	1,004	76,096	98.46 %
2006	67,694	66,496	98.23 %	785	67,281	99.39 %

Source: Department of Finance, County of Kings

**County of Kings**  
**Ratio of Outstanding Debt by Type (Unaudited)**  
 Last Ten Fiscal Years  
 (in thousands, except per capita)

Fiscal Year	Governmental Activities				Total Governmental Activities	Percentage of Personal Income (1)	Debt per Capita (2)
	Pension Obligation Bonds	Lease Revenue Bonds	Refunded Lease Revenue Bonds	Capital Leases			
2015	\$ 7,088	\$ -	\$ 7,190	\$ 17,912	\$ 32,190	N/A	N/A
2014	7,781	8,090	-	13,910	29,781	N/A	N/A
2013	8,480	8,515	-	14,068	31,063	N/A	N/A
2012	9,199	8,925	-	14,893	33,017	0.69 %	219
2011	9,931	9,325	-	9,756	29,012	0.60 %	191
2010	10,667	9,710	-	9,776	30,153	0.71 %	197
2009	11,406	10,085	-	10,193	31,684	0.82 %	204
2008	12,158	10,450	-	3,297	25,905	0.64 %	168
2007	12,928	10,805	-	3,618	27,351	0.68 %	179
2006	13,698	11,150	-	3,935	28,783	0.81 %	192

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

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

Source: Department of Finance, County of Kings

**County of Kings**  
**Direct and Overlapping Debt (Unaudited)**  
As of June 30, 2015 (in thousands)

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable (1)</u>	<u>Debt 6/30/15</u>
College of Sequoias Hanford and Tulare School Facilities Improvement Districts	98.832 & 11.334%	\$ 24,675
State Center Community College District	0.193	184
West Hills Community College District and School Facilities Improvement District No. 3	31.977 & 75.084	18,900
Reef Sunset Unified School District	100.000	11,209
Hanford Joint Union High School District	98.832	40,516
Lemoore Union High School District	100.000	2,339
Armona Union School District	100.000	2,395
Hanford School District	100.000	8,621
Pioneer Union School District	100.000	6,058
Other School Districts	Various	1,685
Corcoran Hospital District	100.000	13,774
City of Hanford Community Facilities District No. 91-1	100.000	<u>855</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$131,211
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Kings County General Fund Obligations	100.000 %	\$12,175
Kings County Pension Obligation Bonds	100.000	7,088
Community College District General Fund Obligations	Various	24,190
Reef-Sunset Unified School District Certificates of Participation	100.000	2,190
Hanford Joint Union High School District Certificates of Participation	98.832	13,199
Pioneer Union School District Certificates of Participation	100.000	2,770
Other School District General Fund Obligations	Various	12,417
City of Lemoore Certificates of Participation	100.000	<u>1,625</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$75,653
 <u>OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):</u>		 \$41,193
 COMBINED TOTAL DEBT		 \$248,057 (2)

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the county divided by the district's total taxable assessed value.

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

Ratios to 2014-15 Assessed Valuation:

Total Overlapping Tax and Assessment Debt .....	1.37%
Combined Direct Debt (\$19,263) .....	0.20%
Combined Total Debt .....	2.59%

Ratio to Successor Agencies' Redevelopment Incremental Valuation (\$1,370,374,932):

Total Overlapping Tax Increment Debt .....	3.01%
--	-------

Source: California Municipal Statistics, Inc.

**County of Kings**  
**Legal Debt Margin (Unaudited)**  
As of June 30, 2015 (in thousands)

<b>Legal Debt Margin Calculation for Fiscal Year</b>	2015
Total Assessed Value	\$ 9,350,876
Debt Limit (1.25% of Total Assessed Value)	\$ 116,886
Less: Total Net Debt Applicable to Limit	-
Legal Debt Margin	<u>\$ 116,886</u>

<b>Fiscal Year</b>	(1) Total Assessed Value	(2) Legal Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Ratio of Total Net Debt Applicable to Limit to Legal Debt Margin
2015	\$ 9,350,876	\$ 116,886	\$ -	\$ 116,886	\$ -
2014	9,237,939	115,474	-	115,474	-
2013	9,090,860	113,636	-	113,636	-
2012	8,952,783	111,910	-	111,910	-
2011	8,841,823	110,523	-	110,523	-
2010	8,677,800	108,473	-	108,473	-
2009	8,705,070	108,813	-	108,813	-
2008	7,731,765	96,647	-	96,647	-
2007	6,863,996	85,800	-	85,800	-
2006	6,178,949	77,237	-	77,237	-

**Notes:**

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

Source: Department of Finance, County of Kings

**County of Kings**  
**Pledged Revenue Bond Coverage (Unaudited)**  
 Last Ten Fiscal Years

Fiscal Year	Penalty Assessment Collection	Less: Operating Expenses	Net Available Revenue (A)	Debt Service Requirements			Coverage (A/B)
				Principal	Interest	Total (B)	
2015	\$ 657,660	\$ -	\$ 657,660	\$ -	\$ 161,259	\$ 161,259	4.08
2014	867,682	-	867,682	425,000	354,425	779,425	1.11
2013	867,165	-	867,165	410,000	368,775	778,775	1.11
2012	862,275	-	862,275	400,000	381,775	781,775	1.10
2011	814,474	-	814,474	385,000	393,325	778,325	1.05
2010	830,452	-	830,452	375,000	403,638	778,638	1.07
2009	915,064	5,717	920,781	365,000	413,675	778,675	1.18
2008	841,135	11,247	852,382	355,000	424,325	779,325	1.09
2007	815,055	12,747	827,802	345,000	434,675	779,675	1.06
2006	739,096	7,438	746,534	320,000	462,349	782,349	0.95

Notes: Fiscal years 2006 through 2014 reflects the 2005 Lease Revenue Bonds that were refunded within the 2015 fiscal year. The fiscal year 2015 data reflects the new refunding Lease Revenue Bonds. Both bonds have the same source of pledged revenue. Details regarding the County's outstanding debt can be found in the notes to the financial statements

Source: Department of Finance, County of Kings

**County of Kings**  
**Demographic and Economic Statistics (Unaudited)**  
 Last Ten Fiscal Years (in thousands)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2015	-	N/A	N/A	9.6 %
2014	151	N/A	N/A	12.1 %
2013	151	4,926,506	32	13.5 %
2012	151	4,818,680	23	15.5 %
2011	152	4,827,381	32	16.0 %
2010	153	4,245,279	28	17.0 %
2009	155	3,863,511	25	15.0 %
2008	154	4,044,533	26	10.5 %
2007	153	4,033,945	26	8.7 %
2006	150	3,545,113	24	8.4 %

Sources: State of California, Employment Development Department.

**County of Kings**  
**Principle Employers (Unaudited)**  
June 30, 2015 and June 30, 2006  
**Principal Employers**  
**Current Year and Nine Years Ago**

Employer	2015			2006		
	(1) Employees	Rank	Percentage of Total Employment	(2)Employees	Rank	Percentage of Total Employment
Lemoore Naval Air Station	9,200	1	17.95 %	7,875	1	14.16 %
California State Prisons	5,144	2	10.04 %	3,000	2	5.40 %
Kings County School Districts	3,928	3	7.66 %			
Olam West Coast Inc	2,000	4	3.90 %			
Adventist Medical Center	1,948	5	3.80 %			
JG Boswell Co	1,500	6	2.93 %	1,200	6	2.16 %
County of Kings	1,471	7	2.87 %	1,225	5	2.20 %
Tachi Palace Hotel & Casino	1,340	8	2.61 %	1,600	3	2.88 %
Leprino Foods	1,323	9	2.58 %	750	8	1.35 %
Warmerdam Packing	1,225	10	2.39 %	750	9	1.35 %
Del Monte Corp				1,400	4	2.52 %
Hanford Community Medical Center				750	7	1.35 %
Walmart				500	10	0.90 %
Total ten largest	29,079		56.73 %	19,050		34.27 %
Total all other	22,171		43.27 %	36,550		65.73 %
Total employees	51,250		100.00 %	55,600		100.00 %

Sources: (1) Kings County Economic Development Corporation, estimated.  
(2) County of Kings 2006 CAFR

**County of Kings**  
**Full-Time Equivalent County Government Employees by Function (Unaudited)**  
 Last Ten Fiscal Years

	<u>6/30/2015</u>	<u>6/30/2014</u>	<u>6/30/2013</u>	<u>6/30/2012</u>	<u>6/30/2011</u>	<u>6/30/2010</u>	<u>6/30/2009</u>	<u>6/30/2008</u>	<u>6/30/2007</u>	<u>6/30/2006</u>
Function/Program										
General government	188	189	182	179	182	183	197	195	192	178
Public safety	612	600	579	558	546	562	577	563	564	562
Health and sanitation	125	126	136	141	138	124	124	127	109	106
Public assistance	350	319	292	285	286	291	291	305	298	325
Education	<u>19</u>	<u>18</u>	<u>18</u>	<u>15</u>	<u>16</u>	<u>18</u>	<u>18</u>	<u>19</u>	<u>19</u>	<u>19</u>
Total full-time government employees	<u>1,294</u>	<u>1,252</u>	<u>1,207</u>	<u>1,178</u>	<u>1,168</u>	<u>1,178</u>	<u>1,207</u>	<u>1,209</u>	<u>1,182</u>	<u>1,190</u>

Sources: Human Resources, County of Kings

**County of Kings**  
**Operating Indicators By Function/Program (Unaudited)**  
 Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Function/Program</b>										
<b>General Government</b>										
Human Resources:										
Recruitments	131	131	119	122	119	86	101	155	166	140
Applicant written exams	1,782	1,629	1,936	2,091	1,992	1,300	1,198	2,073	1,714	1,234
Classifications and compensation review	55	45	50	47	47	-	50	77	86	40
Major grievances, investigations, legal	70	81	89	76	99	74	50	56	53	48
Oral board days	98	95	97	86	73	65	48	78	97	77
Treasurer-Tax Collector:										
Investment Pool Return	1,693,056	1,509,912	1,854,022	2,750,304	3,423,105	3,911,423	5,347,697	9,869,953	9,114,800	6,339,891
Assessor:										
Properties reassessed involving transfers	7,771	8,250	8,127	7,823	6,001	5,792	6,500	8,178	10,214	10,600
Properties assessed involving construction	4,584	4,124	3,476	4,791	5,407	5,920	4,500	5,808	6,466	5,448
Business/Agricultural property statements	9,037	9,372	9,437	9,259	8,566	9,101	12,000	12,043	11,744	11,530
Unsecured roll	5,500	5,452	4,427	4,951	5,340	5,365	5,300	5,400	5,415	5,123
Audits conducted	35	23	17	50	56	37	50	48	30	46
Assessment appeals	73	87	131	145	27	152	42	25	152	60
Clerk-Recorder:										
Recorded documents	20,953	22,187	13,485	13,073	14,292	22,739	30,319	27,052	36,229	41,372
Certified copies	9,256	9,608	9,264	9,443	10,025	10,538	12,901	12,901	12,827	11,812
Vitals	8,846	8,824	6,610	8,440	9,027	9,435	11,614	11,735	11,045	9,994
Marriage licenses	1,250	1,282	1,649	1,152	1,074	1,094	1,061	1,063	1,063	1,068
Fictitious business statements	445	454	408	439	494	468	556	600	575	554
Passport applications	1,500	1,489	1,233	1,130	1,032	1,372	2,597	2,548	2,163	1,196
Elections:										
Elections conducted	1	3	2	2	1	2	2	2	1	3
Absentee ballots issued	32,000	68,417	67,493	65,296	21,860	59,942	55,100	49,260	24,652	40,303
Voter registrations	2,000	3,587	8,656	3,530	16,246	16,224	11,000	13,752	10,883	14,432

**County of Kings**  
**Operating Indicators By Function/Program (Unaudited) (continued)**  
**Last Ten Fiscal Years**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Public Safety</b>										
District Attorney:										
Cases reviewed	7,797	7,720	6,999	6,927	6,999	7,024	8,912	8,401	10,164	10,486
Felonies filed	2,084	2,043	2,124	1,800	1,537	1,523	2,079	1,988	1,983	2,080
Misdemeanors filed	4,470	3,311	3,745	3,471	3,802	3,229	3,800	3,461	5,153	5,798
Minor's Advocacy:										
Juvenile delinquency cases	899	1,544	1,848	2,295	2,091	2,333	2,639	2,680	3,108	3,124
Sheriff (Administrations):										
Civil cases processed	2,621	2,521	2,976	2,325	3,061	2,450	2,421	2,401	2,403	2,555
Reports processed	4,054	3,543	3,098	2,823	2,385	2,753	2,484	2,374	3,942	3,995
Citations and warrants	5,664	4,449	5,614	5,126	5,162	4,877	4,734	5,322	8,154	8,732
Sheriff (Operations):										
Arrests	2,900	2,931	2,931	2,835	2,444	2,400	1,978	2,205	2,465	2,814
Calls for service	60,252	59,655	58,220	31,649	33,683	26,000	19,468	19,468	17,524	18,188
Written reports	4,034	3,543	3,094	2,790	2,422	2,685	2,291	2,291	2,864	3,300
Probation:										
Total juvenile intake/traffic	1,330	1,567	659	775	1,006	1,453	2,698	2,814	2,776	2,687
Number of felony, juvenile and in-court reports	2,230	2,176	1,571	1,670	1,360	3,375	3,535	3,442	2,549	2,394
Number of adults and juveniles supervised	4,259	4,323	4,542	5,328	5,272	4,358	5,110	4,604	5,102	4,842
Average daily population - juvenile hall	54	54	49	39	39	42	63	62	62	60
Fire:										
Emergency and non-emergency calls	4,750	4,663	4,495	4,416	4,371	4,278	4,700	4,719	4,597	4,635
Fire investigations	421	291	288	288	273	337	630	514	721	724
Inspections	564	400	388	635	678	720	780	795	830	804
Ag Commissioner-Sealer:										
Ag inspections	65,000	58,579	97,706	77,706	135,709	62,378	105,000	110,362	89,889	101,664
Weight and measure inspections	10,000	9,959	11,079	10,677	10,033	9,152	13,000	9,128	13,473	9,427

**County of Kings**  
**Operating Indicators By Function/Program (Unaudited) (continued)**  
**Last Ten Fiscal Years**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Community Development Agency (Building Inspection in hrs):										
Administration	4,632	4,952	4,761	4,113	2,730	2,600	2,781	2,929	3,245	-
Inspections	1,238	1,352	1,413	1,765	2,379	3,000	2,588	2,523	2,790	-
Plan Check	1,132	1,240	1,063	1,042	509	900	890	980	878	-
Community Development Agency (Planning in hrs):										
Zoning administration	3,379	3,983	3,033	3,670	3,649	4,000	3,794	4,429	3,006	3,674
Land division administration	1,263	1,351	1,213	1,197	1,215	1,550	1,414	1,670	1,030	2,069
General plan	514	195	79	283	629	2,700	2,587	2,211	1,328	297
Code compliance	33	142	47	1	105	-	3,322	3,468	2,246	3,268
Public Guardian:										
Total caseload units	200	212	202	199	202	201	202	179	178	182
Veterans Services:										
Claims	6,400	6,225	5,868	6,706	4,286	1,528	1,800	1,493	1,299	752
Office contacts	7,200	6,450	5,743	5,532	3,500	3,396	3,500	2,534	1,904	1,582
Telephone contacts	6,100	6,668	7,423	7,228	6,700	6,528	7,500	5,591	6,510	5,775
<b>Health and Sanitation</b>										
Number of clients served:										
Communicable diseases	1,791	1,671	2,186	2,559	1,661	3,616	2,220	2,133	1,893	26,000
Family planning visits	-	2,641	7,659	8,239	8,609	8,230	8,499	8,481	8,548	10,000
Women, infants and children	8,575	7,772	8,110	8,251	8,372	8,234	7,992	5,222	5,030	86,400
Targeted case management	1,446	320	701	1,172	1,302	713	1,023	973	1,174	700
Child health and disability prevention	13,462	13,366	12,423	13,035	11,216	11,018	10,996	9,728	10,445	9,000
California children services	1,377	1,450	1,356	1,330	1,205	1,254	1,311	1,025	1,036	650
Lab services-specimens	9,175	8,943	10,032	11,044	11,458	12,472	11,029	11,609	15,100	17,300
Pre-employment exams	191	145	209	206	125	82	90	226	194	200
Environmental health services & inspects	26,258	18,858	18,858	19,196	19,622	19,843	21,208	21,809	21,538	14,000
STD Clinic (1)	407	-	-	-	-	-	-	-	-	-

**County of Kings**  
**Operating Indicators By Function/Program (Unaudited) (continued)**  
**Last Ten Fiscal Years**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Public Assistance</b>										
Caseloads (average monthly cases):										
California work opport. & respon. to kids	2,966	2,996	3,006	3,144	3,243	3,082	2,731	2,670	2,610	2,705
Adoptions assistance	480	451	418	388	374	365	330	328	310	291
Foster care	535	499	459	414	368	402	435	428	402	381
Indigent burial	48	54	51	52	44	42	30	43	26	28
In-Home supportive services	2,091	2,033	1,956	1,718	1,695	1,560	1,792	1,682	1,520	1,479

Note: Data for prior years may change as more updated information becomes available.

(1) New in 2015.

**County of Kings**  
**Capital Asset Statistics By Function/Program (Unaudited)**  
 Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Function/Program										
General government										
Administration buildings	7	7	7	7	7	7	7	7	7	7
Public safety										
Administration buildings	5	5	5	5	5	5	5	5	5	5
Fire Station	11	11	11	11	11	11	11	11	11	11
Jail and detention facilities	6	6	6	6	6	6	6	6	6	6
Court building	5	5	5	5	5	5	5	5	5	5
Health and sanitation										
Administration building	2	2	2	2	2	2	2	2	2	2
Clinics	4	3	3	3	3	3	3	3	3	3
Education										
Library	7	7	7	7	7	7	7	7	7	7
Culture and recreation										
Veterans hall	1	1	1	1	1	1	1	1	1	1
Parks	2	2	2	2	2	2	2	2	2	2

Sources: Department of Finance, County of Kings