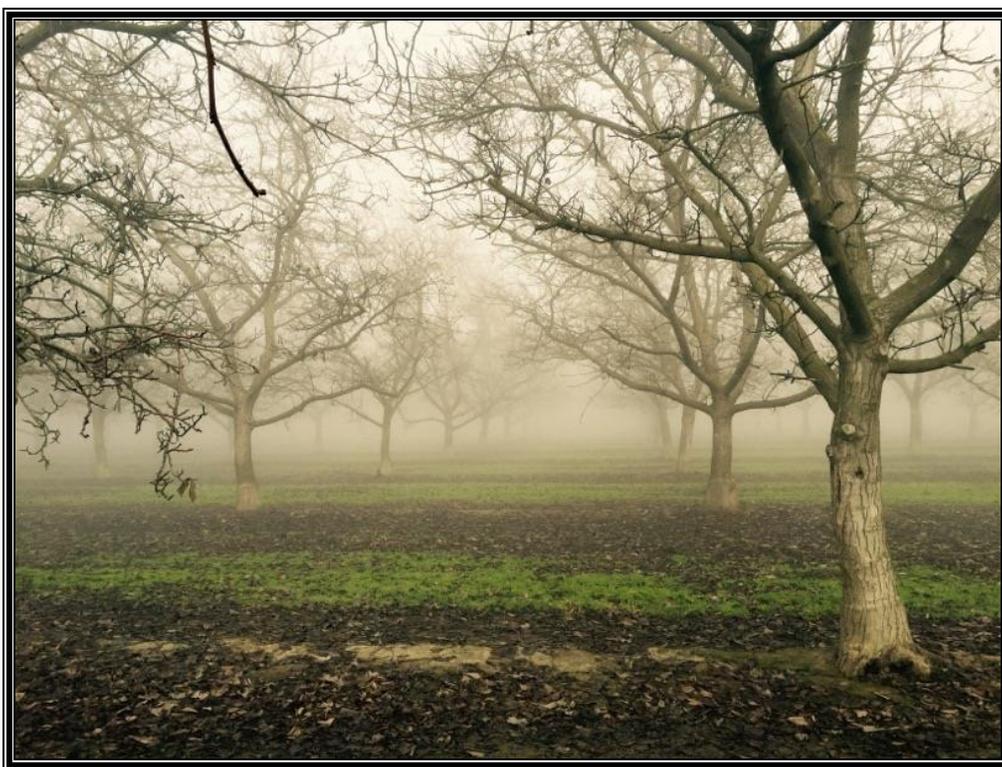


STATE OF CALIFORNIA
COUNTY OF KINGS

COMPREHENSIVE ANNUAL
FINANCIAL REPORT



For the Fiscal Year Ended June 30, 2016

Rebecca Valenzuela, CPA, CGMA
Director of Finance

County of Kings
For the Year Ended June 30, 2016

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For the Year Ended June 30, 2016**

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Introductory Section

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COUNTY OF KINGS DEPARTMENT OF FINANCE

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

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

TAX COLLECTOR • TREASURER DIVISION
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Transmittal Letter

November 23, 2016

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

The Annual Basic Financial Report of the County of Kings for the fiscal year ended June 30, 2016, 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 & Company, Inc., 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 & Company, Inc. Certified Public Accountants, issued an unmodified ("clean") opinion on the County of Kings' financial statements for the year ended June 30, 2016. 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. Seven miles west of the City of Lemoore is Naval Air Station Lemoore, home to 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 150,373 and is projected for expansion to 167,465 by 2020, and to 218,394 by 2040. Kings County has a civilian workforce of 47,700 and the average annual unemployment rate is 9.6%.

The gross value of all agricultural crops and products produced during 2015 in Kings County was \$2,021,052,000. This represents a decrease of \$450,694,000 (18.2%) from the 2014 value.

Livestock and Poultry Products had the largest decrease in value at \$317,485,000 (32.6%) due to lower milk prices. Field Crops decreased in value \$98,688,000 (20.3%) due primarily to lower hay and pima cotton prices. Fruit and Nut Crops decreased in value \$55,717,000 (9.8%) due mainly to lower pistachio production and lower walnut prices. Vegetable crops decreased \$23,429,000 (10.7%) due primarily to lower processing tomato acreage and prices. Seed Crops decreased \$4,365,000 (50.3%) due mainly to less acreage. Milk continues to be the top commodity with a value of \$651,701,000 in 2015.

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

Locally, Kings County continues to struggle with a five-year drought. While rainfall totals were better in 2015-16, the amount of precipitation and snow accumulation in the mountains was well short of what was needed to put a dent into the drought. Concerns continue about the impact of the drought on local sales tax revenues and property

values over time. Despite the drought, property tax revenues came in higher than anticipated, enough to “pull the trigger” on some salary increases pursuant to several labor agreements. This also resulted in a higher fund balance providing a better cushion against fiscal uncertainty.

The County’s General Purpose Fund had revenues that exceeded expenditures by \$6.6 million. A total of \$3.6 million was transferred out including \$1.1 million to Special Revenue Funds primarily to support the ongoing operations of the Fire Department. A total of \$1.9 million was transferred to Capital Projects to fund general capital projects. A total of \$486 thousand was transferred to the Debt Service Fund. Other transfers included funding by Human Services for IT projects. This resulted in a \$3.6 million draw down of existing fund balance leaving a residual general fund balance of \$30.5 million as of June 30, 2016.

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 (SB81) funding for remodel of the Juvenile Detention Center.

Ongoing capital projects include:

| <u>Project</u> | <u>16/17 Budget</u> | <u>Funding source</u> |
|----------------------------|---------------------|--------------------------|
| Jail Improvements | \$ 19,239,192 | SB 1022 |
| Juvenile Detention Remodel | \$ 12,093,672 | SB 81 Other financing |

Projects due for completion in 2016/2017 include:

The AB 900 Jail Expansion Project is scheduled for completion in Fall 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 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>16/17 Budget</u> | <u>Funding source</u> |
|----------------|---------------------|--|
| New Jail | \$ 4,200,000 | AB 900 funding Impact fees Other financing |

New capital projects include:

| <u>Project</u> | <u>16/17 Budget</u> | <u>Funding source</u> |
|------------------------|---------------------|---|
| Human Services Modular | \$ 3,700,000 | General fund with full cost recovery over 15-17 years |
| New Jail Construction | \$ 4,161,296 | AB 900 phase II grant |

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.

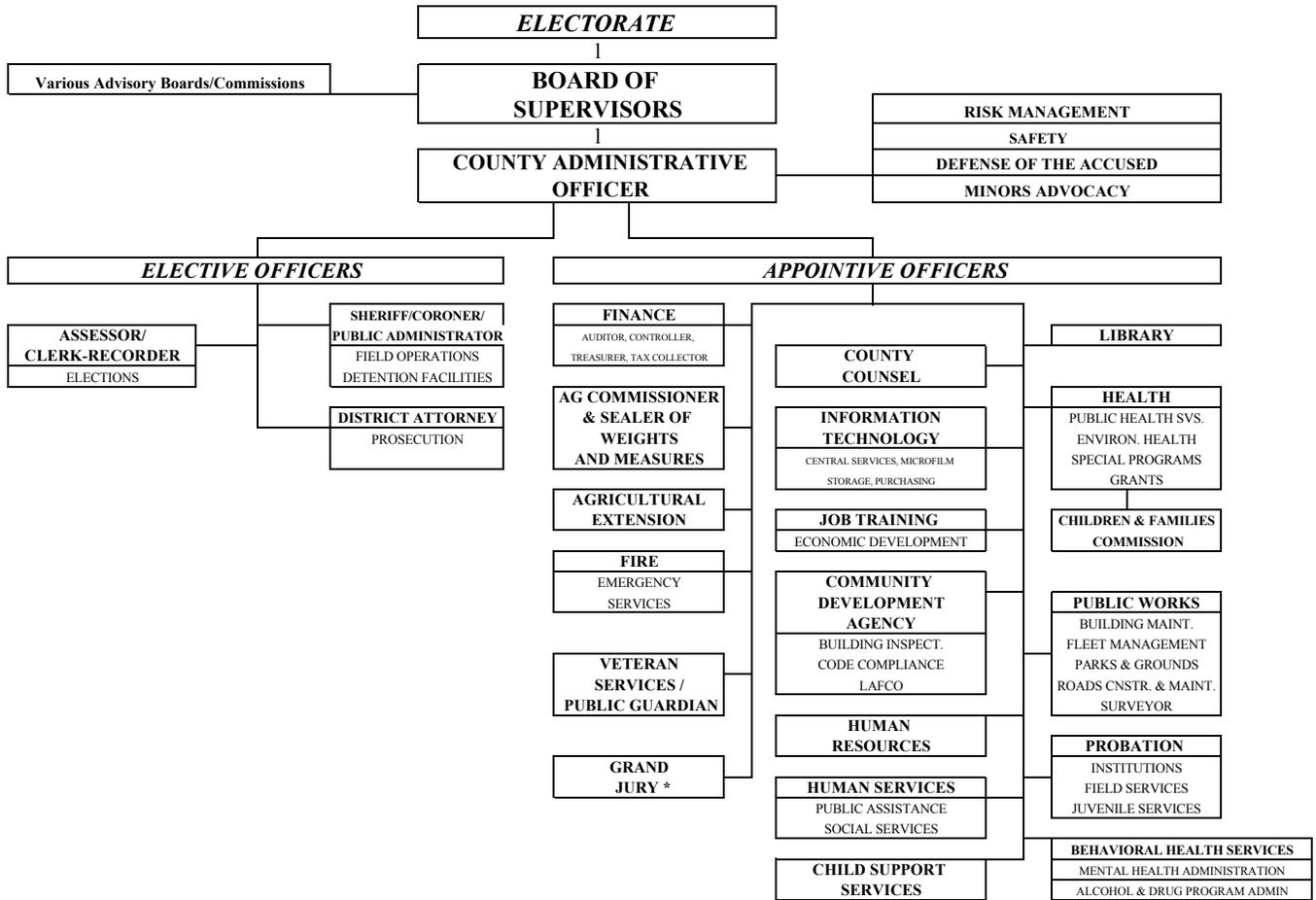
Respectfully submitted,

A handwritten signature in black ink that reads "Rebecca Valenzuela". The signature is written in a cursive style with a large, stylized initial 'R'.

Rebecca Valenzuela, CPA CGMA
Director of Finance

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ORGANIZATION OF KINGS COUNTY GOVERNMENT



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County of Kings
List of Elected and Appointed Officials
June 30, 2016

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/Registrar of Voters | 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 | Kevin Day |
| Veterans Services/Public Guardian | Scott Holwell |
| 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 | Leslie McCormick-Wilson |
| Human Services Department Director | Sanja Bugay |
| 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 |

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Financial Section

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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, 2016, 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, 2016, 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.

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 – other postemployment benefits (OPEB) and budgetary comparison schedules for the General and Road Fund on pages 4-13 and 60-66 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 November 23, 2016, 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, INC.

Hudson Henderson & Company, Inc.

Fresno, California
November 23, 2016

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County of Kings
Management Discussion and Analysis
For the Year Ended June 30, 2016

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, 2016. 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 v 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 \$52,007,313 (net position) and from this amount \$(69,443,184) (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 increased by \$19,032,540 or 57.72% in fiscal year 2016 compared to fiscal year 2015. The amount invested by the County in capital assets (net of related debt) increased by 40.81% or \$9,892,269. (see page 14, Statement of Net Position)
- Restricted assets set aside for debt decreased to \$80,923 in fiscal year 2016 compared to \$92,670 in fiscal year 2015. No funds for construction were restricted in fiscal years 2015 and 2016.
- Current and other assets increased by \$313,961 in fiscal year 2016 while capital assets increased by \$19,408,557 compared to fiscal year 2015.
- The County's total liabilities increased by \$15,619,316 (98.66%) during the current fiscal year.
- The Statement of Activities (page 15) shows program expenditures for primary government programs in fiscal year 2016 to be \$215,083,437. Program revenues of \$187,894,831 derived from charges for services \$12,730,730, operating grants/contributions \$169,346,050, and capital grants and contributions \$5,818,051. The remaining balance of \$27,188,606 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 \$53,172,977, a decrease of \$(1,099,589) or 4.48% in comparison with fiscal year 2015.
- \$30,032,458 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 \$30,355,158 or 15.71% of total General Fund expenditures.

County of Kings
Management Discussion and Analysis
For the Year Ended June 30, 2016

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, 2016

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, 2016**

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 \$52,007,313 at the close of the most recent fiscal year.

| | | County of Kings Net Position Governmental Activities | |
|-----------------------------------|----|---|----------------------|
| | | 2016 | 2015 |
| Assets: | | | |
| Current assets and other assets | \$ | 112,721,587 | \$ 112,407,626 |
| Capital assets | | 144,806,100 | 125,397,543 |
| Total assets | | <u>257,527,687</u> | <u>237,805,169</u> |
| Deferred outflows of resources | | <u>29,109,014</u> | <u>12,975,439</u> |
| Liabilities: | | | |
| Long-term liabilities outstanding | | 147,676,833 | 132,444,514 |
| Other liabilities | | <u>56,179,667</u> | <u>55,792,670</u> |
| Total liabilities | | <u>203,856,500</u> | <u>188,237,184</u> |
| Deferred inflows - pensions | | <u>30,772,888</u> | <u>29,568,651</u> |
| Net position: | | | |
| Net investment in capital assets | | 121,369,574 | 111,477,305 |
| Restricted | | 80,923 | 92,670 |
| Unrestricted | | <u>(69,443,184)</u> | <u>(78,595,202)</u> |
| Total net position | \$ | <u>52,007,313</u> | \$ <u>32,974,773</u> |

The largest portion of the County's net assets, \$121,369,574 (233.37%), 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 \$80,923 (0.16%) 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 2016 and 2015 there were no restricted funds set aside for ongoing construction. The remaining balance of unrestricted net assets of \$(69,443,184) ((133.53)%) is primarily the result of the County's unfunded pension.

The County's total net position increased by \$19,032,540 or 57.72%. Following the logic of the Statement of Activities this increase can be explained by the increase in capital assets purchased in the current fiscal year. Primary spending in capital assets includes construction spending for the AB900 jail expansion and the purchase of land. GASB Statement No. 34 dictates that ten principal categories constitute Governmental Activities as shown on page 15. The General Revenue sources are listed on page 15 and shown below.

**County of Kings
Management Discussion and Analysis
For the Year Ended June 30, 2016**

Total liabilities increased by \$15,619,316 in fiscal year 2016. 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 \$6,378,413, lease revenue bonds of \$6,735,000, and capital leases of \$16,701,525.

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

| | | County of Kings Changes in Net Position Governmental Activities | |
|------------------------------------|----|--|----------------------|
| | | <u>2016</u> | <u>2015</u> |
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for services | \$ | 12,730,730 | \$ 11,094,422 |
| Operating grants and contributions | | 169,346,050 | 160,421,374 |
| Capital grants and contributions | | 5,818,051 | 7,770,952 |
| General Revenues: | | | |
| Property taxes | | 29,106,680 | 27,236,392 |
| Other tax revenue | | 7,824,838 | 5,196,011 |
| Other | | 9,289,628 | 7,145,656 |
| Total revenues | | <u>234,115,977</u> | <u>218,864,807</u> |
| Expenses: | | | |
| General government | | 25,640,007 | 27,433,240 |
| Public safety | | 70,827,333 | 68,164,007 |
| Public ways and facilities | | 3,707 | 126,620 |
| Highways and streets | | 7,265,030 | 9,194,805 |
| Health and sanitation | | 27,573,355 | 25,819,767 |
| Public assistance | | 78,469,382 | 72,853,951 |
| Education | | 2,044,346 | 2,027,049 |
| Culture and recreation | | 1,946,975 | 2,335,825 |
| Interest on long-term debt | | 1,313,302 | 1,412,141 |
| Total expenses | | <u>215,083,437</u> | <u>209,367,405</u> |
| Change in net position | | 19,032,540 | 9,497,402 |
| Beginning net position | | 32,974,773 | 132,494,746 |
| Prior period adjustment | | - | (109,017,375) |
| Ending net position | | <u>\$ 52,007,313</u> | <u>\$ 32,974,773</u> |

- Property tax revenues increased \$1,870,288 or 6.87% during fiscal year 2016. Assessed values of properties increased 4.54% from fiscal year 2015. However, total delinquencies decreased approximately to \$4,310,813 (13.00%) from \$5,189,718 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, 2016

- Sales taxes increased \$1,502,531 or 42.18%. Early estimates for fiscal year 2017 based on research and data provided by Hinderliter de Llamas and Associates project a downswing in sales tax revenues for the San Joaquin Valley in general.
- Franchise taxes increased \$1,138,961 or 86.06%. 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 \$19,568.
- Tribal gaming revenues were \$900,000 in fiscal year 2016 as there was no additional State funding above the \$900,000 contributed by the Tachi Palace Hotel and Casino.
- The \$8,924,676 (net) increased in operating grants and contributions can be attributed to increases of \$3,820,254 from public safety, \$2,186,125 from Health, \$3,679,793 from public assistance and \$1,665 from education. This was offset by decreases in general government of \$664,314, and culture and recreation of \$98,787.
- Investment earnings decreased by \$184,732 as historically low interest rates continued to be unabated. Average investment returns increased from 0.62% fiscal year 2015 to 0.73% in fiscal year 2016. 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 increase of \$2,491,086 or 38.41%. This was primarily due to more programs in the General Fund which increased the Miscellaneous Revenues in the amount of \$2,491,086.

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 \$53,172,977, a decrease of \$2,001,068 3.63% in comparison with the prior fiscal year. Approximately 0.56% of this total amount or \$30,032,458 constitutes unassigned fund balance, which is

County of Kings
Management Discussion and Analysis
For the Year Ended June 30, 2016

available for spending at the County's discretion. A total of \$7,388,182 has been assigned, or constrained for use by the County's intent to be used for a specific purpose, but is neither restricted or committed, of this amount \$6,442,485 is for the purposes of capital projects, \$920,567 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 \$80,923, and (2) for other restricted purposes \$15,752,337.

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 \$30,355,158, while total ending fund balance for the General Fund at the conclusion of fiscal year 2016 was \$30,461,211. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. As seen from this perspective, unassigned fund balance represents 16.82% of total General Fund's expenditures, while total fund balance represents 16.88% of that same amount.

General Fund. In fiscal year 2016, the County's General Fund revenues exceeded expenditures by \$6,600,062. A total of \$3,561,340 was transferred out to the following funds: Debt Service \$986,807, Capital Projects \$1,921,059, Nonmajor Governmental Funds \$1,104,221 and \$50,460. A total of \$152,481 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 \$3,201,271.

Total expenditures increased in the General Fund by \$7,702,524 (\$180,479,131 vs. \$172,776,607 in 2015). 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 \$55,785,836 from \$52,533,506 in fiscal year 2015. 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 \$920,567 that is comparable to the prior fiscal year, all of which is reserved for the payment of debt service. The County issued lease revenue bonds for the main jail facility construction project with revenues derived from the Criminal Justice Facilities Fund, which represent a portion of the penalty assessments by the Judicial Courts, have been pledged to pay the debt service.

Capital Projects fund. The County Capital Projects Fund balance decreased \$4,696,470 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 \$20 million toward the new jail construction.

Road fund. The County Road Fund has a total fund balance of \$9,381,337 as of June 30, 2016. This fund holds assets of \$9,381,337, of which \$8,072,061 are invested in the County's portfolio. This fund has no liabilities.

County of Kings
Management Discussion and Analysis
For the Year Ended June 30, 2016

Nonmajor funds. These funds represent special revenue funds that account for proceeds of specific revenue sources that are restricted to expenditures for specified purposes. The nonmajor fund balance minimally decreased by \$202,497.

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 2016 amounted to \$(8,456,100). Net position decreased due to the implementation of GASB Statement 68, reporting a net pension liability of \$7,427,444.

General Fund Budgetary Highlights

The County's final budget of the General Fund differs from the original budget in that it contains carry-forward appropriations for various programs and projects, and supplemental appropriations approved during the fiscal year. Differences between the original budget and the final amended budget of \$2,381,197 net increased in appropriations are briefly summarized as follows:

- Behavioral Health department increased appropriations \$1,512,611.
- Probation department increased appropriations \$141,785.
- District Attorney department increased appropriations \$211,680.
- Finance department decreased appropriations \$165,774.
- Health department increased appropriations \$208,638.
- Sheriff department increased appropriations \$301,483.

Overall, the County's actual General Fund revenues were less than budgeted during fiscal year 2016 by \$10,547,202 or (5.33)%. Revenues that had significant variances include the following:

- Board of Supervisor revenues were more than budgeted by \$4,375,599 or 9.29%.
- Administrative Office revenues were less than budgeted by \$254,147 or 29.42%.
- Behavioral Health were less than budgeted by \$3,151,051 or 14.95%.
- Human Services Agency were less than budgeted by \$7,505,059 or 9.66%.

**County of Kings
Management Discussion and Analysis
For the Year Ended June 30, 2016**

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$144,806,100 (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 15.48% for governmental activities.

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

| | 2016 | 2015 |
|-----------------------------|----------------|----------------|
| Land | \$ 8,971,547 | \$ 6,958,299 |
| Structures and improvements | 72,898,591 | 75,749,297 |
| Equipment | 12,373,063 | 13,625,708 |
| Construction in progress | 37,983,663 | 18,239,562 |
| Infrastructure | 12,579,236 | 10,824,677 |
| Total | \$ 144,806,100 | \$ 125,397,543 |

Additional information on the County of Kings' capital assets can be found in note 1.A. (page 33), and note 5 (page 40) of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of \$13,113,413. From this amount, \$6,378,413 (Pension Obligation) comprises debt backed by the full faith and credit of the County and the remaining amount of \$6,735,000 (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 \$16,701,525.

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

| | 2016 | 2015 |
|---------------------------------|---------------|---------------|
| Pension Obligation Bonds | \$ 6,378,413 | \$ 7,087,884 |
| Lease Revenue Bonds - refunding | 6,735,000 | 7,190,000 |
| Capital Leases | 16,701,525 | 17,911,706 |
| Total | \$ 29,814,938 | \$ 32,189,590 |

The County of Kings bonded debt decreased by \$1,164,471 or (-10.04%) and capital lease obligations outstanding decreased by \$(1,210,181) (28.77%) during the current fiscal year representing principal reductions from bond and significant increases in lease payments.

County of Kings
Management Discussion and Analysis
For the Year Ended June 30, 2016

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 \$471,385,475, 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 8 and 9 (pages 42-46) of this report.

Budget and Economic Factors

- The unemployment rate for Kings County is currently 8.30%, which is a decrease from a rate of 10.50% during fiscal year 2015. The unemployment rate for the State has been reported to be 5.4%. The State unemployment rate was approximately 6.1% a year ago.
- The 2016-2017 County's Final Budget included an overall budget of \$324 million, which is \$413,919 or 1% more than the current fiscal year final budget.
- Total allocated positions are 1,376.00 full-time equivalents (FTEs), which is 94 FTEs less than adopted in the 2015-2016 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, 2016

| | Primary Government | Component Unit |
|---|----------------------------|--|
| | Governmental Activities | Children & Families First 5 Commission |
| Assets | | |
| Cash and cash equivalents | \$ 9,739,562 | \$ 205,975 |
| Investments | 87,540,044 | 1,872,020 |
| Receivables | 15,178,120 | 299,230 |
| Prepaid items | 182,938 | - |
| Restricted assets | 80,923 | - |
| Capital assets, not being depreciated | 46,955,210 | - |
| Capital assets, net of accumulated depreciation | 97,850,890 | - |
| Total assets | 257,527,687 | 2,377,225 |
| Deferred Outflows of Resources | | |
| Deferred pensions | 29,109,014 | 67,515 |
| Liabilities | | |
| Accounts payable and other current liabilities | 7,987,452 | 92,529 |
| Accrued interest payable | 3,578,675 | - |
| Advances from grantors and third parties | 34,994,931 | - |
| Long-term liabilities | | |
| Portion due within one year: | | |
| Claims payable | 3,651,400 | - |
| Capital lease obligations | 1,491,878 | - |
| Pension obligation bonds | 725,703 | - |
| Lease revenue bonds | 470,000 | - |
| Compensated absences | 3,279,628 | 5,292 |
| Portion due in more than one year: | | |
| Claims payable | 12,508,600 | - |
| Capital lease obligation | 15,209,648 | - |
| Pension obligation bonds | 5,652,710 | - |
| Lease revenue bonds | 6,265,000 | - |
| Compensated absences | 3,279,628 | 5,292 |
| Net OPEB obligation | 5,963,029 | - |
| Net pension liability | 98,798,218 | 217,611 |
| Total liabilities | 203,856,500 | 320,724 |
| Deferred Inflows of Resources | | |
| Deferred pensions | 30,772,888 | 65,858 |
| Net Position | | |
| Net investment in capital assets | 121,369,574 | - |
| Restricted for debt service | 80,923 | - |
| Unrestricted | (69,443,184) | 2,058,158 |
| Total net position | \$ 52,007,313 | \$ 2,058,158 |

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

**County of Kings
Statement of Activities
For the Year Ended June 30, 2016**

| Function/Program Activities | | | | | Net (Expenses) Revenue and Changes in Net Assets | |
|---------------------------------------|-----------------------|-------------------------|--|--|---|---|
| | Expenses | Program Revenues | | | Primary Government | Component Unit |
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | First 5 - Children and Families Commission |
| Primary Government | | | | | | |
| Governmental Activities | | | | | | |
| General government | \$ 25,640,007 | \$ 5,664,283 | \$ 20,182,730 | \$ 820,316 | \$ 1,027,322 | |
| Public safety | 70,827,333 | 5,293,528 | 49,812,371 | - | (15,721,434) | |
| Public ways and facilities | 3,707 | - | - | - | (3,707) | |
| Highways and streets | 7,265,030 | 309,329 | - | 4,997,735 | (1,957,966) | |
| Health and sanitation | 27,573,355 | 1,008,356 | 25,357,248 | - | (1,207,751) | |
| Public assistance | 78,469,382 | 9,683 | 72,998,987 | - | (5,460,712) | |
| Education | 2,044,346 | 358,809 | 23,299 | - | (1,662,238) | |
| Culture and recreation | 1,946,975 | 86,742 | 971,415 | - | (888,818) | |
| Interest on long-term debt | 1,313,302 | - | - | - | (1,313,302) | |
| Total primary government | <u>\$ 215,083,437</u> | <u>\$ 12,730,730</u> | <u>\$ 169,346,050</u> | <u>\$ 5,818,051</u> | <u>\$ (27,188,606)</u> | |
| Component Unit | | | | | | |
| First Five | <u>1,736,942</u> | <u>-</u> | <u>1,672,673</u> | <u>-</u> | | <u>\$ (64,269)</u> |
| Total component unit | <u>\$ 1,736,942</u> | <u>\$ -</u> | <u>\$ 1,672,673</u> | <u>-</u> | | <u>(64,269)</u> |
| General revenues | | | | | | |
| Property taxes | | | | | 29,106,680 | - |
| Sales tax | | | | | 5,064,439 | - |
| Franchise taxes | | | | | 2,462,388 | - |
| Hotel taxes | | | | | 298,011 | - |
| Investment earnings | | | | | 844,949 | 15,291 |
| Gain/(loss) on sale of capital assets | | | | | (531,846) | - |
| Miscellaneous | | | | | 8,976,525 | 325 |
| Total general revenues | | | | | <u>46,221,146</u> | <u>15,616</u> |
| Change in net position | | | | | <u>19,032,540</u> | <u>(48,653)</u> |
| Net position, beginning | | | | | <u>32,974,773</u> | <u>2,106,811</u> |
| Net position, ending | | | | | <u>\$ 52,007,313</u> | <u>\$ 2,058,158</u> |

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

**County of Kings
Balance Sheet
Governmental Funds
June 30, 2016**

| | <u>General Fund</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Road</u> | <u>Nonmajor Governmental Funds</u> | <u>Total</u> |
|--|----------------------|---------------------|-------------------------|---------------------|--|----------------------|
| Assets | | | | | | |
| Cash and cash equivalents | \$ 5,689,500 | \$ 90,739 | \$ 749,119 | \$ 884,732 | \$ 729,378 | \$ 8,143,468 |
| Imprest cash | 25,130 | - | - | - | 854 | 25,984 |
| Treasurer's investments | 51,662,991 | 828,409 | 6,837,950 | 8,072,061 | 6,561,057 | 73,962,468 |
| Deposit with others | 25,000 | - | - | - | 82,736 | 107,736 |
| Investments | 381,782 | - | - | - | - | 381,782 |
| Receivables | 10,285,192 | 1,419 | 3,408,461 | 424,544 | 857,526 | 14,977,142 |
| Due from other funds | 437,178 | - | - | - | - | 437,178 |
| Due from other governments | 2,920 | - | - | - | - | 2,920 |
| Deposit with others - restricted | 80,923 | - | - | - | - | 80,923 |
| Total assets | <u>\$ 68,590,616</u> | <u>\$ 920,567</u> | <u>\$ 10,995,530</u> | <u>\$ 9,381,337</u> | <u>\$ 8,231,551</u> | <u>\$ 98,119,601</u> |
| Liabilities | | | | | | |
| Accrued liabilities | \$ 4,326,569 | \$ - | \$ 825,066 | \$ - | \$ 1,327,515 | \$ 6,479,150 |
| Advances from grantors and third parties | 31,263,362 | - | 3,724,348 | - | - | 34,987,710 |
| Due to other funds | 944,608 | - | 3,631 | - | 579,321 | 1,527,560 |
| Total liabilities | <u>36,534,539</u> | <u>-</u> | <u>4,553,045</u> | <u>-</u> | <u>1,906,836</u> | <u>42,994,420</u> |
| Deferred inflows of resources | | | | | | |
| Deferred inflow from property taxes | 966,409 | - | - | - | 357,338 | 1,323,747 |
| Deferred inflow from grantors | 628,457 | - | - | - | - | 628,457 |
| Total deferred inflows of resources | <u>1,594,866</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>357,338</u> | <u>1,952,204</u> |
| Fund balances | | | | | | |
| Restricted | 80,923 | - | - | 9,381,337 | 6,290,077 | 15,752,337 |
| Assigned | 25,130 | 920,567 | 6,442,485 | - | - | 7,388,182 |
| Unassigned | 30,355,158 | - | - | - | (322,700) | 30,032,458 |
| Total fund balances | <u>30,461,211</u> | <u>920,567</u> | <u>6,442,485</u> | <u>9,381,337</u> | <u>5,967,377</u> | <u>53,172,977</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 68,590,616</u> | <u>\$ 920,567</u> | <u>\$ 10,995,530</u> | <u>\$ 9,381,337</u> | <u>\$ 8,231,551</u> | <u>\$ 98,119,601</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, 2016

| | | |
|---|---------------------|----------------------|
| Total fund balances - total governmental funds | | \$ 53,172,977 |
| Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds | | 139,809,011 |
| Deferred outflows of pension contributions reported in the Statement of Net Position | | 27,517,083 |
| Certain accrued revenues are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds. | | |
| Property taxes | \$ 1,323,747 | |
| Impact fees | <u>628,457</u> | 1,952,204 |
| 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 | (3,463,792) | |
| Lease revenue bonds | (25,847) | |
| Capital leases | <u>(89,035)</u> | (3,578,674) |
| 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. | | (3,541,418) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | |
| Pension obligation bonds | (6,378,413) | |
| Lease revenue bonds | (6,735,000) | |
| Capital leases | (16,619,118) | |
| Compensated absences | (5,945,617) | |
| General liability - IBNR | (1,877,000) | |
| Net OPEB obligation | (5,963,029) | |
| Net pension liability | <u>(91,370,777)</u> | (134,888,954) |
| Deferred inflows of pension contributions reported in the Statement of Net Position | | <u>(28,434,916)</u> |
| Total net position - governmental activities | | <u>\$ 52,007,313</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, 2016

| | <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> |
|--|----------------------|---------------------|-------------------------|---------------------|--|---|
| Revenues | | | | | | |
| Taxes: | | | | | | |
| Property taxes | \$ 20,256,961 | \$ - | \$ - | \$ - | \$ 8,816,746 | \$ 29,073,707 |
| Sales tax | 4,197,722 | - | - | 866,717 | - | 5,064,439 |
| Franchise taxes | 2,462,388 | - | - | - | - | 2,462,388 |
| Hotel taxes | 298,011 | - | - | - | - | 298,011 |
| Licenses and permits | 503,734 | - | - | - | - | 503,734 |
| Fines and forfeits | 1,027,637 | - | - | 309,329 | 506,978 | 1,843,944 |
| Intergovernmental revenues | 144,206,462 | - | 16,326,547 | 4,997,735 | 10,164,663 | 175,695,407 |
| Charges for services | 9,577,085 | - | - | - | 67,056 | 9,644,141 |
| Rents and concessions | 600,139 | - | - | - | 520 | 600,659 |
| Investment earnings | 524,286 | 8,725 | 32,672 | 95,099 | 68,371 | 729,153 |
| Contributions and donations | 137,414 | - | - | - | 838 | 138,252 |
| Miscellaneous revenues | 3,287,354 | - | 2,613,144 | 1,143,078 | 2,873,200 | 9,916,776 |
| Total revenues | <u>187,079,193</u> | <u>8,725</u> | <u>18,972,363</u> | <u>7,411,958</u> | <u>22,498,372</u> | <u>235,970,611</u> |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 19,932,232 | - | 58,227 | - | - | 19,990,459 |
| Public safety | 55,785,836 | - | - | - | 15,099,626 | 70,885,462 |
| Public ways and facilities | - | 3,372 | 335 | - | - | 3,707 |
| Highways and streets | - | - | - | 7,209,832 | - | 7,209,832 |
| Health | 27,461,548 | - | - | - | - | 27,461,548 |
| Public assistance | 72,115,506 | - | - | - | 5,618,466 | 77,733,972 |
| Education | 164,427 | - | - | - | 1,847,596 | 2,012,023 |
| Recreation | 1,946,975 | - | - | - | - | 1,946,975 |
| Debt Service: | | | | | | |
| Principal | 1,525,834 | 720,000 | - | - | 98,244 | 2,344,078 |
| Interest | 889,525 | 436,125 | - | - | 32,146 | 1,357,796 |
| Capital outlay | 657,248 | - | 25,531,330 | 341,533 | 667,879 | 27,197,990 |
| Total expenditures | <u>180,479,131</u> | <u>1,159,497</u> | <u>25,589,892</u> | <u>7,551,365</u> | <u>23,363,957</u> | <u>238,143,842</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>6,600,062</u> | <u>(1,150,772)</u> | <u>(6,617,529)</u> | <u>(139,407)</u> | <u>(865,585)</u> | <u>(2,173,231)</u> |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | 10,068 | 986,807 | 1,921,059 | - | 1,104,221 | 4,022,155 |
| Transfers out | (3,561,340) | - | - | - | (501,207) | (4,062,547) |
| Capital leases-other financing sources | 152,481 | - | - | - | 60,074 | 212,555 |
| Total other financing sources (uses) | <u>(3,398,791)</u> | <u>986,807</u> | <u>1,921,059</u> | <u>-</u> | <u>663,088</u> | <u>172,163</u> |
| Net change in fund balances | 3,201,271 | (163,965) | (4,696,470) | (139,407) | (202,497) | (2,001,068) |
| Fund balances - beginning | 27,259,940 | 1,084,532 | 11,138,955 | 9,520,744 | 6,169,874 | 55,174,045 |
| Fund balances - ending | <u>\$ 30,461,211</u> | <u>\$ 920,567</u> | <u>\$ 6,442,485</u> | <u>\$ 9,381,337</u> | <u>\$ 5,967,377</u> | <u>\$ 53,172,977</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, 2016

Net change in fund balances - total governmental funds \$ (2,001,068)

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 | \$ (6,005,054) | |
| Capital outlays | <u>27,197,990</u> | 21,192,936 |

The net effect from sale, trade-in transactions and transfers involving capital assets is to decrease net assets. (1,419,562)

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 | 32,972 | |
| Intergovernmental revenues | <u>(531,306)</u> | (498,334) |

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 | 709,471 | |
| Capital leases | 1,252,361 | |
| Lease revenue bonds | 455,000 | |
| Offset by the reversal of capital lease proceeds | <u>(212,555)</u> | 2,204,277 |

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 | (252,000) | |
| Accrued Interest | 54,898 | |
| Net pension liability | <u>4,602,949</u> | 4,405,847 |

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 | (749,883) | |
| Compensated absences | <u>(376,057)</u> | (1,125,940) |

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.

(3,725,616)

Change in net assets of governmental activities \$ 19,032,540

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

County of Kings
Statement of Net Position
Proprietary Funds
June 30, 2016

| | <u>Internal Service Funds</u> |
|--|-----------------------------------|
| Assets | |
| Current Assets | |
| Cash and cash equivalents | \$ 1,452,253 |
| Imprest cash | 330 |
| Treasurer's investments | 13,195,796 |
| Deposit with others | 9,791 |
| Receivables | 170,509 |
| Due from other funds | 1,192,515 |
| Due from other governments | 27,550 |
| Inventories and prepaids | <u>182,937</u> |
| Total current assets | <u>16,231,681</u> |
| Noncurrent assets | |
| Capital assets: | |
| Equipment | 13,985,152 |
| Accumulated depreciation - Equipment | <u>(8,988,063)</u> |
| Total capital assets (net of accumulated depreciation) | <u>4,997,089</u> |
| Total noncurrent assets | <u>4,997,089</u> |
| Total assets | <u>21,228,770</u> |
| Deferred outflows of resources | |
| Deferred pensions | <u>1,591,931</u> |
| Total deferred outflows of resources | <u>1,591,931</u> |
| Liabilities | |
| Current liabilities: | |
| Accrued Expenses Payable | 1,508,303 |
| Due to other funds | 102,133 |
| Advances from grantors and third parties | 7,221 |
| Capital leases obligation | 70,716 |
| Claims payable | 2,955,527 |
| Compensated absences payable | <u>306,820</u> |
| Total current liabilities | <u>4,950,720</u> |
| Noncurrent liabilities | |
| Capital leases obligation | 11,691 |
| Claims payable | 11,327,473 |
| Compensated absences payable | 306,819 |
| Net pension liability | <u>7,427,444</u> |
| Total noncurrent liabilities | <u>19,073,427</u> |
| Total liabilities | <u>24,024,147</u> |
| Deferred Inflows of Resources | |
| Deferred pensions | <u>2,337,972</u> |
| Total deferred inflows of resources | <u>2,337,972</u> |
| Net Position | |
| Net investment in capital assets | 4,914,682 |
| Unrestricted | <u>(8,456,100)</u> |
| Total net position | <u>\$ (3,541,418)</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, 2016

| | <u>Internal Service Funds</u> |
|--|-----------------------------------|
| Operating revenues | |
| Charges for services | \$ 20,729,467 |
| Miscellaneous revenues | <u>13,922,690</u> |
| Total operating revenues | <u>34,652,157</u> |
| Operating expenses | |
| Salaries and employee benefits | 22,615,175 |
| Services and supplies | 13,185,007 |
| Administration | 1,371,511 |
| Depreciation | <u>1,299,330</u> |
| Total operating expenses | <u>38,471,023</u> |
| Operating income (loss) | <u>(3,818,866)</u> |
| Nonoperating revenues (expenses) | |
| Investment earnings | 115,795 |
| Interest expense | (10,403) |
| Net gain/(loss) on sale of assets | <u>(52,534)</u> |
| Total nonoperating revenues (expenses) | <u>52,858</u> |
| Income (loss) before operating transfers | (3,766,008) |
| Transfers in | 50,460 |
| Transfers out | <u>(10,068)</u> |
| Change in net position | (3,725,616) |
| Net position, beginning of year | 486,225 |
| Prior Period Adjustments | <u>(302,027)</u> |
| Net position, end of year | <u><u>\$ (3,541,418)</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, 2016

| | <u>Internal Service Funds</u> |
|---|-----------------------------------|
| Cash flows from operating activities | |
| Receipts from interfund services provided | \$ 34,399,289 |
| Payments to suppliers | (13,728,623) |
| Payments to and on behalf of employees | (20,138,583) |
| Payments for interfund services used | (448,041) |
| Net cash provided (used) by operating activities | <u>84,042</u> |
| Cash flows from non-capital financing activities | |
| Transfers in | 50,460 |
| Transfers out | (10,068) |
| Net cash provided (used) by non-capital financing activities | <u>40,392</u> |
| Cash flows from capital and related financing activities | |
| Interest expense | (10,403) |
| Net cash provided (used) by capital and related financing activities | <u>(10,403)</u> |
| Cash flows from investing activities | |
| Proceeds from sales and maturities of investments | 14,418,854 |
| Purchase of investments | (15,267,414) |
| Investment earnings | 115,794 |
| Net cash provided (used) by investing activities | <u>(732,766)</u> |
| Net decrease in cash and cash equivalents | (618,735) |
| Cash and cash equivalents, beginning of year | 2,070,988 |
| Cash and cash equivalents, end of year | <u>\$ 1,452,253</u> |
| Non-cash operating, capital and related financing and investing activities | |
| Assets acquired under capital lease | \$ 20,068 |
| 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 (continued)
Proprietary Funds
For the Year Ended June 30, 2016

| | <u>Internal Service Funds</u> |
|--|-----------------------------------|
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities | |
| Operating income (loss) | \$ <u>(3,818,866)</u> |
| Adjustments to reconcile operating income (loss) | |
| Depreciation expense | 1,299,330 |
| Net loss on sale of assets | (52,534) |
| (Increase) Decrease in receivables | (48,479) |
| (Increase) Decrease in deposits with others | (280,209) |
| (Increase) Decrease in due from other funds | (152,278) |
| (Increase) Decrease in due from other governments | (1,944) |
| (Increase) Decrease in inventories and prepaids | 5,491 |
| Increase (Decrease) in advances from grantors and third parties | 2,367 |
| Increase (Decrease) in accrued expenses payable | 540,223 |
| Increase (Decrease) in due to other funds | 1,314 |
| Increase (Decrease) in capital leases payable | (167,173) |
| Increase (Decrease) in compensated absences payable | (5,200) |
| Increase (Decrease) in claims payable | <u>2,762,000</u> |
| Total adjustments | <u>3,902,908</u> |
| Net cash provided by (used for) operating activities | <u><u>\$ 84,042</u></u> |

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

County of Kings
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

| | Retiree Health | |
|----------------------------|----------------|---------------|
| | Trust | Agency Funds |
| Assets | | |
| Cash and cash equivalents | \$ 47,194 | \$ 22,827,291 |
| Treasurer's investments | 431,598 | 204,369,325 |
| Deposit with others | - | 1,284,187 |
| Receivables | - | 10,872,016 |
| Prepaid expenses | - | 75,381 |
| Total assets | 478,792 | 239,428,200 |
| Liabilities | | |
| Due to other agencies | - | 239,428,200 |
| Total liabilities | - | 239,428,200 |
| Net position | | |
| Net position held in trust | \$ 478,792 | \$ - |

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, 2016

| | <u>Retiree Health Trust</u> |
|---------------------------------|---------------------------------|
| Additions | |
| Contributions | |
| Employer contributions | \$ 101,018 |
| Plan members contributions | <u>78,744</u> |
| Total contributions | 179,762 |
| Investment earnings | <u>1,350</u> |
| Total additions | <u>181,112</u> |
| Deductions | |
| Health insurance premiums | <u>193,216</u> |
| Total deductions | <u>193,216</u> |
| Change in net position | (12,104) |
| Net position, beginning of year | <u>490,896</u> |
| Net position, end of year | <u><u>\$ 478,792</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, 2016

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.

Discretely Presentd Component Unit. 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 Commision, as the governing body of the Commision, is responsible for the operation of the Commision. The Commisssion is a discretely presented component unit because the County Board of Supervisors are not substantively the same as the Commission and the Commission doesn't provide services entirely to the County. 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.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Reporting entity (continued)

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 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.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. If revenues are considered unavailable, then they are recorded as advances from grantors and third parties on the balance sheet, such as property taxes levied but unavailable for expenditures during the current period. For this purpose, the County considers 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)**

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Proprietary Funds:

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

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

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

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

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

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.

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.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

Elimination of all these interfund charges would distort the direct costs and program revenues reported for the various functions concerned. However, any net profit or loss resulting from these internal service fund activities is eliminated.

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

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

A. Assets, Liabilities, and Net 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.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

Deposits and Investments (continued)

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, 2016. As a result, the County increased treasurer investments and investment earnings in Governmental Funds by \$198,063, Proprietary Funds by \$35,302, Fiduciary Funds by \$554,944 and the Commission by \$5,005.

Receivables and Payables

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

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

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

Property taxes are levied as of October 6th on property values assessed as of the preceding January 1st and are payable in equal installments November 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

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

Receivables and Payables (continued)

declared to be subject to the Tax Collector's power of sale and may be subsequently sold within two years by the County Tax Collector.

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

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

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

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 \$80,923 for the year ended June 30, 2016.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

Capital Assets

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

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

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

| 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.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the bond discount. Bond issuance costs are expensed in the period incurred in accordance with GASB 65.

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

Pensions

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

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.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1. Summary of Significant Accounting Policies (continued)

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

Fund Balance (continued)

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.

As of June 30, 2016, 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 | \$ - | \$ - | \$ - | \$ - | \$ 3,808,869 | \$ 3,808,869 |
| Road | - | - | - | 9,381,337 | - | 9,381,337 |
| Fire | - | - | - | - | 1,862,024 | 1,862,024 |
| County Fish & Game | - | - | - | - | 11,103 | 11,103 |
| Child Support Services | - | - | - | - | 219,296 | 219,296 |
| Off-Highway Motor Vehicle | - | - | - | - | 58 | 58 |
| Criminal Justice Facility | - | - | - | - | 47,238 | 47,238 |
| In-Home Supportive Services | - | - | - | - | 341,489 | 341,489 |
| Debt Service | <u>80,923</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>80,923</u> |
| Total Restricted Fund Balance | <u>80,923</u> | <u>-</u> | <u>-</u> | <u>9,381,337</u> | <u>6,290,077</u> | <u>15,752,337</u> |
| Assigned: | | | | | | |
| Debt Service | - | 920,567 | - | - | - | 920,567 |
| Imprest Cash | 25,130 | - | - | - | - | 25,130 |
| Capital Projects | <u>-</u> | <u>-</u> | <u>6,442,485</u> | <u>-</u> | <u>-</u> | <u>6,442,485</u> |
| Total Assigned Fund Balance | <u>25,130</u> | <u>920,567</u> | <u>6,442,485</u> | <u>-</u> | <u>-</u> | <u>7,388,182</u> |
| Unassigned: | | | | | | |
| General | 30,355,158 | - | - | - | - | 30,355,158 |
| Job Training Office | - | - | - | - | (167,919) | (167,919) |
| Community Development Block Grants | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(154,781)</u> | <u>(154,781)</u> |
| Total Unassigned Fund Balance | <u>\$ 30,355,158</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (322,700)</u> | <u>\$ 30,032,458</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 \$167,919 and the Community Development Block Grants for \$154,781 as of June 30, 2016. 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 Community Development Block Grants fund was allowed to use funds to begin construction on two capital assets. In addition, included in the Internal Service Funds, the following funds had a deficit of net position: the Workers' Compensation Self-Insurance Fund of \$8,336,292, Information Services of \$1,287,714 and Public Works of \$3,724,966.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

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 17.

Accounting Standards Update

During the fiscal year ending June 30, 2016, the County implemented the following standards:

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. 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. 82 - *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016 except for requirements of paragraph 7 in circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

Note 2. Cash and Investments

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

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

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 2. Cash and Investments (continued)

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

Total cash and investments at fair value as reported at June 30, 2016, are as follows:

| | |
|---|----------------------|
| Cash: | |
| Imprest cash | \$ 67,063 |
| Cash deposits with financial institutions | <u>32,635,432</u> |
| Total Cash | 32,702,495 |
| Investments: | |
| In Treasurer's pool | 293,835,911 |
| Home Admin Bonds | <u>381,782</u> |
| Total Investments | <u>294,217,693</u> |
| Total Cash and Investments | <u>\$326,920,188</u> |

Investments authorized by the California Government Code and the County's Investment Policy as of June 30, 2016, are as follows:

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|--|------------------|---------------------------------|----------------------------------|
| U.S. treasury obligations | 5 years | 95% | None |
| Federal agency obligations | 5 years | 85% | None |
| State or local agency bonds | 5 years | 20% or \$20MM | None |
| Banker's acceptances | 180 days | 40% | \$5MM |
| Commercial Paper | 270 days | 40% | 10% |
| Negotiable CD's | 3 years | 25% | 5% |
| Certificates of Deposit Account Registry Service | 3 years | 25% | 5% |
| Collateralized time deposits | 2 years | 10% | 5% |
| Repurchase agreements | 1 year | 10% | None |
| Reverse repurchase agreements | 92 days | 10% | None |
| Corporate notes | 5 years | 30% | \$15MM |
| Money market mutual funds | N/A | 20% Max | 10% per fund |
| Supranationals | 5 years | 20% | 10% |
| California Local Agency Investment Fund | N/A | None | None |

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 2. Cash and Investments (continued)

As of June 30, 2016 the County Treasury had the following investments and maturities:

| Investment Type | Total | Investment Maturities | | | |
|------------------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| | | Less than 1 Year | 1 Year | 2 Years | 3 Years |
| Federal Agencies | \$ 184,635,888 | \$ 1,971,866 | \$ 56,246,761 | \$ 96,811,656 | \$ 29,605,605 |
| Federal Agencies - discount | 13,769,405 | 13,769,405 | - | - | - |
| Local Agency Investment Fund | 64,164,443 | 64,164,443 | - | - | - |
| Medium-Term Corporate Notes | 31,266,175 | 16,468,950 | 12,816,671 | 1,980,554 | - |
| Total | <u>\$ 293,835,911</u> | <u>\$ 96,374,664</u> | <u>\$ 69,063,432</u> | <u>\$ 98,792,210</u> | <u>\$ 29,605,605</u> |

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

Interest rate risk. Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. In accordance with its investment policy, the County manages its exposure to declines in fair value by investing operating funds primarily in shorter-term securities. The maximum maturity for investments is five years or less including Federal Agencies and Medium-Term Corporate Notes. Commercial Paper is limited to 270 days.

Credit risk. State law limits investment purchases in commercial paper to the highest rating and medium-term corporate notes to the upper investment grade rating and higher (A to AAA for S&P, A2 to Aaa for Moody's) issued by nationally recognized statistical rating organizations (NRSROs). Prior to 2009, it was the County's policy to limit its investments in these investment types to the same ratings as required by the State. The County changed its policy to increase minimum credit quality ratings (from A to AA- for S&P, A2 to Aa3 for Moody's). As of June 30, 2016, 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 are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

Concentration of credit risk. The County's investment policy does not allow for an investment in any one corporate issuer that is in excess of 10 percent of the County's total investments. As of June 30, 2016 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, 2016, the County's remaining unamortized balance is \$381,782.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 3. Fair Value Measurements

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

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

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

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

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. The County did not have any input into the fair value of Level 2 investments. The County did not have any assets reported at fair value with Level 2 inputs for the year ended June 30, 2016.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement. The County did not have any assets reported at fair value with Level 3 inputs for the year ended June 30, 2016.

The table below presents the level within the fair value hierarchy at which investments are measured at June 30, 2016:

| Investments by fair value level | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|---------|---------|----------------|
| Federal agencies | \$ 184,635,888 | \$ - | \$ - | \$ 184,635,888 |
| Federal agencies - discount | 13,769,405 | - | - | 13,769,405 |
| Local Agency Investment Pool | 64,164,443 | - | - | 64,164,443 |
| Medium term notes | 31,266,175 | - | - | 31,266,175 |
| Total investments measured at fair value | \$ 293,835,911 | \$ - | \$ - | \$ 293,835,911 |

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 4. Receivables

Receivables as of June 30, 2016 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 | \$ - | \$ - | \$ - | \$ - | \$ 3,818 | \$ 3,818 | \$ 66,509 | \$ 1,259,415 | \$ 1,329,742 |
| Intergovernmental | 9,309,591 | - | 3,401,065 | 405,576 | 476,710 | 13,592,942 | 85,649 | 5,968,493 | 19,647,084 |
| Taxes | 819,973 | - | - | - | 361,070 | 1,181,043 | - | 3,109,382 | 4,290,425 |
| Interest | 155,628 | 1,419 | 7,396 | 18,968 | 15,928 | 199,339 | 18,351 | 534,726 | 752,416 |
| Totals | <u>\$10,285,192</u> | <u>\$ 1,419</u> | <u>\$3,408,461</u> | <u>\$ 424,544</u> | <u>\$ 857,526</u> | <u>\$ 14,977,142</u> | <u>\$ 170,509</u> | <u>\$ 10,872,016</u> | <u>\$ 26,019,667</u> |

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

| | Beginning Balance | Increases | Decreases | Adjustments | Ending Balance |
|--|-----------------------|----------------------|-----------------------|-------------------|----------------------|
| Governmental Activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 6,958,299 | \$ 3,229,122 | \$ (1,215,874) | \$ - | \$ 8,971,547 |
| Construction in progress | 18,239,562 | 22,544,574 | (2,800,473) | - | 37,983,663 |
| Total capital assets, not being depreciated | <u>25,197,861</u> | <u>25,773,696</u> | <u>(4,016,347)</u> | <u>-</u> | <u>46,955,210</u> |
| Capital assets, being depreciated: | | | | | |
| Structures and Improvements | 125,068,491 | 200,915 | - | - | 125,269,406 |
| Equipment | 36,689,776 | 2,275,802 | (3,623,903) | 1,225,332 | 36,567,007 |
| Infrastructure | 42,525,803 | 2,800,473 | - | - | 45,326,276 |
| Total capital assets, being depreciated | <u>204,284,070</u> | <u>5,277,190</u> | <u>(3,623,903)</u> | <u>1,225,332</u> | <u>207,162,689</u> |
| Less accumulated depreciation: | | | | | |
| Accumulated depreciation - Structures & improvements | (49,319,194) | (3,051,621) | - | - | (52,370,815) |
| Accumulated depreciation - Equipment | (23,064,068) | (3,206,849) | 3,033,264 | (956,291) | (24,193,944) |
| Accumulated depreciation - Infrastructure | (31,701,126) | (1,045,914) | - | - | (32,747,040) |
| Total accumulated depreciation | <u>(104,084,388)</u> | <u>(7,304,384)</u> | <u>3,033,264</u> | <u>(956,291)</u> | <u>109,311,799</u> |
| Total capital assets being depreciated, net | <u>100,199,682</u> | <u>(2,027,194)</u> | <u>(590,639)</u> | <u>269,041</u> | <u>97,850,890</u> |
| Governmental activities capital assets, net | <u>\$ 125,397,543</u> | <u>\$ 23,746,502</u> | <u>\$ (4,606,986)</u> | <u>\$ 269,041</u> | <u>\$144,806,100</u> |

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

| | |
|--------------------------|---------------------|
| Governmental Activities: | |
| General government | \$ 5,486,309 |
| Public safety | 883,335 |
| Highways and streets | 55,199 |
| Health and sanitation | 111,807 |
| Public assistance | 735,411 |
| Education | 32,323 |
| Grand Total | <u>\$ 7,304,384</u> |

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 6. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

| Due to / from other funds: | | |
|---|-----------------------------|---------------------|
| Receivable Fund | Payable Fund | Amount |
| General Fund | Capital Projects | \$ 3,631 |
| | Nonmajor Governmental Funds | 433,547 |
| Health Self-Insurance Fund ¹ | General Fund | 848,436 |
| | Nonmajor Governmental Funds | 145,774 |
| | Internal Service Funds | 102,133 |
| Fleet Fund ¹ | General Fund | 2,919 |
| Information Services Fund ¹ | General Fund | 60,311 |
| Public Works Fund ¹ | General Fund | 32,942 |
| | Total | <u>\$ 1,629,693</u> |

¹Internal Service Fund

Short-term working capital loans payable to the General Fund represent \$437,178 of the total interfund balance amount of \$1,629,693 as noted above. \$1,093,293 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. The remaining 99,222 reflects the amount owed to the ISF's for payments made towards a few of the capital leases.

Interfund transfers:

| | Transfers In: | | | | | Total |
|------------------------------|------------------|-------------------|-----------------------|-----------------------------|-----------------------|---------------------|
| | General Fund | Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | Internal Service Fund | |
| Transfers out: | | | | | | |
| General Fund | \$ - | \$ 485,600 | \$ 1,921,059 | \$ 1,104,221 | \$ 50,460 | \$ 3,561,340 |
| Nonmajor Governmental Funds: | - | 501,207 | - | - | | 501,207 |
| Internal Service Funds | 10,068 | - | - | - | | 10,068 |
| Total | <u>\$ 10,068</u> | <u>\$ 986,807</u> | <u>\$ 1,921,059</u> | <u>\$ 1,104,221</u> | <u>\$ 50,460</u> | <u>\$ 4,072,615</u> |

(1) Nonmajor Governmental Funds = Special Revenue Funds

The above \$10,068 represents a transfer from the Public Works fund to the General fund to support the purchase of equipment. The \$986,807 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 \$1,921,059 represents \$39,400 received from the Williamson Act contract and transferred to the Capital Projects Funds for general projects, \$1,519,421 transferred from the General Fund for general capital projects and \$350,000 of fees collected from hazardous waste to be used for general projects. The \$1,104,221 above represents \$225,000 from the Williamson Act contract, \$700,000 from Tribal Mitigation Fees and \$179,221 to support the Fire Department Fund. The above \$50,460 represents the transfer from the Human Services Agency to the Informations Services Department to support it's portion of an upgraded hardware system.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 7. 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, 2016, the various components of advances from grantors and third parties reported as follows:

| | <u>Advances</u> |
|--|-----------------------------|
| General Fund: | |
| Solar project application | \$ 16,307 |
| Grant drawdowns and fees collected prior to meeting all eligibility requirements | <u>31,247,055</u> |
| Total General Fund | <u>31,263,362</u> |
| Capital Projects Fund | |
| Impact fees collected on new developments | <u>3,724,348</u> |
| Public Works | |
| Environmental impact studies | <u>7,221</u> |
| Total advances from grantors and third parties | <u><u>\$ 34,994,931</u></u> |

Note 8. Leases

The government leases buildings and office facilities, vehicles, and office equipment under noncancelable operational leases. Total estimated costs for such leases were \$810,434 for the year ended June 30, 2016. The future minimum lease payments for the leases are estimated as follows:

| Year Ending June 30, | <u>Amount</u> |
|----------------------|----------------------------|
| 2017 | \$ 645,251 |
| 2018 | 657,154 |
| 2019 | 658,821 |
| 2020 | 574,042 |
| 2021 | 395,865 |
| 2022 - 2023 | <u>316,133</u> |
| Total | <u><u>\$ 3,247,266</u></u> |

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 8. 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 | 3,161,267 |
| Total | 18,685,930 |
| Less: Accumulated Depreciation | (8,682,183) |
| Total | \$ 10,003,747 |

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

| Year Ending June 30, | Governmental Activities |
|---|----------------------------|
| 2017 | \$ 2,192,122 |
| 2018 | 2,053,447 |
| 2019 | 1,968,817 |
| 2020 | 1,859,206 |
| 2021 | 1,594,709 |
| 2021 - 2025 | 7,953,033 |
| 2026 - 2029 | 3,695,762 |
| Total: minimum lease payments | 21,317,096 |
| Less: amount representing interest | (4,615,571) |
| Present value of minimum lease payments | \$ 16,701,525 |

Note 9. 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, 2016

Note 9. Long-Term Debt (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 at June 30, 2016 is \$2,588,413. Annual debt service requirements to maturity are as follows:

| Year Ending June 30, | Interest Rates | Principal | Interest |
|----------------------|-------------------|---------------------|---------------------|
| 2017 | 6.200 % | \$ 365,703 | \$ 439,297 |
| 2018 | 6.290 % | 352,554 | 482,446 |
| 2019 | 6.380 % | 338,846 | 526,154 |
| 2020 | 6.450 % | 327,538 | 572,463 |
| 2021 | 6.480 % | 316,079 | 613,921 |
| 2022-2024 | 6.530-6.580% | 887,693 | 2,122,307 |
| Total | | <u>\$ 2,588,413</u> | <u>\$ 4,756,588</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 \$80,923 for the 2016 fiscal year, to ensure that debt service funds will be sufficient in the event that the LIBOR rate exceeds projections. The current interest rate is .340% as of June 30, 2016 and the Series B Pension Obligation Bonds are currently outstanding \$3,790,000.

Series B Pension Obligation Bonds currently outstanding at June 30, 2016 is \$3,790,000. Projected annual debt service requirements to maturity for the Series B Pension Obligation Bonds are as follows:

| Year Ending June 30, | Projected Interest Rates | Principal | Projected Interest |
|----------------------|--------------------------------|---------------------|-----------------------|
| 2017 | 0.750 % | \$ 360,000 | \$ 49,530 |
| 2018 | 1.500 % | 390,000 | 79,350 |
| 2019 | 2.000 % | 415,000 | 100,980 |
| 2020 | 3.000 % | 445,000 | 113,735 |
| 2021 | 4.000 % | 475,000 | 94,600 |
| 2022-2024 | 5.000-7.000% | 1,705,000 | 214,740 |
| Total | | <u>\$ 3,790,000</u> | <u>\$ 652,935</u> |

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 9. Long-Term Debt (continued)

Lease Revenue Bonds

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

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

| Purpose | <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 currently outstanding at June 30, 2016 is \$6,735,000. Annual debt service requirements to maturity are as follows:

| Year Ending June 30, | <u>Interest Rates</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------|-----------------------|---------------------|---------------------|
| 2017 | 3.07 % | \$ 470,000 | \$ 206,763 |
| 2018 | 3.07 % | 490,000 | 192,336 |
| 2019 | 3.07 % | 505,000 | 177,291 |
| 2020 | 3.07 % | 520,000 | 161,789 |
| 2021 | 3.07 % | 530,000 | 145,825 |
| 2022-2026 | 3.07 % | 2,925,000 | 473,394 |
| 2027-2028 | 3.07 % | <u>1,295,000</u> | <u>59,865</u> |
| Total | | <u>\$ 6,735,000</u> | <u>\$ 1,417,263</u> |

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 9. Long-Term Debt (continued)

Lease Revenue Bonds (continued)

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2016, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|-------------------------------------|-----------------------|----------------------|------------------------|-----------------------|------------------------|
| Governmental Activities: | | | | | |
| Bonds payable: | | | | | |
| Pension obligation bonds Series A-2 | \$ 2,967,884 | \$ - | \$ (379,471) | \$ 2,588,413 | \$ 365,703 |
| Pension obligation bonds Series B | 4,120,000 | - | (330,000) | 3,790,000 | 360,000 |
| Refunded Lease Revenue Bonds | 7,190,000 | - | (455,000) | 6,735,000 | 470,000 |
| Total Bonds Payable | 14,277,884 | - | (1,164,471) | 13,113,413 | 1,195,703 |
| Capital Leases | 17,911,706 | 212,554 | (1,422,735) | 16,701,525 | 1,491,868 |
| Claims | 13,146,000 | 8,289,489 | (5,275,489) | 16,160,000 | 3,651,400 |
| Compensated absences | 6,188,399 | 6,156,452 | (5,785,595) | 6,559,256 | 3,279,628 |
| Net OPEB Obligation | 5,213,146 | 1,635,464 | (885,581) | 5,963,029 | - |
| Net Pension Liability | 84,607,676 | 50,565,468 | (36,374,926) | 98,798,218 | - |
| Long-term liabilities | <u>\$ 141,344,811</u> | <u>\$ 66,859,427</u> | <u>\$ (50,908,797)</u> | <u>\$ 157,295,441</u> | <u>\$ 9,618,599</u> |
| Component Unit: | | | | | |
| Compensated absences | \$ 10,370 | \$ 17,589 | \$ (17,375) | \$ 10,584 | \$ 5,292 |
| Net Pension Liability | 186,969 | 114,396 | (83,754) | 217,611 | - |
| Long-term liabilities | <u>\$ 197,339</u> | <u>\$ 131,985</u> | <u>\$ (101,129)</u> | <u>\$ 228,195</u> | <u>\$ 5,292</u> |

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end, \$14,283,000 of claims, \$613,639 of compensated absences, \$82,407 of capital leases and \$7,427,441 of net pension liability from internal service funds are included in the above amounts.

Note 10. 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 \$1,323,747 from property taxes and \$628,457 from grantors, for a grand total of \$1,952,204 for the year ended June 30, 2016.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 11. 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 | \$ 1,564,000 | \$ 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> |
| Unpaid claims, beginning of fiscal year | 1,625,000 | 11,521,000 | 13,146,000 |
| Incurred claims (including IBNRs) | 1,306,724 | 6,982,765 | 8,289,489 |
| Claim payments | <u>(1,054,724)</u> | <u>(4,220,765)</u> | <u>(5,275,489)</u> |
| Unpaid claims, as of June 30, 2016 | <u>\$ 1,877,000</u> | <u>\$ 14,283,000</u> | <u>\$ 16,160,000</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 \$1,754,792.78, Economic Uncertainties for \$3,300,271 and reserves for Contingencies amounting to \$20,541,914. There have been no settlements in excess of insurance coverage for the past 3 years.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 12. 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.

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

Note 13. 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 \$19.2 million. In addition, The AB 900 Jail Expansion Project is scheduled for completion in spring 2017. 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 \$4.1 million.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 14. 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, 2016 the following employees were covered by the benefit terms for each plan

| | <u>Miscellaneous</u> | <u>Safety</u> |
|--|----------------------|---------------|
| Inactive employees entitled to but not yet receiving benefits | \$ 973 | \$ 219 |
| Inactive employees or beneficiaries currently receiving benefits | 889 | 322 |
| Active employees | 998 | 345 |
| Total | <u>\$ 2,860</u> | <u>\$ 886</u> |

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, 2015 (the measurement date), the average active employee contribution rate is 7.000 percent of annual pay, and the employer's contribution rate is 11.892 percent of annual payroll for those employees in the Miscellaneous Plan. The average active employee contribution rate is 9.000 percent of annual pay, and the employer's contribution rate is 18.882 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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2016

Note 14. Employee Retirement Systems and Pension Plans (continued)

Net Pension Liability: (continued)

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 and the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

| | Miscellaneous | Safety |
|-----------------------------------|--|---------------|
| Valuation Date | June 30, 2014 | June 30, 2014 |
| Measurement Date | June 30, 2015 | June 30, 2015 |
| Actuarial Cost Method | Entry Age Normal Cost Method | |
| Actuarial Assumptions: | | |
| Discount rate | 7.65% | 7.65% |
| Inflation | 2.75% | 2.75% |
| Salary Increases | Varies by entry age and service | |
| Investment Rate of Return | 7.65% | 7.65% |
| Mortality Rate Table ¹ | 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 | |

¹ 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.

Change of Assumptions:

GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate:

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, the tests revealed the asses would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 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.

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 14. Employee Retirement Systems and Pension Plans (continued)

Discount Rate: (continued)

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 ¹ | Real Return Years 11+ ² |
|-------------------------------|--------------------------|---------------------------------------|------------------------------------|
| Global Equity | 51.0% | 5.25% | 5.71% |
| Global Fixed Income | 19.0 | .99 | 2.43 |
| Inflation Sensitive | 6.0 | .45 | 3.36 |
| Private Equity | 10.0 | 6.83 | 6.95 |
| Real Estate | 10.0 | 4.50 | 5.13 |
| Infrastructure and Forestland | 2.0 | 4.50 | 5.09 |
| Liquidity | 2.0 | (0.55) | (1.05) |
| Total | <u>100%</u> | | |

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 14. 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, 2015 | \$ 310,261,355 | \$ 258,512,149 | \$ 51,749,206 | \$ 1,120,976 | \$ 934,007 | \$ 186,969 |
| Changes in the year: | | | | | | |
| Service Cost | 6,791,725 | - | 6,791,725 | 25,907 | - | 25,907 |
| Interest on the Total Pension Liability | 22,906,783 | - | 22,906,783 | 87,378 | - | 87,378 |
| Differences between Expected and Actual Experience | (1,234,847) | - | (1,234,847) | (4,710) | - | (4,710) |
| Changes of Assumptions | (5,591,352) | - | (5,591,352) | (21,328) | - | (21,328) |
| Plan to Plan Resource Movement | - | 1,078 | (1,078) | - | 4 | (4) |
| Contributions from the Employer | - | 5,810,277 | (5,810,277) | - | 22,163 | (22,163) |
| Contributions from Employees | - | 3,527,606 | (3,527,606) | - | 13,456 | (13,456) |
| Net Investment Income | - | 5,791,666 | (5,791,666) | - | 22,092 | (22,092) |
| Benefit Payments, including Refunds of Employee Contributions | (14,667,347) | (14,667,347) | - | (55,949) | (55,949) | - |
| Administrative Expense | - | (291,074) | 291,074 | - | (1,110) | 1,110 |
| Net Changes | <u>\$ 8,204,962</u> | <u>\$ 172,206</u> | <u>\$ 8,032,756</u> | <u>\$ 31,298</u> | <u>\$ 656</u> | <u>\$ 30,642</u> |
| Balance at June 30, 2016 | <u>\$ 318,466,317</u> | <u>\$ 258,684,355</u> | <u>\$ 59,781,962</u> | <u>\$ 1,152,274</u> | <u>\$ 934,663</u> | <u>\$ 217,611</u> |

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 14. Employee Retirement Systems and Pension Plans (continued)

Changes in the Net Pension Liability: (continued)

Safety Plan:

| | Increases (Decreases) | | |
|---|---|-----------------------------------|-------------------------------------|
| | Primary Government - Governmental Activities | | |
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
| Balance at June 30, 2015 | \$ 206,692,892 | \$173,834,422 | \$ 32,858,470 |
| Changes in the year: | | | |
| Service Cost | 5,061,939 | - | 5,061,939 |
| Interest on the Total Pension Liability | 15,317,537 | - | 15,317,537 |
| Differences between Expected and Actual Experience | (417,679) | - | (417,679) |
| Changes of Assumptions | (4,120,533) | - | (4,120,533) |
| Contributions from the Employer | - | 3,956,635 | (3,956,635) |
| Contributions from Employees | - | 2,075,488 | (2,075,488) |
| Net Investment Income | - | 3,847,765 | (3,847,765) |
| Benefit Payments, including Refunds of Employee Contributions | (8,912,802) | (8,912,802) | - |
| Administrative Expense | - | (196,410) | 196,410 |
| Net Changes | <u>6,928,462</u> | <u>770,676</u> | <u>6,157,786</u> |
| Balance at June 30, 2016 | <u>\$ 213,621,354</u> | <u>\$174,605,098</u> | <u>\$ 39,016,256</u> |

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 7.65 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 (6.65 percent) or 1 percentage-point higher (8.65 percent) than the current rate:

| | Current | | |
|---|-------------------------------|--------------------------|-------------------------------|
| | Discount Rate - 1% (6.65%) | Discount Rate (7.65%) | Discount Rate + 1% (8.65%) |
| Miscellaneous Plan - Primary Government - Governmental Activities | 102,309,030 | 59,781,962 | 24,607,055 |
| Miscellaneous Plan - Component Unit - First Five | 390,257 | 217,611 | 93,863 |
| Safety Plan - Primary Government - Governmental Activities | \$ 70,818,413 | \$ 39,016,256 | \$ 13,149,154 |

Pension Plan Fiduciary Net Position

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

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 14. Employee Retirement Systems and Pension Plans (continued)

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

For the year ended June 30, 2016, the County of Kings recognized pension expense of \$6,774,377 and the component unit, First Five, recognized pension expense of \$12,967. At June 30, 2016, 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 | \$10,721,702 | \$ - | \$ 25,740 | \$ - |
| Differences between actual and expected experience | - | (1,229,190) | - | (3,402) |
| Changes in assumptions | - | (7,366,321) | - | (15,404) |
| Net differences between projected and actual earnings | 18,387,312 | (22,177,377) | 41,775 | (47,052) |
| Total | \$29,109,014 | \$ (30,772,888) | \$ 67,515 | \$ (65,858) |

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 14. Employee Retirement Systems and Pension Plans (continued)

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

\$10,721,702 and \$25,740 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, 2017 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 |
|---------------------|---|-----------------------------------|
| 2017 | \$ (5,660,801) | \$ (11,509) |
| 2018 | (5,660,801) | (11,509) |
| 2019 | (5,660,802) | (11,508) |
| 2020 | 4,596,829 | 10,443 |
| Total | <u><u>\$ (12,385,575)</u></u> | <u><u>\$ (24,083)</u></u> |

Note 15. 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, 2016

Note 15. 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 | 208,526 |
| Adjustment to annual required contribution | <u>(301,476)</u> |
| Annual OPEB cost (expense) | 1,333,988 |
| Contributions Made | <u>(584,105)</u> |
| Increase in net OPEB obligation | 749,883 |
| Net OPEB obligation - beginning of year | <u>5,213,146</u> |
| Net OPEB obligation - end of year | <u>\$ 5,963,029</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, 2016 and the preceding two years was as follows:

| Fiscal Year Ended | Annual OPEB Cost | Actual Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|------------------|---------------------|--|---------------------|
| 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 |
| June 30, 2016 | \$ 1,333,988 | \$ 584,105 | 43.79 % | \$ 5,963,029 |

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, 2016

Note 15. 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, 2016, was 30 years.

Note 16. Excess of Expenditures Over Appropriations

For the year ended June 30, 2016, expenditures exceeded appropriations in individual funds as follows:

| Appropriations Category | <u>Excess Expenditures</u> |
|--------------------------------------|--------------------------------|
| Internal Service Funds | |
| Workers' Compensation Self-Insurance | 2,757,495 |
| Health Self-Insurance | 787,838 |

County of Kings
Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 17. 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 | \$ 42,332 |
| Fiduciary Fund | Agency Collection Payable | 1,138 |
| Fiduciary Fund | Court Alcohol/Drug Trust | 400 |
| Fiduciary Fund | Escheated Property | 49 |
| Fiduciary Fund | School Developer Fees | 79 |
| Fiduciary Fund | Assessor's Misc Trust | 3 |
| Fiduciary Fund | Food Stamp Trust | 7,125 |
| Fiduciary Fund | Welfare Repayment Trust | 208 |
| Fiduciary Fund | D.A. Restitution Fund | 281 |
| Fiduciary Fund | Retiree Health Trust | 3,537 |
| Fiduciary Fund | Schools Trust | 7,932 |
| Fiduciary Fund | City of Avenal | 379 |
| Fiduciary Fund | City of Corcoran | 1,259 |
| Fiduciary Fund | City of Hanford | 3,270 |
| Fiduciary Fund | City of Lemoore | 1,310 |
| Fiduciary Fund | Tulare Lake Rec Dist #761 | 1 |
| | | <u>\$ 69,303</u> |

A Fiduciary Fund called 'Department Trust' reported investment income of \$10,300 which includes all fund types that were directly assigned to the benefit of the General Fund.

Note 18. Prior Period Adjustments

Prior period adjustment for the year ending June 30, 2016 is summarized as follows:

Net position of the internal service funds:

| | |
|--|-----------------------|
| | <u>Public Works</u> |
| Net position previously reported | \$ (3,455,774) |
| Remove assets that belong to the Road fund | <u>(302,027)</u> |
| Net position restated | <u>\$ (3,757,801)</u> |

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Required Supplementary Information

County of Kings
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016
Last 10 Fiscal Years*

| Miscellaneous Plan (Non-Safety) | 2016 | 2015 |
|--|----------------|--------------|
| Total Pension Liability | | |
| Service cost | \$ 6,817,632 | \$ 7,005,742 |
| Interest on total pension liability | 22,994,161 | 21,936,611 |
| Changes in assumptions | (5,612,680) | - |
| Differences between expected and actual experience | (1,239,557) | - |
| Benefit payments, including refunds of employee contributions | (14,723,296) | (13,090,581) |
| Net change in total pension liability | 8,236,260 | 15,851,772 |
| Total pension liability - beginning | 311,382,331 | 295,530,559 |
| Total pension liability - ending (a) | \$ 319,618,591 | 311,382,331 |
| Plan Fiduciary Net Position | | |
| Contributions - employer | \$ 5,832,440 | \$ 5,311,558 |
| Contributions - employee | 3,541,062 | 3,412,364 |
| Net investment income | 5,813,758 | 38,827,378 |
| Benefit payments, including refunds of employee contributions | (14,723,296) | (13,090,581) |
| Plan to plan resource movement | 1,083 | - |
| Administrative expense | (292,184) | - |
| Net change in fiduciary net position | 172,863 | 34,460,719 |
| Plan Fiduciary Net Position - Beginning | 259,446,155 | 224,985,436 |
| Plan fiduciary net position - Ending (b) | \$ 259,619,018 | 259,446,155 |
| Plan net pension liability/(asset) - ending (a) - (b) | \$ 59,999,573 | 51,936,176 |
| Plan fiduciary net position as a percentage of the total pension liability | 81.23 % | 83.32 % |
| Covered-employee payroll ¹ | \$ 48,742,629 | 47,596,588 |
| Net pension liability as percentage of covered-employee payroll | 123.09 % | 109.12 % |

Notes to Schedule:

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

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

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

***Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.**

County of Kings
Schedule of Changes in the Net Pension Liability and Related Ratios
For the Year Ended June 30, 2016
Last 10 Fiscal Years*

| Safety Plan | 2016 | 2015 |
|--|----------------|----------------|
| Total Pension Liability | | |
| Service cost | \$ 5,061,939 | \$ 5,005,317 |
| Interest on total pension liability | 15,317,537 | 14,529,622 |
| Changes in assumptions | (4,120,533) | - |
| Differences between expected and actual experience | (417,679) | (8,135,362) |
| Benefit payments, including refunds of employee contributions | (8,912,802) | - |
| Net change in total pension liability | 6,928,462 | 11,399,577 |
| Total pension liability - beginning | 206,692,892 | 195,293,315 |
| Total pension liability - ending (a) | \$ 213,621,354 | \$ 206,692,892 |
| Plan Fiduciary Net Position | | |
| Contributions - employer | \$ 3,956,635 | \$ 3,606,687 |
| Contributions - employee | 2,075,488 | 1,833,128 |
| Net investment income | 3,847,765 | 25,995,811 |
| Benefit payments, including refunds of employee contributions | (8,912,802) | (8,135,362) |
| Administrative expense | (196,410) | - |
| Net change in fiduciary net position | 770,676 | 23,300,264 |
| Plan Fiduciary Net Position - Beginning | 173,834,422 | 150,534,158 |
| Plan fiduciary net position - ending (b) | \$ 174,605,098 | \$ 173,834,422 |
| Plan Net Pension Liability/(Asset) - Ending (a) - (b) | \$ 39,016,256 | \$ 32,858,470 |
| Plan fiduciary net position as a percentage of the total pension liability | 81.74 % | 84.10 % |
| Covered-employee payroll | \$ 20,911,917 | 19,627,922 |
| Net pension liability as percentage of covered employee payroll ¹ | 186.57 % | 167.41 % |

Notes to Schedule:

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

Changes of Assumptions: The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent.

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

***Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.**

County of Kings
Schedule of Plan Contributions
For the Year Ended June 30, 2016
Last 10 Fiscal Years*

| Miscellaneous Plan (Non-Safety): | 2016 | 2015 |
|---|---------------|--------------|
| Actuarially determined contribution | \$ 5,832,440 | \$ 5,311,558 |
| Contributions in relation to the actuarially determined contributions | (5,832,440) | (5,311,558) |
| Contribution deficiency (excess) | \$ - | - |
| Covered-employee payroll | \$ 48,742,629 | 47,596,588 |
| Contributions as a percentage of covered-employee payroll | 11.97 % | 11.16 % |

| Safety Plan: | 2016 | 2015 |
|---|---------------|--------------|
| Actuarially determined contribution | \$ 3,956,635 | \$ 3,606,687 |
| Contributions in relation to the actuarially determined contributions | (3,956,635) | (3,606,687) |
| Contribution deficiency (excess) | \$ - | - |
| Covered-employee payroll ¹ | \$ 20,911,917 | 19,627,922 |
| Contributions as a percentage of covered-employee payroll | 18.92 % | 18.38 % |

Notes to Schedules:

Valuation date for both plans: 6/30/2015

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, 2013 Funding Valuation Report. |
| Asset Valuation Method | Actuarial Value of Assets. For details, see June 30, 2013 Funding Valuation Report. |
| Inflation | 2.75% |
| Salary Increases | Varies by Entry Age and Service |
| Payroll Growth | 3.00% |
| Investment Rate of Return | 7.65% Net of Pension Plan Investment 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 derived using CalPERS' Membership Data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. |

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

***Fiscal year 2015 was the 1st year of implementation, therefore only two years are shown.**

County of Kings
Schedule of Funding Progress
Other Postemployment Benefits (OPEB) - Health Insurance
For the Year Ended June 30, 2016
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, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Agricultural Commissioner/Sealer | \$ 1,757,907 | \$ 1,757,907 | \$ 1,885,695 | \$ 127,788 |
| Assessor | 773,050 | 773,050 | 908,132 | 135,082 |
| Behavioral Health | 19,585,748 | 21,083,343 | 17,932,292 | (3,151,051) |
| Board of Supervisors | 47,112,241 | 47,112,241 | 51,487,840 | 4,375,599 |
| Clerk-Recorder | 554,500 | 554,500 | 486,646 | (67,854) |
| Administrative Office | 8,634,557 | 8,639,557 | 6,098,140 | (2,541,417) |
| County Counsel | 819,356 | 819,356 | 784,932 | (34,424) |
| District Attorney | 3,993,301 | 4,071,759 | 3,936,220 | (135,539) |
| Elections | 94,500 | 95,000 | 127,704 | 32,704 |
| Finance | 909,105 | 909,105 | 950,383 | 41,278 |
| Health | 9,977,593 | 10,108,739 | 9,019,679 | (1,089,060) |
| Human Resources | 222,743 | 222,743 | 253,639 | 30,896 |
| Human Services Agency | 77,667,825 | 77,667,825 | 70,162,766 | (7,505,059) |
| Planning | 517,018 | 517,018 | 561,687 | 44,669 |
| Probation | 6,345,875 | 6,420,875 | 5,886,948 | (533,927) |
| Public Guardian | 246,500 | 246,500 | 254,416 | 7,916 |
| Sheriff/Coroner/Public Administrator | 16,640,301 | 16,745,133 | 16,457,975 | (287,158) |
| UC Cooperative Extension | 5,625 | 5,625 | 7,980 | 2,355 |
| Total revenues | <u>195,857,745</u> | <u>197,750,276</u> | <u>187,203,074</u> | <u>(10,547,202)</u> |
| Expenditures | | | | |
| Agricultural Commissioner/Sealer | 2,652,347 | 2,652,347 | 2,447,578 | 204,769 |
| Assessor | 2,365,691 | 2,361,218 | 2,089,671 | 271,547 |
| Behavioral Health | 19,605,283 | 21,117,894 | 17,909,098 | 3,208,796 |
| Board of Supervisors | 765,793 | 773,338 | 485,780 | 287,558 |
| Clerk-Recorder | 618,015 | 622,488 | 554,635 | 67,853 |
| Administrative Office | 28,422,144 | 28,539,253 | 18,760,128 | 9,779,125 |
| County Counsel | 1,698,041 | 1,698,041 | 1,521,831 | 176,210 |
| District Attorney | 7,426,260 | 7,637,940 | 7,347,128 | 290,812 |
| Elections | 1,000,349 | 1,000,849 | 654,669 | 346,180 |
| Finance | 2,987,727 | 2,821,953 | 2,563,595 | 258,358 |
| Health | 10,561,427 | 10,770,065 | 9,552,450 | 1,217,615 |
| Human Resources | 1,287,146 | 1,332,766 | 1,154,663 | 178,103 |
| Human Services Agency | 80,427,424 | 80,427,424 | 72,418,133 | 8,009,291 |
| Planning | 1,652,225 | 1,652,225 | 1,369,114 | 283,111 |
| Probation | 14,283,132 | 14,424,917 | 12,720,424 | 1,704,493 |
| Public Guardian | 636,217 | 636,217 | 592,984 | 43,233 |
| Sheriff/Coroner/Public Administrator | 34,674,777 | 34,976,260 | 31,691,916 | 3,284,344 |
| UC Cooperative Extension | 231,041 | 231,041 | 164,429 | 66,612 |
| Total expenditures | <u>211,295,039</u> | <u>213,676,236</u> | <u>183,998,226</u> | <u>29,678,010</u> |
| Excess (deficiency) of revenues over (under) expenditures | (15,437,294) | (15,925,960) | 3,204,848 | 19,130,808 |

County of Kings
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund (continued)
For the Year Ended June 30, 2016

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|---------------------------------|----------------------|----------------------|----------------------|-------------------------------|
| | Original | Final | | |
| Net change in fund balance | \$ (15,437,294) | \$ (15,925,960) | \$ 3,204,848 | \$ 19,130,808 |
| Fund balance, beginning of year | <u>27,259,940</u> | <u>27,259,940</u> | <u>27,259,940</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 11,822,646</u> | <u>\$ 11,333,980</u> | <u>\$ 30,461,211</u> | <u>\$ 19,130,808</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 \$7,722,752. If contingencies of \$7,722,752 is removed from the final budgeted County Administrative Office, then the final budgeted fund balance would be \$19,056,732 and the final budget vs. \$30,461,211 of actual would equal \$11,404,479 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, 2016

| | <u>Original</u> | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------|---------------------------------------|---------------------------|---------------------------------------|
| Revenues | | | | |
| Roads | \$ 7,600,000 | \$ 7,600,000 | \$ 7,411,959 | \$ (188,041) |
| Total revenues | <u>7,600,000</u> | <u>7,600,000</u> | <u>7,411,959</u> | <u>188,041</u> |
| Expenditures | | | | |
| Roads | 17,129,233 | 17,129,233 | 7,551,366 | 9,577,867 |
| Total expenditures | <u>17,129,233</u> | <u>17,129,233</u> | <u>7,551,366</u> | <u>9,577,867</u> |
| Excess (deficiency) of revenues over (under) expenditures | (9,529,233) | (9,529,233) | (139,407) | (9,389,826) |
| Fund balance, beginning of year | 9,520,744 | 9,520,744 | 9,520,744 | - |
| Fund balance, end of year | <u>\$ (8,489)</u> | <u>\$ (8,489)</u> | <u>\$ 9,381,337</u> | <u>\$ (9,389,826)</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 \$4,547,457. If contingencies of \$4,547,457 is removed from the final budgeted fund balance, then the ending final budgeted fund balance would be \$4,538,968 and the final budget vs. \$9,381,337 of actual would equal \$4,842,369 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, 2016

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---------------------------------------|
| Revenues | | | |
| Debt Service | \$ 1,165,625 | \$ 995,533 | \$ (170,092) |
| Total revenues | <u>1,165,625</u> | <u>995,533</u> | <u>(170,092)</u> |
| Expenditures | | | |
| Debt Service | <u>1,165,625</u> | <u>1,159,497</u> | <u>6,128</u> |
| Total expenditures | <u>1,165,625</u> | <u>1,159,497</u> | <u>6,128</u> |
| Excess (Deficiency) of revenues over (under) expenditures | - | (163,964) | (163,964) |
| Net change in fund balance | - | (163,964) | (163,964) |
| Fund balance, beginning of year | <u>1,084,532</u> | <u>1,084,532</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 1,084,532</u> | <u>\$ 756,604</u> | <u>\$ (163,964)</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, 2016

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-----------------------------------|---------------------------|---------------------------------------|
| Revenues | | | |
| Capital projects general | \$ 1,529,896 | \$ 1,040,607 | \$ (489,289) |
| Jail project (SB 1022) | 20,000,000 | - | (20,000,000) |
| New jail construction (AB 900) | 24,329,339 | 16,586,516 | (7,742,823) |
| Total revenues | <u>45,859,235</u> | <u>17,627,123</u> | <u>(28,232,112)</u> |
| Expenditures | | | |
| Repair/replace roof | 130,000 | 3,082 | 126,918 |
| Parking lot improvements | 100,000 | 12,238 | 87,762 |
| Jail tunnel | 1,113,709 | 222,297 | 891,412 |
| Modular building | 396,000 | - | 396,000 |
| Burriss park restrooms | 171,213 | 171,212 | 1 |
| Success dam | 33,068 | 335 | 32,733 |
| Jail project (SB 1022) | 19,893,150 | 436,971 | 19,456,179 |
| New jail construction (AB 900) | 26,663,436 | 20,984,219 | 5,679,217 |
| SB 81 project | 2,063,000 | 493,241 | 1,569,759 |
| Approp for contingencies | 1,245,930 | - | 1,245,930 |
| Total expenditures | <u>51,809,506</u> | <u>22,323,595</u> | <u>29,485,911</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,950,271)</u> | <u>(4,696,472)</u> | <u>1,253,799</u> |
| Net change in fund balance | (5,950,271) | (4,696,472) | 1,253,799 |
| Fund balance, beginning of year | 11,138,955 | 11,138,955 | - |
| Fund Balance, End of Year | <u>\$ 5,188,684</u> | <u>\$ 6,442,483</u> | <u>\$ 1,253,799</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 \$1,245,930. If contingencies of \$1,245,930 is removed from the final budgeted Capital Projects fund, then the ending final budgeted fund balance would be \$6,434,614 and the final budget vs. \$6,442,483 of actual would equal \$7,869 of variance with budget.

County of Kings Special Revenue Funds Narrative

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, 2016

| | <u>Library</u> | <u>Fire</u> | <u>County Fish & Game</u> | <u>Child Support Services</u> | <u>Off-Highway Motor Vehicle</u> |
|---|---------------------|---------------------|-----------------------------------|-----------------------------------|--------------------------------------|
| Assets | | | | | |
| Cash and cash equivalents | \$ 382,213 | \$ 197,031 | \$ 1,088 | \$ 27,683 | \$ 6 |
| Imprest cash | 454 | 200 | - | 200 | - |
| Treasurer's investments | 3,464,984 | 1,758,374 | 9,918 | 322,612 | 52 |
| Deposit with others | - | - | - | - | - |
| Receivables | <u>93,318</u> | <u>711,803</u> | <u>97</u> | <u>1,134</u> | <u>-</u> |
| Total assets | <u>\$ 3,940,969</u> | <u>\$ 2,667,408</u> | <u>\$ 11,103</u> | <u>\$ 351,629</u> | <u>\$ 58</u> |
| Liabilities | | | | | |
| Accrued expenses payable | \$ 36,240 | \$ 456,865 | \$ - | \$ 94,928 | \$ - |
| Due to other funds | <u>12,552</u> | <u>74,489</u> | <u>-</u> | <u>37,405</u> | <u>-</u> |
| Total liabilities | <u>48,792</u> | <u>531,354</u> | <u>-</u> | <u>132,333</u> | <u>-</u> |
| Deferred inflows of resources | | | | | |
| Deferred inflow from property taxes | <u>83,308</u> | <u>274,030</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total deferred inflows of resources | <u>83,308</u> | <u>274,030</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances | | | | | |
| Restricted | 3,808,869 | 1,862,024 | 11,103 | 219,296 | 58 |
| Unassigned | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total fund balances | <u>3,808,869</u> | <u>1,862,024</u> | <u>11,103</u> | <u>219,296</u> | <u>58</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 3,940,969</u> | <u>\$ 2,667,408</u> | <u>\$ 11,103</u> | <u>\$ 351,629</u> | <u>\$ 58</u> |

County of Kings
Combining Balance Sheet (continued)
Nonmajor Governmental Funds - Special Revenue
June 30, 2016

| | <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> |
|---|--------------------------------|---|--------------------------------------|---|--|
| Assets | | | | | |
| Cash and cash equivalents | \$ 27,673 | \$ 66,261 | \$ 83 | \$ 27,340 | \$ 729,378 |
| Imprest cash | - | - | - | - | 854 |
| Treasurer's investments | 173,029 | 601,971 | (182) | 230,299 | 6,561,057 |
| Deposit with others | - | - | - | 82,736 | 82,736 |
| Receivables | 3,113 | 724 | 47,337 | - | 857,526 |
| Total assets | <u>\$ 203,815</u> | <u>\$ 668,956</u> | <u>\$ 47,238</u> | <u>\$ 340,375</u> | <u>\$ 8,231,551</u> |
| Liabilities | | | | | |
| Accrued expenses payable | \$ 350,407 | \$ 390,189 | \$ - | \$ (1,114) | \$ 1,327,515 |
| Due to other funds | 21,327 | 433,548 | - | - | 579,321 |
| Total liabilities | <u>371,734</u> | <u>823,737</u> | <u>-</u> | <u>(1,114)</u> | <u>1,906,836</u> |
| Deferred inflows of resources | | | | | |
| Deferred inflow from property taxes | - | - | - | - | 357,338 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>357,338</u> |
| Fund balances | | | | | |
| Restricted | - | - | 47,238 | 341,489 | 6,290,077 |
| Unassigned | (167,919) | (154,781) | - | - | (322,700) |
| Total fund balances | <u>(167,919)</u> | <u>(154,781)</u> | <u>47,238</u> | <u>341,489</u> | <u>5,967,377</u> |
| Total liabilities, deferred inflows and fund balances | <u>\$ 203,815</u> | <u>\$ 668,956</u> | <u>\$ 47,238</u> | <u>\$ 340,375</u> | <u>\$ 8,231,551</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, 2016

| | <u>Library</u> | <u>Fire</u> | <u>County Fish & Game</u> | <u>Child Support Services</u> | <u>Off-Highway Motor Vehicle</u> |
|---|---------------------|---------------------|-----------------------------------|-----------------------------------|--|
| Revenues | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 2,103,951 | \$ 6,712,795 | \$ - | \$ - | \$ - |
| Fines and forfeits | - | - | 2,169 | - | - |
| Intergovernmental revenues | 23,299 | 2,475,033 | 111 | 4,171,544 | - |
| Charges for services | 49,245 | 17,811 | - | - | - |
| Rents and concessions | 520 | - | - | - | - |
| Investment earnings | 38,743 | 16,076 | 229 | 3,380 | 242 |
| Contributions and donations | 88 | 750 | - | - | - |
| Miscellaneous revenues | 55,156 | 970,021 | - | 3,261 | - |
| Total revenues | <u>2,271,002</u> | <u>10,192,486</u> | <u>2,509</u> | <u>4,178,185</u> | <u>242</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Public safety | - | 11,049,017 | 5,600 | 4,045,009 | - |
| Public assistance | - | - | - | - | - |
| Education | 1,847,596 | - | - | - | - |
| Debt Service: | | | | | |
| Principal | 54,484 | 32,541 | - | 5,027 | - |
| Interest | 20,934 | 9,455 | - | 789 | - |
| Capital outlay | 75,583 | 15,689 | - | 26,070 | - |
| Total expenditures | <u>1,998,597</u> | <u>11,106,702</u> | <u>5,600</u> | <u>4,076,895</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>272,405</u> | <u>(914,216)</u> | <u>(3,091)</u> | <u>101,290</u> | <u>242</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | - | 1,104,221 | - | - | - |
| Transfers out | - | - | - | - | - |
| Capital leases-other financing sources | - | - | - | 26,070 | - |
| Total other financing sources (uses) | <u>-</u> | <u>1,104,221</u> | <u>-</u> | <u>26,070</u> | <u>-</u> |
| Net change in fund balances | 272,405 | 190,005 | (3,091) | 127,360 | 242 |
| Fund balances, beginning of year | 3,536,464 | 1,672,019 | 14,194 | 91,936 | (184) |
| Fund balances, end of year | <u>\$ 3,808,869</u> | <u>\$ 1,862,024</u> | <u>\$ 11,103</u> | <u>\$ 219,296</u> | <u>\$ 58</u> |

County of Kings
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Nonmajor Governmental Funds - Special Revenue
June 30, 2016

| | Job Training Office | Community Development Block Grants | Criminal Justice Facility | In-Home Supportive Services Public Authority | Total Nonmajor Governmental Funds |
|---|------------------------|--|---------------------------------|--|---|
| Revenues | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ 8,816,746 |
| Fines and forfeits | - | - | 504,809 | - | 506,978 |
| Intergovernmental revenues | 2,407,118 | 581,026 | - | 506,532 | 10,164,663 |
| Charges for services | - | - | - | - | 67,056 |
| Rents and concessions | - | - | - | - | 520 |
| Investment earnings | 689 | 6,856 | 1,735 | 421 | 68,371 |
| Contributions and donations | - | - | - | - | 838 |
| Miscellaneous revenues | 1,775,703 | - | - | 69,059 | 2,873,200 |
| Total revenues | <u>4,183,510</u> | <u>587,882</u> | <u>506,544</u> | <u>576,012</u> | <u>22,498,372</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Public safety | - | - | - | - | 15,099,626 |
| Public assistance | 3,957,131 | 1,109,780 | - | 551,555 | 5,618,466 |
| Education | - | - | - | - | 1,847,596 |
| Debt Service: | | | | | |
| Principal | 3,406 | - | - | 2,786 | 98,244 |
| Interest | 563 | - | - | 405 | 32,146 |
| Capital outlay | 65,201 | 443,281 | - | 42,055 | 667,879 |
| Total expenditures | <u>4,026,301</u> | <u>1,553,061</u> | <u>-</u> | <u>596,801</u> | <u>23,363,957</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>157,209</u> | <u>(965,179)</u> | <u>506,544</u> | <u>(20,789)</u> | <u>(865,585)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | - | - | - | - | 1,104,221 |
| Transfers out | - | - | (501,207) | - | (501,207) |
| Capital leases-other financing sources | 18,455 | - | - | 15,549 | 60,074 |
| Total other financing sources (uses) | <u>18,455</u> | <u>-</u> | <u>(501,207)</u> | <u>15,549</u> | <u>663,088</u> |
| Net change in fund balances | 175,664 | (965,179) | 5,337 | (5,240) | (202,497) |
| Fund balances, beginning of year | (343,583) | 810,398 | 41,901 | 346,729 | 6,169,874 |
| Fund balances, end of year | <u>\$ (167,919)</u> | <u>\$ (154,781)</u> | <u>\$ 47,238</u> | <u>\$ 341,489</u> | <u>\$ 5,967,377</u> |

County of Kings
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Library Fund
For the Year Ended June 30, 2016

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|---|------------------------------|---------------------|-------------------------------|
| Revenues | | | |
| Library | \$ 2,050,600 | \$ 2,271,002 | \$ 220,402 |
| Total revenues | <u>2,050,600</u> | <u>2,271,002</u> | <u>220,402</u> |
| Expenditures | | | |
| Library | 5,343,093 | 1,998,597 | 3,344,496 |
| Total expenditures | <u>5,343,093</u> | <u>1,998,597</u> | <u>3,344,496</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,292,493)</u> | <u>272,405</u> | <u>3,564,898</u> |
| Net change in fund balance | (3,292,493) | 272,405 | 3,564,898 |
| Fund balance, beginning of year | <u>3,536,464</u> | <u>3,536,464</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 243,971</u> | <u>\$ 3,808,869</u> | <u>\$ 3,564,898</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 \$3,179,090 is removed from the final budgeted fund balance, then the ending final budgeted fund balance would be \$3,423,061 and the final budget vs. \$3,808,869 of actual would equal \$385,808 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, 2016

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|---|------------------------------|--------------------------|-------------------------------|
| Revenues | | | |
| Fire | \$ 11,653,065 | \$ 10,192,486 | \$ (1,460,579) |
| Total revenues | <u>11,653,065</u> | <u>10,192,486</u> | <u>(1,460,579)</u> |
| Expenditures | | | |
| Fire | 13,649,036 | 11,106,702 | 2,542,334 |
| Total expenditures | <u>13,649,036</u> | <u>11,106,702</u> | <u>2,542,334</u> |
| Excess (deficiency) of revenues over (Under) expenditures | <u>(1,995,971)</u> | <u>(914,216)</u> | <u>(1,081,755)</u> |
| Net change in fund balance | (1,995,971) | (914,216) | (1,081,755) |
| Fund balance, beginning of year | <u>1,672,019</u> | <u>1,672,019</u> | - |
| Fund balance, end of year | <u><u>\$ (323,952)</u></u> | <u><u>\$ 757,803</u></u> | <u><u>\$ (1,081,755)</u></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 \$827,105 is removed from the final budgeted fund balance, then the ending final budgeted fund balance would be \$503,153 and the final budget vs. \$757,803 of actual would equal \$254,650 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, 2016

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|---|------------------------------|-------------------|-------------------------------|
| Revenues | | | |
| Fish and Game | \$ 2,250 | \$ 2,509 | \$ 259 |
| Total revenues | <u>2,250</u> | <u>2,509</u> | <u>259</u> |
| Expenditures | | | |
| Fish and Game | 20,060 | 5,600 | 14,460 |
| Total expenditures | <u>20,060</u> | <u>5,600</u> | <u>14,460</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(17,810)</u> | <u>(3,091)</u> | <u>(14,719)</u> |
| Net change in fund balance | (17,810) | (3,091) | (14,719) |
| Fund balance, beginning of year | 14,194 | 14,194 | - |
| Fund balance, end of year | <u>\$ (3,616)</u> | <u>\$ 11,103</u> | <u>\$ (14,719)</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 \$12,960 is removed from the final budgeted fund balance, then the ending final budgeted fund balance would be \$9,344 and the final budget vs. \$11,103 of actual would equal \$1,759 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, 2016

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---------------------------------------|
| Revenues | | | |
| Child Support Services | \$ 4,197,497 | \$ 4,204,255 | \$ 6,758 |
| Total revenues | <u>4,197,497</u> | <u>4,204,255</u> | <u>6,758</u> |
| Expenditures | | | |
| Child Support Services | 4,197,497 | 4,076,895 | 120,602 |
| Total expenditures | <u>4,197,497</u> | <u>4,076,895</u> | <u>120,602</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>127,360</u> | <u>127,360</u> |
| Net change in fund balance | - | 127,360 | 127,360 |
| Fund balance, beginning of year | 91,936 | 91,936 | - |
| Fund balance, end of year | <u>\$ 91,936</u> | <u>\$ 219,296</u> | <u>\$ 127,360</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, 2016

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|---|------------------------------|-------------------|-------------------------------|
| Revenues | | | |
| Off-Highway Motor Vehicle | \$ - | \$ 242 | \$ 242 |
| Total revenues | <u>-</u> | <u>242</u> | <u>242</u> |
| Expenditures | | | |
| Off-Highway Motor Vehicle | - | - | - |
| Total expenditures | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of revenues over (Under) expenditures | - | 242 | 242 |
| Fund balance, beginning of year | (184) | (184) | - |
| Fund balance, end of year | <u>\$ (184)</u> | <u>\$ 58</u> | <u>\$ 242</u> |

Note:

This fund is 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, 2016

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|---|------------------------------|---------------------|-------------------------------|
| Revenues | | | |
| Job Training Office | \$ 4,909,166 | \$ 4,201,965 | \$ (707,201) |
| Total revenues | <u>4,909,166</u> | <u>4,201,965</u> | <u>(707,201)</u> |
| Expenditures | | | |
| Job Training Office | 4,909,166 | 4,026,301 | 882,865 |
| Total expenditures | <u>4,909,166</u> | <u>4,026,301</u> | <u>882,865</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>175,664</u> | <u>175,664</u> |
| Net change in fund balance | - | 175,664 | 175,664 |
| Fund balance, beginning of year | (343,583) | (343,583) | - |
| Fund balance, end of year | <u>\$ (343,583)</u> | <u>\$ (167,919)</u> | <u>\$ 175,664</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, 2016

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---------------------------------------|
| Revenues | | | |
| Community Development | \$ - | \$ 587,882 | \$ 587,882 |
| Total revenues | <u>-</u> | <u>587,882</u> | <u>587,882</u> |
| Expenditures | | | |
| Community Development | - | 1,553,061 | (1,553,061) |
| Total expenditures | <u>-</u> | <u>1,553,061</u> | <u>(1,553,061)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(965,179)</u> | <u>(965,179)</u> |
| Net change in fund balance | <u>-</u> | <u>(965,179)</u> | <u>(965,179)</u> |
| Fund Balance, Beginning of Year | <u>810,398</u> | <u>810,398</u> | <u>-</u> |
| Fund Balance, End of Year | <u>\$ 810,398</u> | <u>\$ (154,781)</u> | <u>\$ (965,179)</u> |

Note:

This fund is 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 Fund
For the Year Ended June 30, 2016

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---|---------------------------------------|---------------------------|---------------------------------------|
| Revenues | | | |
| Criminal Justice Facility | \$ - | \$ 506,543 | \$ 506,543 |
| Total revenues | <u>-</u> | <u>506,543</u> | <u>506,543</u> |
| Expenditures | | | |
| Criminal Justice Facility | - | 501,207 | (501,207) |
| Total expenditures | <u>-</u> | <u>501,207</u> | <u>(501,207)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>5,336</u> | <u>5,336</u> |
| Net change in fund balance | - | 5,336 | 5,336 |
| Fund balance, beginning of year | 41,901 | 41,901 | - |
| Fund balance, end of year | <u>\$ 41,901</u> | <u>\$ 47,237</u> | <u>\$ 5,336</u> |

Note:

This fund is 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, 2016

| | Final Budgeted Amounts | Actual Amounts | Variance with Final Budget |
|---|------------------------------|-------------------|-------------------------------|
| Revenues | | | |
| In-Home Supportive Services | \$ 763,400 | \$ 591,561 | \$ (171,839) |
| Total revenues | <u>763,400</u> | <u>591,561</u> | <u>(171,839)</u> |
| Expenditures | | | |
| In-Home Supportive Services | 763,400 | 596,801 | 166,599 |
| Total expenditures | <u>763,400</u> | <u>596,801</u> | <u>166,599</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>(5,240)</u> | <u>(5,240)</u> |
| Net change in fund balance | - | (5,240) | (5,240) |
| Fund balance, beginning of year | 346,729 | 346,729 | - |
| Fund balance, end of year | <u>\$ 346,729</u> | <u>\$ 341,489</u> | <u>\$ (5,240)</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

Internal Service Funds Narrative

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, 2016

| | Workers' Compensation Self-Insurance | Fleet Management | Information Services | Health Self- Insurance | Public Works | Total |
|--|--|---------------------|-------------------------|---------------------------|-----------------------|-----------------------|
| Assets | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 608,699 | \$ 332,344 | \$ 204,566 | \$ 187,920 | \$ 118,724 | \$ 1,452,253 |
| Imprest cash | - | - | - | - | 330 | 330 |
| Treasurer's investments | 5,565,550 | 3,012,742 | 1,817,083 | 1,691,967 | 1,108,454 | 13,195,796 |
| Deposit with others | - | - | - | 9,791 | - | 9,791 |
| Receivables | - | 86,863 | 65,438 | 7,547 | 10,661 | 170,509 |
| Due from other funds | - | 2,919 | 60,311 | 1,096,343 | 32,942 | 1,192,515 |
| Due from other governments | - | - | - | 27,550 | - | 27,550 |
| Inventories and prepaids | - | 153,839 | 29,098 | - | - | 182,937 |
| Total current assets | <u>6,174,249</u> | <u>3,588,707</u> | <u>2,176,496</u> | <u>3,021,118</u> | <u>1,271,111</u> | <u>16,231,681</u> |
| Noncurrent assets: | | | | | | |
| Capital assets: | | | | | | |
| Equipment | - | 10,174,867 | 3,250,026 | - | 560,259 | 13,985,152 |
| Accumulated depreciation - Equipment | - | (6,392,257) | (2,280,220) | - | (315,586) | (8,988,063) |
| Total capital assets (net of accumulated depreciation) | <u>-</u> | <u>3,782,610</u> | <u>969,806</u> | <u>-</u> | <u>244,673</u> | <u>4,997,089</u> |
| Total noncurrent assets | <u>-</u> | <u>3,782,610</u> | <u>969,806</u> | <u>-</u> | <u>244,673</u> | <u>4,997,089</u> |
| Total assets | <u>6,174,249</u> | <u>7,371,317</u> | <u>3,146,302</u> | <u>3,021,118</u> | <u>1,515,784</u> | <u>21,228,770</u> |
| Deferred outflows of resources | | | | | | |
| Deferred outflows for contributions | <u>-</u> | <u>113,709</u> | <u>899,015</u> | <u>-</u> | <u>579,207</u> | <u>1,591,931</u> |
| Total deferred outflows of resources | <u>-</u> | <u>113,709</u> | <u>899,015</u> | <u>-</u> | <u>579,207</u> | <u>1,591,931</u> |
| Liabilities | | | | | | |
| Current liabilities: | | | | | | |
| Accrued expenses payable | 227,541 | 40,555 | 729,253 | 41,322 | 469,632 | 1,508,303 |
| Due to other funds | - | 6,571 | 41,518 | - | 54,044 | 102,133 |
| Advances from grantors and third parties | - | - | - | - | 7,221 | 7,221 |
| Capital leases obligation | - | 1,109 | 68,246 | - | 1,361 | 70,716 |
| Claims payable | 2,955,527 | - | - | - | - | 2,955,527 |
| Compensated absences payable | - | 24,790 | 102,745 | - | 179,285 | 306,820 |
| Total Current liabilities | <u>3,183,068</u> | <u>73,025</u> | <u>941,762</u> | <u>41,322</u> | <u>711,543</u> | <u>4,950,720</u> |
| Noncurrent liabilities: | | | | | | |
| Capital leases obligation | - | 2,801 | 7,709 | - | 1,181 | 11,691 |
| Claims payable | 11,327,473 | - | - | - | - | 11,327,473 |
| Compensated absences payable | - | 24,790 | 102,745 | - | 179,284 | 306,819 |
| Net pension liability | - | 425,547 | 3,274,889 | - | 3,727,008 | 7,427,444 |
| Total noncurrent liabilities | <u>11,327,473</u> | <u>453,138</u> | <u>3,385,343</u> | <u>-</u> | <u>3,907,473</u> | <u>19,073,427</u> |
| Total liabilities | <u>14,510,541</u> | <u>526,163</u> | <u>4,327,105</u> | <u>41,322</u> | <u>4,619,016</u> | <u>24,024,147</u> |
| Deferred inflows of resources | | | | | | |
| Deferred inflows of resources - actuarial | <u>-</u> | <u>131,105</u> | <u>1,005,926</u> | <u>-</u> | <u>1,200,941</u> | <u>2,337,972</u> |
| Total deferred inflows of resources | <u>-</u> | <u>131,105</u> | <u>1,005,926</u> | <u>-</u> | <u>1,200,941</u> | <u>2,337,972</u> |
| Net position | | | | | | |
| Net Investment in capital assets | - | 3,778,700 | 893,851 | - | 242,131 | 4,914,682 |
| Unrestricted | (8,336,292) | 3,049,058 | (2,181,565) | 2,979,796 | (3,967,097) | (8,456,100) |
| Total net position | <u>\$ (8,336,292)</u> | <u>\$ 6,827,758</u> | <u>\$ (1,287,714)</u> | <u>\$ 2,979,796</u> | <u>\$ (3,724,966)</u> | <u>\$ (3,541,418)</u> |

County of Kings
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2016

| | Workers' Compensation Self - Insurance | Fleet Management | Information Services | Health Self- Insurance | Public Works | Total |
|---|--|---------------------|-------------------------|---------------------------|-----------------------|-----------------------|
| Operating revenues | | | | | | |
| Charges for services | \$ - | \$ 2,644,130 | \$ 6,249,146 | \$ - | \$ 11,836,191 | \$ 20,729,467 |
| Miscellaneous revenues | 69,478 | 166,039 | 1,793 | 13,615,510 | 69,870 | 13,922,690 |
| Total operating revenues | <u>69,478</u> | <u>2,810,169</u> | <u>6,250,939</u> | <u>13,615,510</u> | <u>11,906,061</u> | <u>34,652,157</u> |
| Operating expenses | | | | | | |
| Salaries and employee benefits | 1,817,396 | 450,390 | 3,400,839 | 12,422,868 | 4,523,682 | 22,615,175 |
| Services and supplies | 79,276 | 1,292,512 | 2,337,162 | 2,304,069 | 7,171,988 | 13,185,007 |
| Administration | 923,470 | 185,828 | 134,500 | - | 127,713 | 1,371,511 |
| Depreciation | - | 905,367 | 352,751 | - | 41,212 | 1,299,330 |
| Total operating expenses | <u>2,820,142</u> | <u>2,834,097</u> | <u>6,225,252</u> | <u>14,726,937</u> | <u>11,864,595</u> | <u>38,471,023</u> |
| Operating income (loss) | <u>(2,750,664)</u> | <u>(23,928)</u> | <u>25,687</u> | <u>(1,111,427)</u> | <u>41,466</u> | <u>(3,818,866)</u> |
| Nonoperating revenues (expenses) | | | | | | |
| Investment earnings | 24,975 | 35,512 | 17,310 | 36,418 | 1,580 | 115,795 |
| Interest expense | - | (193) | (10,067) | - | (143) | (10,403) |
| Net gain/(loss) on sale of capital assets | - | 25,904 | (78,438) | - | - | (52,534) |
| Total nonoperating revenues (expenses) | <u>24,975</u> | <u>61,223</u> | <u>(71,195)</u> | <u>36,418</u> | <u>1,437</u> | <u>52,858</u> |
| Income (loss) before operating transfers | <u>(2,725,689)</u> | <u>37,295</u> | <u>(45,508)</u> | <u>(1,075,009)</u> | <u>42,903</u> | <u>(3,766,008)</u> |
| Transfers In | - | - | 50,460 | - | - | 50,460 |
| Transfers out | - | - | - | - | (10,068) | (10,068) |
| Change in net position | (2,725,689) | 37,295 | 4,952 | (1,075,009) | 32,835 | (3,725,616) |
| Net position, beginning of year | (5,610,603) | 6,790,463 | (1,292,666) | 4,054,805 | (3,455,774) | 486,225 |
| Prior period adjustments | - | - | - | - | (302,027) | (302,027) |
| Net position, end of year | <u>\$ (8,336,292)</u> | <u>\$ 6,827,758</u> | <u>\$ (1,287,714)</u> | <u>\$ 2,979,796</u> | <u>\$ (3,724,966)</u> | <u>\$ (3,541,418)</u> |

County of Kings
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

| | Workers' Compensation Self-Insurance | Fleet Management | Information Services |
|--|--|---------------------|-------------------------|
| Cash flows from operating activities | | | |
| Receipts from interfund services provided | \$ 69,478 | \$ 2,793,785 | \$ 6,140,520 |
| Payments to suppliers | (1,075,129) | (1,283,539) | (1,906,802) |
| Payments to and on behalf of employees | 944,604 | (451,595) | (3,409,176) |
| Payments for interfund services used | - | (185,828) | (134,500) |
| Total cash flows from operating activities | <u>(61,047)</u> | <u>872,823</u> | <u>690,042</u> |
| Cash flows from non-capital financing activities | | | |
| Transfers in | - | - | 50,460 |
| Transfers out | - | - | - |
| Total cash flows from non-capital financing activities | <u>-</u> | <u>-</u> | <u>50,460</u> |
| Cash flows from capital and related financing activities | | | |
| Interest expense | - | (193) | (10,067) |
| Total Cash flows from capital and related financing activities | <u>-</u> | <u>(193)</u> | <u>(10,067)</u> |
| Cash flows from investing activities | | | |
| Proceeds from sales and maturities of investments | 6,081,395 | 3,291,979 | 1,985,500 |
| Purchase of investments | (6,289,453) | (4,322,541) | (2,741,787) |
| Investment earnings | 24,975 | 35,512 | 17,310 |
| Total cash flows from investing activities | <u>(183,083)</u> | <u>(995,050)</u> | <u>(738,977)</u> |
| Net increase (decrease) in cash and cash equivalents | (244,130) | (122,420) | (8,542) |
| Cash and cash equivalents, beginning of year | 852,829 | 454,764 | 213,108 |
| Cash and cash equivalents, end of year | <u>\$ 608,699</u> | <u>\$ 332,344</u> | <u>\$ 204,566</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities | | | |
| Operating income (loss) | \$ (2,750,664) | \$ (23,928) | \$ 25,687 |
| Adjustment to reconcile operating income (loss) | | | |
| Depreciation | - | 905,367 | 352,751 |
| Net loss on sale of capital assets | - | 25,904 | (78,438) |
| (Increase) Decrease in receivables | - | (41,421) | 499 |
| (Increase) Decrease in deposits with others | - | - | - |
| (Increase) Decrease in due from other funds | - | (867) | (32,480) |
| (Increase) Decrease in due from other governments | - | - | - |
| (Increase) Decrease in inventories and prepaids | - | 5,491 | - |
| Increase (Decrease) in advances from grantors and third parties | - | - | - |
| Increase (Decrease) in accrued expenses payable | (72,383) | 3,272 | 592,382 |
| Increase (Decrease) in due to other funds | - | 1,181 | 2,877 |
| Increase (Decrease) in capital leases obligation | - | (971) | (164,899) |
| Increase (Decrease) in compensated absences payable | - | (1,205) | (8,337) |
| Increase (Decrease) in claims payable | 2,762,000 | - | - |
| Total adjustments | <u>2,689,617</u> | <u>896,751</u> | <u>664,355</u> |
| Net cash provided (used) by operating activities | <u>\$ (61,047)</u> | <u>\$ 872,823</u> | <u>\$ 690,042</u> |

County of Kings
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

| | Health Self- Insurance | Public Works | Total |
|--|---------------------------|-------------------|---------------------|
| Cash flows from operating activities | | | |
| Receipts from interfund services provided | \$ 13,508,008 | \$ 11,887,498 | \$ 34,399,289 |
| Payments to suppliers | (2,543,440) | (6,919,713) | (13,728,623) |
| Payments to and on behalf of employees | (12,703,077) | (4,519,339) | (20,138,583) |
| Payments for interfund services used | - | (127,713) | (448,041) |
| Total cash flows from operating activities | <u>(1,738,509)</u> | <u>320,733</u> | <u>84,042</u> |
| Cash flows from non-capital financing activities | | | |
| Transfers in | - | - | 50,460 |
| Transfers out | - | (10,068) | (10,068) |
| Total cash flows from non-capital financing activities | <u>-</u> | <u>(10,068)</u> | <u>40,392</u> |
| Cash flows from capital and related financing activities | | | |
| Interest expense | - | (143) | (10,403) |
| Total Cash flows from capital and related financing activities | <u>-</u> | <u>(143)</u> | <u>(10,403)</u> |
| Cash flows from investing activities | | | |
| Proceeds from sales and maturities of investments | 1,848,788 | 1,211,192 | 14,418,854 |
| Purchase of investments | (374,650) | (1,538,983) | (15,267,414) |
| Investment earnings | 36,417 | 1,580 | 115,794 |
| Total cash flows from investing activities | <u>1,510,555</u> | <u>(326,211)</u> | <u>(732,766)</u> |
| Net increase (decrease) in cash and cash equivalents | (227,954) | (15,689) | (618,735) |
| Cash and cash equivalents, beginning of year | 415,874 | 134,413 | 2,070,988 |
| Cash and cash equivalents, end of year | <u>\$ 187,920</u> | <u>\$ 118,724</u> | <u>\$ 1,452,253</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities | | | |
| Operating income (loss) | \$ (1,111,427) | \$ 41,466 | \$ (3,818,866) |
| Adjustment to reconcile operating income (loss) | | | |
| Depreciation | - | 41,212 | 1,299,330 |
| Net loss on sale of capital assets | - | - | (52,534) |
| (Increase) Decrease in receivables | (656) | (6,901) | (48,479) |
| (Increase) Decrease in deposits with others | (280,209) | - | (280,209) |
| (Increase) Decrease in due from other funds | (104,902) | (14,029) | (152,278) |
| (Increase) Decrease in due from other governments | (1,944) | - | (1,944) |
| (Increase) Decrease in inventories and prepaids | - | - | 5,491 |
| Increase (Decrease) in advances from grantors and third parties | - | 2,367 | 2,367 |
| Increase (Decrease) in accrued expenses payable | (239,371) | 256,323 | 540,223 |
| Increase (Decrease) in due to other funds | - | (2,744) | 1,314 |
| Increase (Decrease) in capital leases obligation | - | (1,303) | (167,173) |
| Increase (Decrease) in compensated absences payable | - | 4,342 | (5,200) |
| Increase (Decrease) in claims payable | - | - | 2,762,000 |
| Total adjustments | <u>(627,082)</u> | <u>279,267</u> | <u>3,902,908</u> |
| Net cash provided (used) by operating activities | <u>\$ (1,738,509)</u> | <u>\$ 320,733</u> | <u>\$ 84,042</u> |

County of Kings
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Workers Compensation Self-Insurance Internal Service Fund
For the Year Ended June 30, 2016

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---------------------------------------|---------------------------------------|---------------------------|---------------------------------------|
| Operating revenues: | | | |
| Workers' Compensation | \$ 62,646 | \$ 94,452 | \$ (31,806) |
| Total operating revenues | <u>62,646</u> | <u>94,452</u> | <u>(31,806)</u> |
| Operating expenses: | | | |
| Workers' Compensation | 62,646 | 2,820,141 | (2,757,495) |
| Total operating expenses | <u>62,646</u> | <u>2,820,141</u> | <u>(2,757,495)</u> |
| Operating income (loss) | <u>-</u> | <u>(2,725,689)</u> | <u>2,725,689</u> |
| Change in net position | - | (2,725,689) | 2,725,689 |
| Total net position, beginning of year | <u>(5,610,603)</u> | <u>(5,610,603)</u> | <u>-</u> |
| Total net position, end of year | <u>\$ (5,610,603)</u> | <u>\$ (8,336,292)</u> | <u>\$ 2,725,689</u> |

County of Kings
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Fleet Management Internal Service Fund
For the Year Ended June 30, 2016

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---------------------------------------|---------------------------------------|---------------------------|---------------------------------------|
| Operating revenues: | | | |
| Fleet | \$ 2,850,600 | \$ 2,871,587 | \$ (20,987) |
| Total operating revenues | <u>2,850,600</u> | <u>2,871,587</u> | <u>(20,987)</u> |
| Operating expenses: | | | |
| Fleet | 3,921,672 | 2,834,293 | 1,087,379 |
| Total operating expenses | <u>3,921,672</u> | <u>2,834,293</u> | <u>1,087,379</u> |
| Operating income (loss) | <u>(1,071,072)</u> | <u>37,294</u> | <u>(1,108,366)</u> |
| Change in net position | (1,071,072) | 37,294 | (1,108,366) |
| Total net position, beginning of year | <u>6,790,463</u> | <u>6,790,463</u> | <u>-</u> |
| Total net position, end of year | <u>\$ 5,719,391</u> | <u>\$ 6,827,757</u> | <u>\$ (1,108,366)</u> |

County of Kings
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Information Services Internal Service Fund
For the Year Ended June 30, 2016

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---------------------------------------|---------------------------------------|---------------------------|---------------------------------------|
| Operating revenues: | | | |
| Information Services | \$ 6,788,826 | \$ 6,318,709 | \$ (470,117) |
| Total operating revenues | <u>6,788,826</u> | <u>6,318,709</u> | <u>(470,117)</u> |
| Operating expenses: | | | |
| Information Services | 7,264,746 | 6,313,757 | 950,989 |
| Total operating expenses | <u>7,264,746</u> | <u>6,313,757</u> | <u>950,989</u> |
| Operating income (loss) | <u>475,920</u> | <u>4,952</u> | <u>1,421,106</u> |
| Income (loss) before transfers | <u>475,920</u> | <u>4,952</u> | <u>(1,421,106)</u> |
| Changes in net position | 475,920 | 4,952 | 470,968 |
| Total net position, beginning of year | <u>(1,292,666)</u> | <u>(1,292,666)</u> | <u>-</u> |
| Total net position, end of year | <u>\$ (816,746)</u> | <u>\$ (1,287,714)</u> | <u>\$ 470,968</u> |

County of Kings
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Health Self-Insurance Internal Service Fund
For the Year Ended June 30, 2016

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---------------------------------------|---------------------------------------|---------------------------|---------------------------------------|
| Operating revenues: | | | |
| Health Self-Insurance | \$ 13,041,614 | \$ 13,651,927 | \$ (610,313) |
| Total operating revenues | <u>13,041,614</u> | <u>13,651,927</u> | <u>(610,313)</u> |
| Operating expenses: | | | |
| Health Self-Insurance | 13,939,098 | 14,726,936 | (787,838) |
| Total operating expenses | <u>13,939,098</u> | <u>14,726,936</u> | <u>(787,838)</u> |
| Operating income (loss) | <u>(897,484)</u> | <u>(1,075,009)</u> | <u>177,525</u> |
| Change in net position | (897,484) | (1,075,009) | 177,525 |
| Total net position, beginning of year | 4,054,805 | 4,054,805 | - |
| Total net position, end of year | <u>\$ 3,157,321</u> | <u>\$ 2,979,796</u> | <u>\$ 177,525</u> |

County of Kings
Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual
Public Works Internal Service Fund
For the Year Ended June 30, 2016

| | <u>Final Budgeted Amounts</u> | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---------------------------------------|---------------------------------------|---------------------------|---------------------------------------|
| Operating revenues: | | | |
| Public Works | \$ 17,533,280 | \$ 11,907,641 | \$ (5,625,639) |
| Total operating revenues | <u>17,533,280</u> | <u>11,907,641</u> | <u>(5,625,639)</u> |
| Operating expenses: | | | |
| Public Works | 17,512,628 | 11,874,806 | 5,637,822 |
| Total operating expenses | <u>17,512,628</u> | <u>11,874,806</u> | <u>5,637,822</u> |
| Operating income (loss) | <u>(20,652)</u> | <u>32,835</u> | <u>12,183</u> |
| Change in net position | (20,652) | 32,835 | 12,183 |
| Total net position, beginning of year | (3,455,774) | (3,455,774) | - |
| Prior period adjustment | - | (302,027) | 302,027 |
| Total net position, end of year | <u>\$ (3,476,426)</u> | <u>\$ (3,724,966)</u> | <u>\$ 314,210</u> |

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Statistical Table of Contents For the Year Ended June 30, 2016

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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Statistical Section

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

| | <u>6/30/2016</u> | <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> |
|--|------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental Activities | | | | | | | | | | |
| Net investment in capital assets | \$ 121,370 | \$ 111,477 | \$ 79,168 | \$ 80,014 | \$ 78,927 | \$ 95,097 | \$ 95,077 | \$ 96,084 | \$ 89,999 | \$ 86,581 |
| Restricted | 81 | 92 | 885 | 881 | 892 | 901 | 994 | 3,357 | 1,057 | 954 |
| Unrestricted | <u>(69,443)</u> | <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> |
| Total Governmental Activities Net Position | <u>\$ 52,008</u> | <u>\$ 32,974</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> |

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>6/30/2016</u> | <u>6/30/2015</u> | <u>6/30/2014</u> | <u>6/30/2013</u> | <u>6/30/2012</u> |
|---|------------------|-------------------|-------------------|------------------|------------------|
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 25,640 | \$ (22,319) | \$ (22,481) | \$ 17,302 | \$ 17,083 |
| Public safety | 70,827 | (67,329) | (66,234) | 61,560 | 59,219 |
| Public ways and facilities | 4 | (127) | (71) | 124 | 278 |
| Highways and streets | 7,265 | (9,195) | (7,639) | 9,150 | 6,533 |
| Health and sanitation | 27,573 | (25,704) | (26,324) | 28,430 | 26,918 |
| Public assistance | 78,469 | (72,187) | (68,282) | 64,090 | 59,435 |
| Education | 2,044 | (2,008) | (2,014) | 2,168 | 1,844 |
| Culture and recreation | 1,947 | (2,336) | (2,808) | 1,921 | 1,814 |
| Unallocated depreciation | - | - | (1,116) | 1,136 | 5,171 |
| Interest on long-term debt | 1,313 | (1,518) | (1,200) | 1,342 | 2,340 |
| Total governmental activities expenses | <u>215,082</u> | <u>202,723</u> | <u>198,169</u> | <u>(187,223)</u> | <u>(180,635)</u> |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| General government | 5,664 | 4,222 | 4,575 | 4,710 | 4,755 |
| Public safety | 5,294 | 5,158 | 5,529 | 5,502 | 8,039 |
| Public ways and facilities | - | - | - | - | 38 |
| Highways and streets | 309 | 160 | 395 | 434 | 504 |
| Health and sanitation | 1,008 | 1,092 | 1,057 | 953 | 919 |
| Public Assistance | 10 | 27 | 14 | 19 | 23 |
| Education | 359 | 349 | 352 | 348 | 344 |
| Culture and recreation | 87 | 87 | 86 | 77 | 76 |
| Operating grants and contributions | 169,346 | 1,625 | 139,720 | 133,945 | 135,900 |
| Capital grants and contributions | 5,818 | - | 8,229 | 5,736 | - |
| Total governmental activities program revenues | <u>187,895</u> | <u>12,720</u> | <u>159,957</u> | <u>151,724</u> | <u>150,598</u> |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | <u>(27,187)</u> | <u>215,443</u> | <u>358,126</u> | <u>(35,499)</u> | <u>(30,037)</u> |
| General Revenues and Other Changes in Net Assets | | | | | |
| Governmental Activities: | | | | | |
| Taxes | | | | | |
| Property taxes | 29,107 | 27,313 | 26,260 | 26,506 | 19,720 |
| Sales taxes | 5,064 | 3,562 | 2,438 | 2,211 | 2,032 |
| Franchise taxes | 2,462 | 1,323 | 1,177 | 1,122 | 1,157 |
| Hotel taxes | 298 | 311 | 307 | 277 | 280 |
| Investment earnings (loss) | 845 | 660 | 393 | (100) | 1,077 |
| Gain (loss) on sale of capital assets | (532) | 74 | (1,261) | (386) | 40 |
| Miscellaneous | 8,977 | 6,485 | 6,846 | 9,383 | 7,540 |
| Extraordinary item | - | - | - | - | 1,246 |
| Total Primary Government | <u>46,221</u> | <u>39,728</u> | <u>36,160</u> | <u>39,013</u> | <u>33,092</u> |
| Change in Net Position | | | | | |
| Governmental Activities | <u>\$ 19,034</u> | <u>\$ 255,171</u> | <u>\$ 394,286</u> | <u>\$ 3,514</u> | <u>\$ 3,055</u> |

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

| | <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> |
|---|------------------|-------------------|------------------|------------------|------------------|
| Expenses | | | | | |
| Governmental Activities: | | | | | |
| General government | \$ 18,951 | \$ 16,125 | \$ 17,124 | \$ 18,020 | \$ 16,499 |
| Public safety | 59,837 | 58,422 | 58,485 | 53,977 | 54,435 |
| Public ways and facilities | 2,471 | - | 35 | 144 | 312 |
| Highways and streets | 34 | 4,130 | 3,704 | 4,693 | 5,120 |
| Health and sanitation | 25,885 | 25,791 | 27,687 | 25,662 | 23,926 |
| Public assistance | 68,258 | 70,489 | 65,086 | 64,589 | 63,022 |
| Education | 2,054 | 2,099 | 1,987 | 1,957 | 1,760 |
| Culture and recreation | 1,827 | 1,633 | 1,603 | 1,593 | 1,559 |
| Unallocated depreciation | 5,316 | 4,540 | 4,235 | 4,195 | 3,820 |
| Interest on long-term debt | 1,768 | 1,401 | 1,426 | 1,408 | 1,532 |
| | <u>(186,401)</u> | <u>(184,630)</u> | <u>(181,372)</u> | <u>(176,238)</u> | <u>(171,985)</u> |
| Total governmental activities expenses | | | | | |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for Services: | | | | | |
| General government | 2,836 | 3,297 | 3,735 | 3,190 | 3,601 |
| Public safety | 5,416 | 3,434 | 3,561 | 3,778 | 3,795 |
| Public ways and facilities | 463 | 71 | - | 31 | 42 |
| Highways and streets | 587 | 525 | 451 | 309 | 370 |
| Health and sanitation | 1,258 | 1,283 | 1,258 | 1,261 | 1,183 |
| Public Assistance | 108 | 78 | 57 | 40 | 42 |
| Education | 33 | 37 | 50 | 53 | 42 |
| Culture and recreation | 129 | 84 | 59 | 76 | 105 |
| Operating grants and contributions | 136,437 | 138,215 | 143,090 | 134,893 | 132,662 |
| Capital grants and contributions | - | - | - | - | - |
| | <u>147,267</u> | <u>147,024</u> | <u>152,261</u> | <u>143,631</u> | <u>141,842</u> |
| Total governmental activities program revenues | | | | | |
| Net (Expense)/Revenue | | | | | |
| Governmental activities | <u>(39,134)</u> | <u>(37,606)</u> | <u>(29,111)</u> | <u>(32,607)</u> | <u>(30,143)</u> |
| General Revenues and Other Changes in Net Assets | | | | | |
| Governmental Activities: | | | | | |
| Taxes | | | | | |
| Property taxes | 23,835 | 23,748 | 24,211 | 24,444 | 20,546 |
| Sales taxes | 1,669 | 1,430 | 1,917 | 1,727 | 1,817 |
| Franchise taxes | 1,629 | 2,128 | 2,809 | 3,334 | 3,458 |
| Hotel taxes | 233 | 199 | 213 | 234 | 234 |
| Investment earnings (loss) | 1,559 | 1,802 | 2,289 | 3,215 | 3,199 |
| Gain (loss) on sale of capital assets | (317) | (1,376) | - | - | - |
| Miscellaneous | 11,469 | 6,537 | 5,383 | 9,218 | 5,302 |
| Extraordinary item | - | - | - | - | - |
| | <u>40,077</u> | <u>34,468</u> | <u>36,822</u> | <u>42,172</u> | <u>34,556</u> |
| Total Primary Government | | | | | |
| Change in Net Position | | | | | |
| Governmental Activities | <u>\$ 943</u> | <u>\$ (3,138)</u> | <u>\$ 7,711</u> | <u>\$ 9,565</u> | <u>\$ 4,413</u> |

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

| | <u>6/30/2016</u> | <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> |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General Fund | | | | | | | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,652 | \$ 1,435 | \$ 1,453 | \$ 1,742 |
| Unreserved | - | - | - | - | - | - | 19,442 | 25,195 | 28,112 | 29,460 |
| Restricted | 81 | 93 | 101 | 103 | 113 | 118 | - | - | - | - |
| Assigned | 25 | 25 | 25 | 25 | 25 | 26 | - | - | - | - |
| Unassigned | 30,355 | 27,142 | 25,630 | 24,528 | 21,315 | 14,091 | - | - | - | - |
| Total General Fund | <u>\$ 30,461</u> | <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> |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved | - | - | - | - | - | - | 3,799 | 3,048 | 796 | 809 |
| Unreserved, reported in: | | | | | | | | | | |
| Special Revenue Funds | - | - | - | - | - | - | 13,377 | 13,261 | 10,754 | - |
| Capital Projects Funds | - | - | - | - | - | - | 6,404 | 12,166 | 9,958 | 7,482 |
| Debt Service Funds | - | - | - | - | - | - | 578 | 464 | 317 | 274 |
| Nonspendable | - | - | - | - | - | 3,000 | - | - | - | - |
| Restricted | 15,671 | 16,034 | 20,955 | 19,306 | 24,277 | 20,853 | - | - | - | - |
| Assigned | 7,363 | 12,223 | 9,502 | 10,473 | 12,839 | 7,139 | - | - | - | - |
| Unassigned | (323) | (344) | (893) | (347) | (356) | (856) | - | - | - | - |
| Total All Other Governmental Funds | <u>\$ 22,711</u> | <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> |

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>6/30/2016</u> | <u>6/30/2015</u> | <u>6/30/2014</u> | <u>6/30/2013</u> | <u>6/30/2012</u> |
|---|-------------------|------------------|------------------|-------------------|------------------|
| Revenues | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 29,074 | \$ 27,313 | \$ 26,349 | \$ 25,049 | \$ 24,032 |
| Sales tax | 5,064 | 3,562 | 2,438 | 2,211 | 2,032 |
| Franchise taxes | 2,462 | 1,323 | 1,177 | 1,122 | 1,157 |
| Hotel taxes | 298 | 311 | 307 | 277 | 280 |
| Licenses and permits | 504 | 544 | 386 | 380 | 389 |
| Fines and forfeits | 1,844 | 1,668 | 2,090 | 2,074 | 2,606 |
| Intergovernmental revenue | 175,695 | 168,221 | 147,831 | 137,839 | 135,881 |
| Charges for services | 9,644 | 8,249 | 8,843 | 8,803 | 10,987 |
| Rents and concessions | 601 | 620 | 645 | 749 | 651 |
| Investment earnings (loss) | 729 | 598 | 367 | (16) | 962 |
| Contributions and donations | 138 | 14 | 43 | 38 | 65 |
| Miscellaneous revenues | 9,917 | 6,485 | 6,846 | 9,383 | 7,143 |
| Total Revenues | <u>235,970</u> | <u>218,908</u> | <u>197,322</u> | <u>187,909</u> | <u>186,185</u> |
| Expenditures | | | | | |
| General government | 19,990 | 19,675 | 16,757 | 14,839 | 14,368 |
| Public safety | 70,885 | 67,329 | 65,486 | 60,907 | 58,755 |
| Public ways and facilities | 4 | 127 | 71 | 124 | 278 |
| Highways and streets | 7,210 | 9,195 | 7,639 | 9,150 | 6,533 |
| Health and sanitation | 27,462 | 25,704 | 26,180 | 28,255 | 26,760 |
| Public assistance | 77,734 | 72,187 | 67,643 | 63,520 | 59,086 |
| Education | 2,012 | 2,008 | 1,992 | 2,157 | 1,841 |
| Culture and recreation | 1,947 | 2,336 | 2,808 | 1,921 | 1,814 |
| Debt Service: | | | | | |
| Principal | 2,344 | 9,942 | 2,006 | 2,009 | 2,122 |
| Interest | 1,358 | 1,462 | 1,204 | 1,214 | 1,517 |
| Capital Outlay | 27,198 | 19,201 | 4,788 | 6,160 | 4,948 |
| Total Expenditures | <u>238,144</u> | <u>229,166</u> | <u>196,574</u> | <u>190,256</u> | <u>178,022</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>(2,174)</u> | <u>(10,258)</u> | <u>748</u> | <u>(2,347)</u> | <u>8,163</u> |
| Other Financing Sources (Uses) | | | | | |
| Capital leases - other financing sources | 213 | 5,408 | 481 | 328 | 189 |
| Loan proceeds | - | 7,190 | - | - | 4,147 |
| Transfers in | 4,022 | 2,343 | 3,539 | 2,276 | 2,407 |
| Transfers out | <u>(4,063)</u> | <u>(2,343)</u> | <u>(3,539)</u> | <u>(3,276)</u> | <u>(2,407)</u> |
| Total other financing sources (uses) | 172 | 12,598 | 481 | (672) | 4,336 |
| Extraordinary Items | | | | | |
| State of California AB 99 reversal | - | - | - | - | 1,238 |
| Redevelopment Agency dissolution gain | - | - | - | - | 8 |
| Total extraordinary items | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,246</u> |
| Net Changes in Fund Balances | <u>\$ (2,002)</u> | <u>\$ 2,340</u> | <u>\$ 1,229</u> | <u>\$ (3,019)</u> | <u>\$ 13,745</u> |
| Debt Services as a Percentage of Non-Capital Expenditures | 1.75 % | 5.43 % | 1.65 % | 1.69 % | 2.03 % |

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

| | <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> |
|---|-------------------|--------------------|------------------|------------------|------------------|
| Revenues | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 23,477 | \$ 22,833 | \$ 24,128 | \$ 22,074 | \$ 20,283 |
| Sales tax | 1,669 | 1,430 | 1,917 | 1,727 | 1,817 |
| Franchise taxes | 1,629 | 2,128 | 2,809 | 3,334 | 3,458 |
| Hotel taxes | 233 | 199 | 213 | 234 | 234 |
| Licenses and permits | 360 | 354 | 370 | 453 | 447 |
| Fines and forfeits | 2,408 | 815 | 584 | 444 | 524 |
| Intergovernmental revenue | 133,348 | 136,409 | 142,967 | 134,893 | 132,662 |
| Charges for services | 8,440 | 8,488 | 9,010 | 8,372 | 8,252 |
| Rents and concessions | 686 | 676 | 673 | 834 | 1,050 |
| Investment earnings (loss) | 1,340 | 1,504 | 2,092 | 3,054 | 3,026 |
| Contributions and donations | 97 | 426 | 65 | 35 | 53 |
| Miscellaneous revenues | 9,331 | 6,824 | 5,293 | 9,126 | 5,216 |
| Total Revenues | <u>183,018</u> | <u>182,086</u> | <u>190,121</u> | <u>184,580</u> | <u>177,022</u> |
| Expenditures | | | | | |
| General government | 16,003 | 17,204 | 19,199 | 21,684 | 18,146 |
| Public safety | 57,213 | 57,566 | 57,538 | 54,145 | 53,778 |
| Public ways and facilities | 1,186 | 421 | 448 | 281 | 683 |
| Highways and streets | 6,045 | 4,329 | 4,048 | 4,727 | 5,475 |
| Health and sanitation | 25,801 | 25,714 | 27,627 | 25,793 | 23,901 |
| Public assistance | 67,340 | 71,022 | 65,716 | 65,230 | 63,321 |
| Education | 2,045 | 2,083 | 1,969 | 1,955 | 1,742 |
| Culture and recreation | 1,866 | 1,633 | 1,603 | 1,593 | 1,559 |
| Debt Service: | | | | | |
| Principal | 1,521 | 1,482 | 1,394 | 1,375 | 1,341 |
| Interest | 1,029 | 1,027 | 962 | 954 | 1,007 |
| Capital Outlay | 4,353 | 9,898 | 12,823 | 6,105 | 3,294 |
| Total Expenditures | <u>184,402</u> | <u>192,379</u> | <u>193,327</u> | <u>183,842</u> | <u>174,247</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>(1,384)</u> | <u>(10,293)</u> | <u>(3,206)</u> | <u>738</u> | <u>2,775</u> |
| Other Financing Sources (Uses) | | | | | |
| Capital leases - other financing sources | - | - | 7,213 | - | - |
| Loan proceeds | - | - | - | - | - |
| Transfers in | 1,743 | 3,062 | 5,839 | 7,417 | 9,221 |
| Transfers out | <u>(1,784)</u> | <u>(3,087)</u> | <u>(5,669)</u> | <u>(7,437)</u> | <u>(10,898)</u> |
| Total other financing sources (uses) | (41) | (25) | 7,383 | (20) | (1,677) |
| Extraordinary Items | | | | | |
| State of California AB 99 reversal | - | - | - | - | - |
| Redevelopment Agency dissolution gain | - | - | - | - | - |
| Total extraordinary items | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net Changes in Fund Balances | <u>\$ (1,425)</u> | <u>\$ (10,318)</u> | <u>\$ 4,177</u> | <u>\$ 718</u> | <u>\$ 1,098</u> |
| Debt Services as a Percentage of Non-Capital Expenditures | 1.37 % | 1.33 % | 1.27 % | 1.28 % | 1.34 % |

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 | |
| 2016 | \$ 8,978,914 | \$ 411,644 | \$ 495,553 | \$ (110,386) | \$ 9,775,725 | 1.000 |
| 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 |

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 Consitution 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

| Fiscal Year | Direct Rates | | Overlapping Rates | | |
|------------------------|---------------------------|----------------|--------------------------|---------------|--------------|
| | County General | Schools | Hospitals | Cities | Total |
| 2016 | 1.000 % | 0.637 % | 0.074 % | - % | 1.711 % |
| 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 % |

Source: Department of Finance, County of Kings

County of Kings
Principal Property Tax Payers (Unaudited)
June 30, 2016 and June 30, 2007 (in thousands)

| Tax Payer | 2016 | | | 2007 | | |
|-------------------------------|--------------------------------------|------|---|---|------|---|
| | (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 | 378,202 | 1 | 4.09 % | 291,372 | 1 | 5.32 % |
| Melga Canal Co (JG Boswell) | 322,753 | 2 | 3.41 % | 211,148 | 2 | 3.85 % |
| Pacific Gas & Electric Co | 222,492 | 3 | 2.35 % | 98,850 | 4 | 1.80 % |
| Sandridge Partners LP | 103,776 | 4 | 1.10 % | 38,563 | 8 | 0.70 % |
| Felix Oil Co | 93,829 | 5 | 0.99 % | - | - | - % |
| Olam West Coast Inc | 87,078 | 6 | 0.92 % | 145,000 | | 2.65 % |
| GWF Energy LLC-Hanford | 81,500 | 7 | 0.86 % | 146,800 | 3 | 2.68 % |
| Del Monte Foods Inc | 58,397 | 8 | 0.62 % | 80,887 | 5 | 1.48 % |
| Cloverdale Dairy LLC | 54,326 | 9 | 0.57 % | - | - | - % |
| Southern California Edison Co | 51,120 | 10 | 0.54 % | - | - | - % |
| S.K. Foods | - | | - % | 64,970 | 6 | 1.19 % |
| Westlake Farms | - | | - % | 30,265 | 9 | 0.55 % |
| Hanford Mall Partners | - | | - % | 41,032 | 7 | 0.75 % |
| Paramount Land Company LP | - | | - % | 29,140 | 10 | 0.53 % |
| Total | 1,453,473 | | 15.5 % | 1,178,027 | | 21.5 % |

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, 2007.

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 |
| 2016 | \$ 110,558 | \$ 108,903 | 98.50 % | \$ 1,198 | \$ 110,101 | 99.59 % |
| 2015 | 104,776 | 103,023 | 98.33 % | 1,802 | 104,825 | 100.05 % |
| 2014 | 103,162 | 101,635 | 98.52 % | 1,683 | 103,318 | 100.15 % |
| 2013 | 103,166 | 101,270 | 98.16 % | 1,909 | 103,179 | 100.01 % |
| 2012 | 100,113 | 97,692 | 97.58 % | 1,360 | 99,052 | 98.94 % |
| 2011 | 99,075 | 96,322 | 97.22 % | 2,469 | 98,791 | 99.71 % |
| 2010 | 96,402 | 92,882 | 96.35 % | 2,261 | 95,143 | 98.69 % |
| 2009 | 94,339 | 90,359 | 95.78 % | 1,850 | 92,209 | 97.74 % |
| 2008 | 87,325 | 83,985 | 96.18 % | 1,053 | 85,038 | 97.38 % |
| 2007 | 77,288 | 75,092 | 97.16 % | 1,004 | 76,096 | 98.46 % |

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 | | | |
| 2016 | \$ 6,378 | \$ - | \$ 6,735 | \$ 16,702 | \$ 23,080 | | |
| 2015 | 7,088 | - | 7,190 | 17,912 | 25,000 | 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 | - % | - |
| 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 |

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" schedul for population figures.

Source: Department of Finance, County of Kings

County of Kings
Direct and Overlapping Debt (Unaudited)
As of June 30, 2016 (in thousands)

2015-16 Assessed Valuation: \$9,996,566,637 (includes unitary utility valuation)

| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | <u>% Applicable (1)</u> | <u>Debt 6/30/16</u> |
|--|-------------------------|----------------------|
| College of Sequoias Hanford and Tulare School Facilities Improvement Districts | 98.848 & 11.080% | \$ 23,924,668 |
| State Center Community College District | 0.186 | 171,120 |
| West Hills Community College District and School Facilities Improvement District No. 3 | 33.523 & 75.649 | 28,572,350 |
| Reef Sunset Unified School District | 100.000 | 10,420,784 |
| Hanford Joint Union High School District | 98.848 | 36,793,076 |
| Lemoore Union High School District | 100.000 | 1,989,604 |
| Armona Union School District | 100.000 | 2,300,000 |
| Hanford School District | 100.000 | 7,683,496 |
| Pioneer Union School District | 100.000 | 5,863,114 |
| Other School Districts | Various | 1,659,347 |
| Corcoran Hospital District | 100.000 | 13,489,431 |
| City of Hanford Community Facilities District No. 91-1 | 100.000 | 440,000 |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT | | <u>\$133,306,990</u> |

| <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u> | | |
|--|-----------|---------------------|
| Kings County General Fund Obligations | 100.000 % | \$11,455,000 |
| Kings County Pension Obligation Bonds | 100.000 | 6,378,414 |
| Community College District General Fund Obligations | Various | 24,751,964 |
| Corcoran Joint Unified School District Certificates of Participation | 83.451 | 10,848,630 |
| Reef-Sunset Unified School District Certificates of Participation | 100.000 | 6,737,000 |
| Hanford Joint Union High School District Certificates of Participation | 98.848 | 3,637,606 |
| Pioneer Union School District Certificates of Participation | 100.000 | 2,595,000 |
| Other School District General Fund Obligations | Various | 1,580,638 |
| TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT | | <u>\$67,984,252</u> |

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$40,250,587

COMBINED TOTAL DEBT \$241,541,829(2)

(1) The percentage of overlapping debt applicable to the county 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 2015-16 Assessed Valuation:

| | |
|--|-------|
| Total Overlapping Tax and Assessment Debt..... | 1.33% |
| Total Direct Debt (\$17,833,414)..... | 0.18% |
| Combined Total Debt | 2.42% |

Ratio to Redevelopment Successor Agencies Incremental Valuation (\$1,483,580,661):

| | |
|---|-------|
| Total Overlapping Tax Increment Debt..... | 2.71% |
|---|-------|

Source: California Municipal Statistics, Inc.

County of Kings
Legal Debt Margin (Unaudited)
As of June 30, 2016 (in thousands)

| Legal Debt Margin Calculaiton for Fiscal Year | <u>2016</u> |
|--|-------------------|
| Total Assessed Value | \$ 9,775,725 |
| Debt Limit (1.25% of Total Assessed Value) | 122,197 |
| Less: Total Net Debt Applicable to Limit | - |
| Legal Debt Margin | <u>\$ 122,197</u> |

| Fiscal Year | (1) <u>Total Assesd Value</u> | (2) <u>Legal Debt Limit</u> | Total Net Debt <u>Applicable to Limit</u> | <u>Legal Debt Margin</u> |
|--------------------|--------------------------------------|------------------------------------|---|------------------------------|
| 2016 | \$ 9,775,725 | \$ 122,197 | \$ - | \$ 122,197 |
| 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 |

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 Ratio |
|-------------|-------------------------------------|--------------------------------|------------------------------|---------------------------|------------|------------|-------------------|
| | | | | Principal | Interest | Total (B) | |
| 2016 | \$ 502,040 | \$ - | \$ 502,040 | \$ 455,000 | \$ 225,025 | \$ 680,025 | 0.74 |
| 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 | N/A |

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
Demographics and Economic Statistics (Unaudited)
 Last Ten Fiscal Years (in thousands)

| Fiscal Year | Population | Personal Income | Per Capita Personal Income | Unemployment Rate |
|-------------|------------|--------------------|----------------------------------|----------------------|
| 2016 | N/A | N/A | N/A | 8.3 % |
| 2015 | 150 | N/A | N/A | 10.5 % |
| 2014 | 150 | 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 % |

Sources: State of California, Employment Development Department.

County of Kings
Principal Employers (Unaudited)
June 30, 2016 and June 30, 2007
Principal Employers
Current Year and Nine Years Ago

| Employer | 2016 | | | 2007 | | |
|----------------------------------|------------------|------|--------------------------------------|------------------|------|--------------------------------------|
| | (1) Employees | Rank | Percentage of Total Employment | (2) Employees | Rank | Percentage of Total Employment |
| Lemoore Naval Air Station | 9,200 | 1 | 15.73 % | 7,875 | 1 | 14.75 % |
| California State Prisons | 5,144 | 2 | 8.79 % | 3,000 | 2 | 5.62 % |
| Kings County School Districts | 3,928 | 3 | 6.71 % | | | |
| Adventist Health | 1,948 | 4 | 3.33 % | | | |
| County of Kings | 1,471 | 5 | 2.51 % | 1,275 | 5 | 2.39 % |
| Tachi Palace Hotel & Casino | 1,340 | 6 | 2.29 % | 3,000 | 3 | 5.62 % |
| J.G. Boswell Company | 1,300 | 7 | 2.22 % | 1,200 | 6 | 2.25 % |
| Del Monte Corp | 1,100 | 8 | 1.88 % | 1,400 | 4 | 2.62 % |
| Leprino Foods | 1,015 | 9 | 1.74 % | 750 | 8 | 1.40 % |
| Olam Tomato Processors | 1,000 | 10 | 1.71 % | - | | - % |
| Hanford Community Medical Center | | | | 750 | 7 | 1.40 % |
| Wamerdam Packing | | | | 750 | 9 | 1.40 % |
| Walmart | | | | 550 | 10 | 1.03 % |
| Total ten largest | 27,446 | | 46.91 % | 20,550 | | 38.48 % |
| Total all other | 31,054 | | 53.09 % | 32,850 | | 61.52 % |
| Total employees | 58,500 | | 100.00 % | 53,400 | | 100.00 % |

Sources: (1) Kings County Economic Development Corporation, estimated.
(2) County of Kings 2007 CAFR

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

| | <u>6/30/2016</u> | <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> |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Function/Program | | | | | | | | | | |
| General government | 197 | 188 | 189 | 182 | 179 | 182 | 183 | 197 | 195 | 192 |
| Public safety | 621 | 612 | 600 | 579 | 558 | 546 | 562 | 577 | 563 | 564 |
| Health and sanitation | 127 | 125 | 126 | 136 | 141 | 138 | 124 | 124 | 127 | 109 |
| Public assistance | 412 | 350 | 319 | 292 | 285 | 286 | 291 | 291 | 305 | 298 |
| Education | 19 | 19 | 18 | 18 | 15 | 16 | 18 | 18 | 19 | 19 |
| Total full-time government employees | <u>1,376</u> | <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> |

Sources: Human Resources, County of Kings

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

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Function/Program | | | | | | | | | | |
| General Government | | | | | | | | | | |
| Human Resources: | | | | | | | | | | |
| Recruitments | 160 | 131 | 131 | 119 | 122 | 119 | 86 | 101 | 155 | 166 |
| Applicant written exams | 1,900 | 1,782 | 1,629 | 1,936 | 2,091 | 1,992 | 1,300 | 1,198 | 2,073 | 1,714 |
| Classifications and compensation review | 50 | 55 | 45 | 50 | 47 | 47 | - | 50 | 77 | 86 |
| Major grievances, investigations, legal | 80 | 70 | 81 | 89 | 76 | 99 | 74 | 50 | 56 | 53 |
| Oral board days | 111 | 98 | 95 | 97 | 86 | 73 | 65 | 48 | 78 | 97 |
| Treasurer-Tax Collector: | | | | | | | | | | |
| Investment Pool Return | 2,141,989 | 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 |
| Assessor: | | | | | | | | | | |
| Properties reassessed involving transfers | 8,000 | 7,771 | 8,250 | 8,127 | 7,823 | 6,001 | 5,792 | 6,500 | 8,178 | 10,214 |
| Properties assessed involving construction | 4,600 | 4,584 | 4,124 | 3,476 | 4,791 | 5,407 | 5,920 | 4,500 | 5,808 | 6,466 |
| Business/Agricultural property statements | 9,050 | 9,037 | 9,372 | 9,437 | 9,259 | 8,566 | 9,101 | 12,000 | 12,043 | 11,744 |
| Unsecured roll | 5,500 | 5,500 | 5,452 | 4,427 | 4,951 | 5,340 | 5,365 | 5,300 | 5,400 | 5,415 |
| Audits conducted | 50 | 35 | 23 | 17 | 50 | 56 | 37 | 50 | 48 | 30 |
| Assessment appeals | 65 | 73 | 87 | 131 | 145 | 27 | 152 | 42 | 25 | 152 |
| Clerk-Recorder: | | | | | | | | | | |
| Recorded documents | 21,136 | 20,953 | 22,187 | 13,485 | 13,073 | 14,292 | 22,739 | 30,319 | 27,052 | 36,229 |
| Certified copies | 9,180 | 9,256 | 9,608 | 9,264 | 9,443 | 10,025 | 10,538 | 12,901 | 12,901 | 12,827 |
| Vitals | 8,284 | 8,846 | 8,824 | 6,610 | 8,440 | 9,027 | 9,435 | 11,614 | 11,735 | 11,045 |
| Marriage licenses | 1,204 | 1,250 | 1,282 | 1,649 | 1,152 | 1,074 | 1,094 | 1,061 | 1,063 | 1,063 |
| Fictitious business statements | 446 | 445 | 454 | 408 | 439 | 494 | 468 | 556 | 600 | 575 |
| Passport applications | 1,600 | 1,500 | 1,489 | 1,233 | 1,130 | 1,032 | 1,372 | 2,597 | 2,548 | 2,163 |
| Elections: | | | | | | | | | | |
| Elections conducted | 2 | 1 | 3 | 2 | 2 | 1 | 2 | 2 | 2 | 1 |
| Absentee ballots issued | 67,493 | 32,000 | 68,417 | 67,493 | 65,296 | 21,860 | 59,942 | 55,100 | 49,260 | 24,652 |
| Voter registrations | 3,500 | 2,000 | 3,587 | 8,656 | 3,530 | 16,246 | 16,224 | 11,000 | 13,752 | 10,883 |

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

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|--------|--------|--------|--------|--------|---------|--------|---------|---------|--------|
| Public Safety | | | | | | | | | | |
| District Attorney: | | | | | | | | | | |
| Cases reviewed | 7,875 | 7,797 | 7,720 | 6,999 | 6,927 | 6,999 | 7,024 | 8,912 | 8,401 | 10,164 |
| Felonies filed | 2,126 | 2,084 | 2,043 | 2,124 | 1,800 | 1,537 | 1,523 | 2,079 | 1,988 | 1,983 |
| Misdemeanors filed | 6,034 | 4,470 | 3,311 | 3,745 | 3,471 | 3,802 | 3,229 | 3,800 | 3,461 | 5,153 |
| Minor's Advocacy: | | | | | | | | | | |
| Juvenile delinquency cases | 899 | 899 | 1,544 | 1,848 | 2,295 | 2,091 | 2,333 | 2,639 | 2,680 | 3,108 |
| Sheriff (Administrations): | | | | | | | | | | |
| Civil cases processed | 2,721 | 2,621 | 2,521 | 2,976 | 2,325 | 3,061 | 2,450 | 2,421 | 2,401 | 2,403 |
| Reports processed | 4,550 | 4,054 | 3,543 | 3,098 | 2,823 | 2,385 | 2,753 | 2,484 | 2,374 | 3,942 |
| Citations and warrants | 5,261 | 5,664 | 4,449 | 5,614 | 5,126 | 5,162 | 4,877 | 4,734 | 5,322 | 8,154 |
| Sheriff (Operations): | | | | | | | | | | |
| Arrests | 2,944 | 2,900 | 2,931 | 2,931 | 2,835 | 2,444 | 2,400 | 1,978 | 2,205 | 2,465 |
| Calls for service | 60,855 | 60,252 | 59,655 | 58,220 | 31,649 | 33,683 | 26,000 | 19,468 | 19,468 | 17,524 |
| Written reports | 4,340 | 4,034 | 3,543 | 3,094 | 2,790 | 2,422 | 2,685 | 2,291 | 2,291 | 2,864 |
| Probation: | | | | | | | | | | |
| Total juvenile intake/traffic | 1,356 | 1,330 | 1,567 | 659 | 775 | 1,006 | 1,453 | 2,698 | 2,814 | 2,776 |
| Number of felony, juvenile and in-court rpt | 2,230 | 2,230 | 2,176 | 1,571 | 1,670 | 1,360 | 3,375 | 3,535 | 3,442 | 2,549 |
| Number of adults and juveniles supervised | 4,090 | 4,259 | 4,323 | 4,542 | 5,328 | 5,272 | 4,358 | 5,110 | 4,604 | 5,102 |
| Average daily population - juvenile hall | 65 | 54 | 54 | 49 | 39 | 39 | 42 | 63 | 62 | 62 |
| Fire: | | | | | | | | | | |
| Emergency and non-emergency calls | 4,750 | 4,750 | 4,663 | 4,495 | 4,416 | 4,371 | 4,278 | 4,700 | 4,719 | 4,597 |
| Fire investigations | 430 | 421 | 291 | 288 | 288 | 273 | 337 | 630 | 514 | 721 |
| Inspections | 477 | 564 | 400 | 388 | 635 | 678 | 720 | 780 | 795 | 830 |
| Ag Commissioner-Sealer: | | | | | | | | | | |
| Ag inspections | 75,000 | 65,000 | 58,579 | 97,706 | 77,706 | 135,709 | 62,378 | 105,000 | 110,362 | 89,889 |
| Weight and measure inspections | 10,000 | 10,000 | 9,959 | 11,079 | 10,677 | 10,033 | 9,152 | 13,000 | 9,128 | 13,473 |

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

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Community Development Agency (Building Inspection in hrs): | | | | | | | | | | |
| Administration | 4,725 | 4,632 | 4,952 | 4,761 | 4,113 | 2,730 | 2,600 | 2,781 | 2,929 | 3,245 |
| Inspections | 1,350 | 1,238 | 1,352 | 1,413 | 1,765 | 2,379 | 3,000 | 2,588 | 2,523 | 2,790 |
| Plan Check | 1,200 | 1,132 | 1,240 | 1,063 | 1,042 | 509 | 900 | 890 | 980 | 878 |
| Community Development Agency (Planning in hrs): | | | | | | | | | | |
| Zoning administration | 3,800 | 3,379 | 3,983 | 3,033 | 3,670 | 3,649 | 4,000 | 3,794 | 4,429 | 3,006 |
| Land division administration | 1,200 | 1,263 | 1,351 | 1,213 | 1,197 | 1,215 | 1,550 | 1,414 | 1,670 | 1,030 |
| General plan | 100 | 514 | 195 | 79 | 283 | 629 | 2,700 | 2,587 | 2,211 | 1,328 |
| Code compliance | 100 | 33 | 142 | 47 | 1 | 105 | - | 3,322 | 3,468 | 2,246 |
| Public Guardian: | | | | | | | | | | |
| Total caseload units | 209 | 200 | 212 | 202 | 199 | 202 | 201 | 202 | 179 | 178 |
| Veterans Services: | | | | | | | | | | |
| Claims | 6,650 | 6,400 | 6,225 | 5,868 | 6,706 | 4,286 | 1,528 | 1,800 | 1,493 | 1,299 |
| Office contacts | 8,000 | 7,200 | 6,450 | 5,743 | 5,532 | 3,500 | 3,396 | 3,500 | 2,534 | 1,904 |
| Telephone contacts | 5,500 | 6,100 | 6,668 | 7,423 | 7,228 | 6,700 | 6,528 | 7,500 | 5,591 | 6,510 |
| Health and sanitation | | | | | | | | | | |
| Number of clients served: | | | | | | | | | | |
| Communicable diseases | 1,034 | 1,791 | 1,671 | 2,186 | 2,559 | 1,661 | 3,616 | 2,220 | 2,133 | 1,893 |
| Family planning visits | - | - | 2,641 | 7,659 | 8,239 | 8,609 | 8,230 | 8,499 | 8,481 | 8,548 |
| Women, infants and children | 7,890 | 8,575 | 7,772 | 8,110 | 8,251 | 8,372 | 8,234 | 7,992 | 5,222 | 5,030 |
| Targeted case management | 1,752 | 1,446 | 320 | 701 | 1,172 | 1,302 | 713 | 1,023 | 973 | 1,174 |
| Child health and disability prevention | 15,771 | 13,462 | 13,366 | 12,423 | 13,035 | 11,216 | 11,018 | 10,996 | 9,728 | 10,445 |
| California children services | 1,359 | 1,377 | 1,450 | 1,356 | 1,330 | 1,205 | 1,254 | 1,311 | 1,025 | 1,036 |
| Lab services-specimens | 9,596 | 9,175 | 8,943 | 10,032 | 11,044 | 11,458 | 12,472 | 11,029 | 11,609 | 15,100 |
| Pre-employment exams | 220 | 191 | 145 | 209 | 206 | 125 | 82 | 90 | 226 | 194 |
| Environmental health services & inspects | 28,468 | 26,258 | 18,858 | 18,858 | 19,196 | 19,622 | 19,843 | 21,208 | 21,809 | 21,538 |
| STD Clinic (1) | 1,075 | 407 | - | - | - | - | - | - | - | - |

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

| | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Public Assistance | | | | | | | | | | |
| Caseloads (average monthly cases): | | | | | | | | | | |
| California work opport. & respon. to kids | 3,010 | 2,966 | 2,996 | 3,006 | 3,144 | 3,243 | 3,082 | 2,731 | 2,670 | 2,610 |
| Adoptions assistance | 515 | 480 | 451 | 418 | 388 | 374 | 365 | 330 | 328 | 310 |
| Foster care | 605 | 535 | 499 | 459 | 414 | 368 | 402 | 435 | 428 | 402 |
| Indigent burial | 56 | 48 | 54 | 51 | 52 | 44 | 42 | 30 | 43 | 26 |
| In-Home supportive services | 2,200 | 2,091 | 2,033 | 1,956 | 1,718 | 1,695 | 1,560 | 1,792 | 1,682 | 1,520 |

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>2016</u> | <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> |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 |
| 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 | 4 | 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

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