

**KINGS COUNTY, CALIFORNIA**

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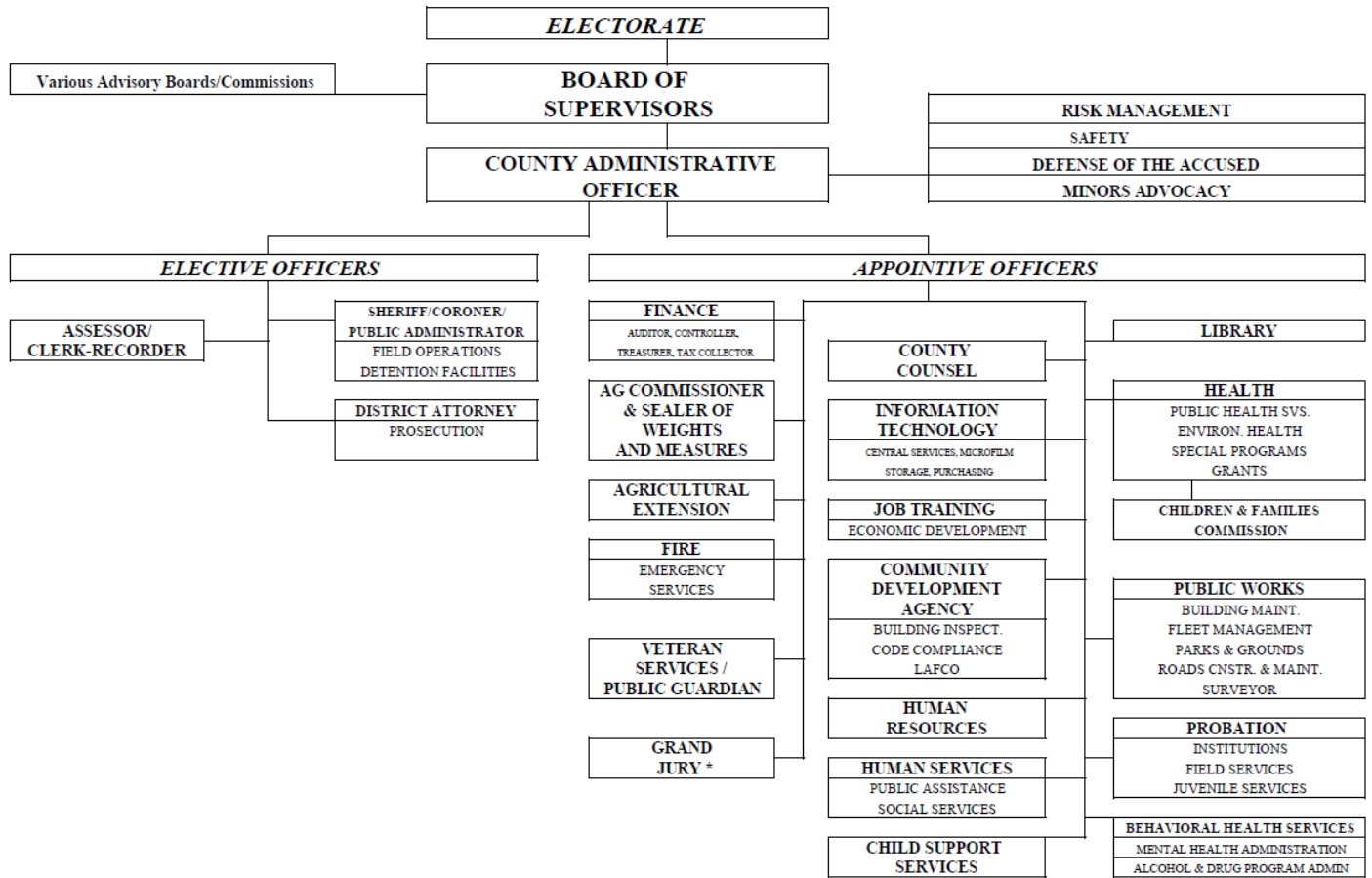
**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2021**

**County of Kings**  
**For the Year Ended June 30, 2021**  
**TABLE OF CONTENTS**

<b>CONTENTS</b>	<b>PAGE</b>
Organization of Kings County Government .....	i
List of Elected and Appointed Officials .....	ii
Independent Auditors' Report .....	1
Management's Discussion and Analysis .....	3
<b>Basic Financial Statements</b>	
Government-wide Financial Statements:	
Statement of Net Position .....	13
Statement of Activities.....	14
Fund Financial Statements:	
Governmental Funds	
Balance Sheet.....	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Proprietary Funds	
Statement of Net Position .....	19
Statement of Revenues, Expenses and Changes in Net Position .....	20
Statement of Cash Flows .....	21
Fiduciary Funds	
Statement of Fiduciary Net Position .....	22
Statement of Changes in Fiduciary Net Position .....	23
Notes to the Financial Statements.....	24
<b>Required Supplementary Information</b>	
Schedule of Changes in the Net Pension Liability and Related Ratios .....	60
Schedule of Plan Contributions .....	64
Schedule of Changes in Total OPEB Liability and Related Ratios .....	65
Schedule of Plan Contributions - OPEB .....	66
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund .....	67
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Road Fund .....	69
<b>Supplementary Information</b>	
Special Revenue Funds Narrative .....	70
Combining Balance Sheet Nonmajor Governmental Funds – Special Revenue.....	71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds – Special Revenue .....	73
Internal Service Funds Narrative .....	75
Combining Statement of Net Position – Internal Service Funds .....	76
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds.....	77
Combining Statement of Cash Flows – Internal Service Funds.....	78

# ORGANIZATION OF KINGS COUNTY GOVERNMENT



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

**County of Kings**  
**List of Elected and Appointed Officials**  
**June 30, 2021**

**ELECTED OFFICIALS**

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

Joe Neves  
Richard Valle  
Doug Verboon  
Craig Pedersen  
Richard Fagundes

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

Kristine Lee  
Keith Fagundes  
David Robinson

**APPOINTED OFFICIALS**

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

Jimmy Hook  
Karmjot Randhawa  
Lisa Lewis  
Kelly Vernon  
Marie Waite  
Catherine Venturella  
Edward Hill  
Diane Freeman  
James Erb, CPA  
Bill Lynch  
Rose Mary Rahn  
Carolyn Leist  
Wendy Osikafo  
John Devlin  
Lance Lipincott  
Natalie Rencher  
Chuck Kinney  
Rose Mary Rahn  
Dominic Tyburski  
Lupe Villa  
Scott Holwell

**Financial Section**



## 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 unit, each major fund, and the aggregate remaining fund information of the County of Kings, California (the County) as of and for the year ended June 30, 2021, 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 accounting 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 County'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 County'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 opinion.

### 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 unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2021, 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 the net pension liability and related ratios, schedule of plan contributions, schedule of changes in total OPEB liability and related ratios, schedule of contributions-OPEB, and budgetary comparison schedules for the General and Road Fund on pages 3-12 and 60-69 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 organization of Kings County government, list of elected and appointed officials, and supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplementary is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The organization of Kings County government and list of elected and appointed officials have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, 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.

A handwritten signature in blue ink that reads "Hudson Henderson & Company, Inc." The signature is written in a cursive, flowing style.

Fresno, California  
December 8, 2022

**County of Kings**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2021**

As management of the County of Kings (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. Readers should also review the notes that pertain to the basic financial statements to enhance their understanding of the County's financial performance. All amounts, unless otherwise indicated, are expressed in whole dollars.

**FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$58,668,012 (net position) and from this amount \$(98,335,905) (unrestricted net position) is primarily the result of the County's unfunded pension and Other Postemployment Benefits (OPEB) liabilities (see page 13, Statement of Net Position).
- The County's total net position increased by \$20,982,380 or 55.68% in fiscal year 2021 compared to fiscal year 2020. The amount net investment in capital assets increased by .81% or \$1,080,186. (See page 13, Statement of Net Position).
- Restricted assets set aside for debt decreased to \$443,332 in fiscal year 2021 compared to \$10,102,148 in fiscal year 2020. Other restrictions include \$12,146,325 for capital improvements and \$10,464,264 for other items in fiscal year 2021.
- Current and other assets increased by \$57,674,432 in fiscal year 2021 and capital assets decreased by \$1,574,821 compared to fiscal year 2020.
- The County's total liabilities increased by \$39,635,526 or 13.25% during the current fiscal year.
- The Statement of Activities (page 14) shows program expenses for primary government programs in fiscal year 2021 to be \$306,440,046. Program revenues of \$269,850,569 derived from charges for services \$19,810,724, operating grants/contributions \$242,467,723, and capital grants and contributions \$7,572,122. The remaining balance of \$36,589,477 represents the net expense to the County for these programs.
- As of the close of the current fiscal year, the County Governmental Funds Balance Sheet (page 15) reported combined ending fund balances of \$106,143,826, an increase of \$32,999,097 or 45.11% in comparison with fiscal year 2020.
- \$68,893,852 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 \$69,229,376 or 27.36 % of total General Fund expenditures.



**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2021**

**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 of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years, such as revenues related to uncollected taxes.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public assistance, health and sanitation, public ways and facilities, culture and recreation, highways and streets, and education. The business-type activities of the County include the following Internal Service Funds: Workers Compensation Self-Insurance, Fleet Management, Information Services, Public Works, and Health Self-Insurance Funds. The government-wide financial statements can be found on pages 13-14 of this report.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2021**

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 in the combining statements and schedules section of the report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 15-18 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements combine the internal service funds into a single, aggregated presentation. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The basic proprietary fund financial statements can be found on pages 19-21 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 22-23 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 24-59 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits to its employees. In addition, a budgetary comparison schedule for the General Fund and for the Road fund is required in order to demonstrate compliance with the annual adopted budget. Required supplementary information and budgetary comparison schedules can be found on pages 60-69 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, internal service funds and agency 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 70-79 of this report.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2021**

**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 \$58,668,012 at the close of the most recent fiscal year.

<b>County of Kings</b>		<b>Net Position</b>	
<b>Government Activities</b>		<b>(Restated)</b>	
	<u>2021</u>	<u>2020</u>	
<b>Assets:</b>			
Current assets and other assets	\$ 195,965,746	\$ 138,291,314	
Capital assets	152,876,290	154,451,111	
Total assets	<u>348,842,036</u>	<u>292,742,425</u>	
Deferred outflows of resources	<u>49,243,341</u>	<u>47,850,702</u>	
<b>Liabilities:</b>			
Long-term liabilities outstanding	268,484,710	250,626,594	
Other liabilities	<u>70,196,729</u>	<u>48,419,319</u>	
Total liabilities	<u>338,681,439</u>	<u>299,045,913</u>	
Deferred inflows of resources	<u>735,926</u>	<u>3,861,582</u>	
<b>Net position:</b>			
Net investment in capital assets	133,949,996	132,869,810	
Restricted	23,053,921	30,316,265	
Unrestricted	<u>(98,335,905)</u>	<u>(125,500,443)</u>	
Total net position	<u>\$ 58,668,012</u>	<u>\$ 37,685,632</u>	

The largest portion of the County's net assets, \$133,949,996 (228.32%), 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 \$23,053,921 39.30% represents resources subject to external restrictions on how they may be used. These restricted assets are to be used only for debt service payments related to the pension obligation bonds, capital improvements and other programs. The remaining balance of unrestricted net position of \$(98,335,905) (167.65%) is primarily the result of the County's unfunded pension.

The County's total net position increased by \$20,982,380 or 55.68%. Following the logic of the Statement of Activities this increase can be explained by the increase in public safety expenditures by 12.4%. Primary spending in capital assets includes construction spending for the SB 81 project, Kings View upgrades, and new Sheriff Operations building. GASB Statement No. 34 dictates that 9 principal categories constitute Governmental Activities as shown on page 14. The General Revenue sources are listed on page 14 and shown below.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2021**

Total liabilities increased by \$39,635,526 in fiscal year 2021. 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 \$2,657,296, lease revenue bonds of \$7,720,000, and capital leases of \$11,206,294.

**Governmental activities**

Governmental activities increased the County net position by \$20,982,380. Key elements of the increase in net position are as follows:

<b>County of Kings</b>		
<b>Changes in Net Position</b>		
<b>Governmental Activities</b>		
	2021	(Restated) 2020
Revenues:		
Program Revenues:		
Charges for services	\$ 19,810,724	\$ 17,940,638
Operating grants and contributions	242,467,723	197,643,139
Capital grants and contributions	7,572,122	7,744,148
General Revenues:		
Property taxes	34,335,520	33,428,132
Other tax revenue	6,937,649	5,461,950
Other	16,298,688	12,518,528
Special Item:		
Proceeds from settlement	-	9,517,603
Total revenues	<u>327,422,426</u>	<u>284,254,138</u>
Expenses:		
General government	37,455,337	39,782,986
Public safety	107,529,973	94,190,836
Public ways and facilities	7,728	9,558
Highways and streets	9,605,592	11,536,797
Health and sanitation	41,607,185	38,662,937
Public assistance	103,753,732	100,448,329
Education	2,014,001	2,249,391
Culture and recreation	2,603,968	2,529,375
Interest on long-term debt	1,862,530	1,092,818
Total expenses	<u>306,440,046</u>	<u>290,503,027</u>
Change in net position	20,982,380	(6,248,889)
Beginning net position, restated	<u>37,685,632</u>	<u>43,934,521</u>
Ending net position	<u>\$ 58,668,012</u>	<u>\$ 37,685,632</u>

- Property tax revenues increased \$907,388 or 2.71% during fiscal year 2021. Assessed values of properties increased 4.53% from fiscal year 2020. However, total delinquencies increased approximately to \$7,798,986 (19.47%) from \$6,527,862.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2021**

- Sales taxes increased \$1,582,986 or 40.95%. The increase is mainly due to large solar projects in the County. Early estimates for fiscal year 2022 based on research and data provided by Hinderliter de Llamas and Associates project a downswing in sales tax revenues for the San Joaquin Valley in general.
- Franchise taxes decreased \$92,981 or (6.96%). Franchise Taxes are derived from companies with telephones poles, lines and other equipment throughout the County who pay franchise taxes based on their incomes from contracted agreements in lieu of paying property taxes.
- Tribal gaming revenues were \$900,000 in fiscal year 2021 as there was no additional State funding above the \$900,000 contributed by the Tachi Palace Hotel and Casino.
- Investment earnings decreased by \$2,717,737 as historically low interest rates continue to decrease. Average investment returns decreased from 1.89% in fiscal year 2020 to .89% in fiscal year 2021. 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 an increase of \$6,726,108 or 68.64%.

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

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

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

The County segregates from the General Fund a number of significant functions in major funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances for the General, Road, 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 \$106,143,826, an increase of \$32,999,097 or 45.11% in comparison with the prior fiscal year. Approximately 64.91% of this total amount or \$68,893,852 constitutes unassigned fund balance, which is available for spending at the County's discretion. A total of \$12,172,205 has been assigned or constrained for use by the County's intent to be used for a specific purpose, of this amount \$12,146,325 is for the purposes of capital projects and imprest cash, \$25,880. The remainder of fund balance is restricted, resources subject to external restrictions on their use, or by enabling legislation (1) to pay debt service \$443,332, and (2) for other restricted purposes \$24,634,437.

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 \$69,229,376, while total ending fund balance for the General Fund at the conclusion of fiscal year 2021 was \$69,350,690. 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 27.36% of total General Fund's expenditures, while total fund balance represents 27.40% of that same amount.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2021**

**General Fund.** In fiscal year 2021, the County's General Fund revenues exceeded expenditures by \$32,533,062. A total of \$2,779,852 was transferred out to the following funds: Debt Service \$1,110,200, Road fund \$100,000, Capital Projects \$501,792, Nonmajor Governmental Funds \$927,860 and \$140,000 to internal service funds. A total of \$192,229 of capital lease proceeds were received from new capital leases in the current year. This increase to fund balance left a net change in General Fund of \$29,965,312.

Total expenditures increased in the General Fund by \$21,879,556 (\$253,065,464 vs. \$231,185,908 in 2020). The following factors contributed to the additional operating expenditures:

- Public Safety expenditures from the General Fund increased in fiscal year 2021 to \$81,636,315 from \$68,877,673 in fiscal year 2020. The expenditures increased in part due to Public Safety Realignment at the State level.
- Public Assistance and Health expenditures from the General Fund increased by \$7,821,681. The increase was primarily due to the response to the pandemic within the County.

**Debt Service fund.** The County Debt Service Fund has a total fund balance of \$347,898 which is a decrease from the prior fiscal year. The County used the bond proceeds to construct the new Human Services Agency modular building.

**Capital Projects fund.** The County Capital Projects Fund balance decreased by \$1,160,970 and this is significantly different comparable to the prior year. The largest expenditure (\$3,788,808) was for the new Sheriff Operations Center.

**Road fund.** The County Road Fund has a total fund balance of \$14,170,173 as of June 30, 2021. This fund holds assets of \$14,227,421, of which \$13,500,731 are invested in the County's portfolio. This fund has total liabilities of \$57,248.

**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 increased by \$2,319,726.

**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 2021 amounted to \$(11,629,676). Net position (deficit) increased due to a decrease in liabilities, and an increase in assets.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2021**

**General Fund Budgetary Highlights**

The County's final budget of the General Fund differs from the original budget in that supplemental appropriations are approved during the fiscal year. Differences between the original budget and the final amended budget of \$12,010,998 net increased in appropriations are briefly summarized as follows:

- Local Response (CARES Act) department increased appropriations \$1,198,072 to match COVID-19 state funding.
- Elections department increased appropriations \$209,180 to match HAVA Federal Aid.
- Health department increased appropriations \$1,109,332 to match COVID-19 state funding.
- Human Services Agency department increased appropriations \$8,107,410 to match an increase in state funding.
- Ag Commissioner increased appropriations \$420,000 for vehicle purchases.
- Probation department increased appropriations \$149,265 for AB109 CCP MOU payments.
- Sheriff's Office increased appropriations \$561,186 to support general operations and new equipment.

Overall, the County's actual General Fund revenues were more than budgeted during fiscal year 2021 by \$4,781,606 or 1.70 %. Revenues that had significant variances include the following:

- Behavioral Health revenues were less than budgeted by \$3,263,462 or 10.61%.
- Administrative Office revenues were more than budgeted by \$155,827 or 1.02%.
- Assessor's department revenues were more than budgeted by \$6,902 or .79%.
- District Attorney Office revenues were less than budgeted by \$88,011 or 1.86%.
- Elections department revenues were less than budgeted by \$251,535 or 37.07%.
- Finance department revenues were less than budgeted by \$64,466 or 6.47%.
- Health revenues were less than budgeted by \$6,194,764 or 30.70%.
- Human Resources department revenues were less than budgeted by \$30,450 or 18.30%.
- Human Services Agency revenues were more than budgeted by \$8,949,800 or 7.97%.
- Probation department revenues were less than budgeted by \$1,282,095 or 17.98%.
- Sheriff department revenues were more than budgeted by \$288,209 or 1.29%.
- Board of Supervisors revenues were more than budgeted by \$4,831,895 or 10.61%.
- Clerk-Recorder department revenues were more than budgeted by \$29,186 or 3.44%.

**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2021**

**Capital Assets and Debt Administration**

**Capital assets.** The County's investment in capital assets for its governmental activities as of June 30, 2021, amounts to \$152,876,290 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, roads, bridges, and water and sewer systems. The total decrease in the County's investment in capital assets for the current fiscal year was 1.02% for governmental activities.

<b>County of Kings</b>		
<b>Capital Assets</b>		
<b>(Net Depreciation)</b>		
<b>As of June 30</b>		
	2021	(Restated) 2020
Land	\$ 8,971,547	\$ 8,971,547
Structures and improvements	119,292,927	123,922,341
Equipment	13,159,766	10,496,016
Construction in progress	5,997,552	4,913,163
Infrastructure	5,454,498	6,148,044
Total	<u>\$ 152,876,290</u>	<u>\$ 154,451,111</u>

Additional information on the County of Kings' capital assets can be found in note 1.A. (page 30) and note 5 (page 38) of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total bonded debt outstanding of \$10,377,296. From this amount, \$2,657,296 (Pension Obligation) comprises debt backed by the full faith and credit of the County and the remaining amount of \$7,720,000 (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 \$11,206,294.

<b>County of Kings</b>		
<b>Outstanding Debt</b>		
<b>Pension Obligations, Lease Revenue Bonds and Capital Leases</b>		
<b>As of June 30</b>		
	2021	(Restated) 2020
Pension Obligation Bonds	\$ 2,657,296	\$ 3,448,375
Lease Revenue Bonds	3,500,000	4,000,000
Lease Revenue Bonds - refunding	4,220,000	4,750,000
Capital Leases	11,206,294	12,831,301
Total	<u>\$ 21,583,590</u>	<u>\$ 25,029,676</u>

The County of Kings bonded debt decreased by \$(1,821,079) or (14.93%) and capital lease obligations outstanding decreased by \$(1,625,007) (12.66%) during the current fiscal year representing principal reductions from bond and significant increases in lease payments.



**County of Kings**  
**Management's Discussion and Analysis (continued)**  
**For the Year Ended June 30, 2021**

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 \$626,678,885, which is significantly in excess of the County's outstanding bonded debt.

Additional information on the County of Kings' long-term debt can be found in Note 1.A (page 31) and Notes 8 and 9 (pages 40-45) of this report.

**Budget and Economic Factors**

- The unemployment rate for Kings County is currently 9.6%, which is an increase from a rate of 8.9% during fiscal year 2020. The unemployment rate for the State has been reported to be 5.8%. The State unemployment rate was approximately 9.2% a year ago.
- The 2021-2022 County's Final Budget included an overall budget of \$432 million, which is \$38,528,310 or 8.91% more than the current fiscal year final budget.
- Total allocated positions are 1,626 full-time equivalents (FTEs), which is 30 FTEs more than adopted in the 2020-2021 budget.

**Request for Information**

This financial report is designed to provide a general overview of the County of Kings' finance 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, 2021**

	<b>Primary Government</b>	<b>Component Unit</b>
	<b>Governmental Activities</b>	<b>Children &amp; Families First 5 Commission</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,315,494	\$ 23,763
Investments	166,903,239	1,260,551
Receivables	25,587,793	98,842
Inventories and prepaids	159,220	-
Capital assets, not being depreciated	14,969,099	-
Capital assets, net of accumulated depreciation	137,907,191	-
Total assets	<u>348,842,036</u>	<u>1,383,156</u>
<b>Deferred outflows of resources</b>		
Deferred pensions	39,032,733	45,805
Deferred OPEB	10,210,608	14,614
Total deferred outflows of resources	<u>49,243,341</u>	<u>60,419</u>
<b>Liabilities</b>		
Accounts payable and other current liabilities	9,308,460	115,014
Accrued interest payable	1,537,343	-
Advances from grantors and third parties	59,350,926	-
Long-term liabilities		
Portion due within one year:		
Claims payable	3,795,915	-
Capital lease obligations	1,765,792	-
Pension obligation bonds	820,056	-
Lease revenue bonds	1,050,000	-
Compensated absences	3,510,658	7,187
Portion due in more than one year:		
Claims payable	15,853,967	-
Capital lease obligations	9,440,502	-
Pension obligation bonds	1,837,240	-
Lease revenue bonds	6,670,000	-
Compensated absences	3,803,929	8,437
Total OPEB liability	30,700,055	55,582
Net pension liability	<u>189,236,596</u>	<u>382,645</u>
Total liabilities	<u>338,681,439</u>	<u>568,865</u>
<b>Deferred Inflows of Resources</b>		
Deferred pensions	<u>735,926</u>	<u>1,164</u>
<b>Net Position</b>		
Net investment in capital assets	133,949,996	-
Restricted for:		
Debt service	443,332	-
Capital improvements	12,146,325	-
Other	10,464,264	-
Unrestricted	<u>(98,335,905)</u>	<u>873,546</u>
Total net position	<u>\$ 58,668,012</u>	<u>\$ 873,546</u>

The accompanying notes are an integral part of this statement.

**County of Kings  
Statement of Activities  
For the Year Ended June 30, 2021**

Function/Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental Activities	Unit Children and Families First 5 Commission
Primary Government:						
Governmental Activities:						
General government	\$ 37,455,337	\$ 9,098,809	\$ 51,297,977	\$ 1,527,821	\$ 24,469,270	
Public safety	107,529,973	8,575,732	38,717,323	-	(60,236,918)	
Public ways and facilities	7,728	-	-	-	(7,728)	
Highways and streets	9,605,592	420,590	3,790,158	6,044,301	649,457	
Health and sanitation	41,607,185	1,295,282	41,560,598	-	1,248,695	
Public assistance	103,753,732	12,229	105,515,506	-	1,774,003	
Education	2,014,001	313,112	220,758	-	(1,480,131)	
Culture and recreation	2,603,968	94,970	1,365,403	-	(1,143,595)	
Interest on long-term debt	1,862,530	-	-	-	(1,862,530)	
Total primary government	<u>\$ 306,440,046</u>	<u>\$ 19,810,724</u>	<u>\$ 242,467,723</u>	<u>\$ 7,572,122</u>	<u>(36,589,477)</u>	
Component Unit:						
First 5 Commission	<u>\$ 1,622,534</u>	<u>\$ -</u>	<u>\$ 1,617,498</u>	<u>\$ -</u>		<u>\$ (5,036)</u>
Total component unit	<u>\$ 1,622,534</u>	<u>\$ -</u>	<u>\$ 1,617,498</u>	<u>\$ -</u>		<u>(5,036)</u>
General revenues:						
Property taxes					34,335,520	-
Sales tax					5,448,417	-
Franchise taxes					1,243,315	-
Hotel taxes					245,917	-
Investment earnings (loss)					(52,805)	(3,503)
Loss on sale of assets					(173,270)	-
Miscellaneous					16,524,763	42,627
Total general revenues					<u>57,571,857</u>	<u>39,124</u>
Change in net position					<u>20,982,380</u>	<u>34,088</u>
Net position, beginning					<u>37,139,519</u>	<u>839,458</u>
Prior period adjustment					546,113	-
Net position, restated					<u>37,685,632</u>	<u>839,458</u>
Net position, ending					<u>\$ 58,668,012</u>	<u>\$ 873,546</u>

The accompanying notes are an integral part of this statement.

**County of Kings  
Balance Sheet  
Governmental Funds  
June 30, 2021**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Road</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 2,062,524	\$ 6,262	\$ 276,505	\$ 249,898	\$ 210,427	\$ 2,805,616
Imprest cash	25,880	-	-	-	854	26,734
Treasurer's investments	107,794,088	341,207	15,010,909	13,500,731	11,309,792	147,956,727
Deposits with others	126,825	-	-	-	-	126,825
Investments	56,782	-	-	-	-	56,782
Receivables	18,773,358	429	4,801,574	476,792	1,265,097	25,317,250
Due from other funds	1,182,373	-	-	-	-	1,182,373
Total assets	<u>\$ 130,021,830</u>	<u>\$ 347,898</u>	<u>\$ 20,088,988</u>	<u>\$ 14,227,421</u>	<u>\$ 12,786,170</u>	<u>\$ 177,472,307</u>
<b>LIABILITIES</b>						
Accrued liabilities	\$ 7,225,920	\$ -	\$ 467,933	\$ 57,248	\$ 964,758	\$ 8,715,859
Advances from grantors and third parties	51,876,196	-	7,474,730	-	-	59,350,926
Due to other funds	183,116	-	-	-	1,182,373	1,365,489
Total liabilities	<u>59,285,232</u>	<u>-</u>	<u>7,942,663</u>	<u>57,248</u>	<u>2,147,131</u>	<u>69,432,274</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows from property taxes	949,408	-	-	-	510,299	1,459,707
Deferred inflows from grantors	436,500	-	-	-	-	436,500
Total deferred inflows of resources	<u>1,385,908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>510,299</u>	<u>1,896,207</u>
<b>FUND BALANCES</b>						
Restricted	95,434	347,898	-	14,170,173	10,464,264	25,077,769
Assigned	25,880	-	12,146,325	-	-	12,172,205
Unassigned	69,229,376	-	-	-	(335,524)	68,893,852
Total fund balances	<u>69,350,690</u>	<u>347,898</u>	<u>12,146,325</u>	<u>14,170,173</u>	<u>10,128,740</u>	<u>106,143,826</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 130,021,830</u>	<u>\$ 347,898</u>	<u>\$ 20,088,988</u>	<u>\$ 14,227,421</u>	<u>\$ 12,786,170</u>	<u>\$ 177,472,307</u>

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position**  
**June 30, 2021**

Total fund balances - governmental funds		\$ 106,143,826
Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.		149,766,282
Deferred outflows reported in the Statement of Net Position.		
Pension contributions	\$ 37,134,751	
OPEB contributions	<u>9,542,103</u>	46,676,854
Certain accrued revenues are not available to pay for current period expenditures, and therefore, are deferred in the governmental funds.		
Property taxes	1,459,707	
Impact fees	<u>436,500</u>	1,896,207
Accrued interest payable represents interest incurred, but is not yet due, as of the end of the fiscal year. Governmental funds recognize interest expense when paid since this requires the use of current financial resources.		
Pension obligation bonds	(1,364,571)	
Lease revenue bonds	(60,829)	
Capital leases	<u>(111,943)</u>	(1,537,343)
Internal services funds are used by management to charge the costs of public works, fleet management, information services, health self-insurance and workers compensation self-insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		(8,534,371)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Pension obligation bonds	(2,657,296)	
Lease revenue bonds	(7,720,000)	
Capital leases	(11,191,591)	
Compensated absences	(6,758,653)	
General liability - IBNR	(1,253,882)	
Total OPEB liability	(28,576,838)	
Net pension liability	<u>(176,896,366)</u>	(235,054,626)
Deferred inflows reported in the Statement of Net Position.		
Pension items		<u>(688,817)</u>
Total net position - governmental activities		<u>\$ 58,668,012</u>

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2021**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Road</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Taxes:						
Property taxes	\$ 23,317,288	\$ -	\$ -	\$ -	\$ 10,850,432	\$ 34,167,720
Sales tax	4,395,168	-	-	1,053,249	-	5,448,417
Franchise taxes	1,243,315	-	-	-	-	1,243,315
Hotel taxes	245,917	-	-	-	-	245,917
Licenses and permits	3,370,696	-	-	-	3,164	3,373,860
Fines and forfeits	1,754,278	-	-	420,667	542,552	2,717,497
Intergovernmental revenues	227,767,620	-	3,017,126	9,834,459	10,293,519	250,912,724
Charges for services	12,755,688	-	-	-	42,450	12,798,138
Rents and concessions	919,642	-	-	-	-	919,642
Investment earnings (loss)	99,284	(1,525)	(74,938)	(6,213)	(19,833)	(3,225)
Miscellaneous revenues	9,729,630	-	80,000	140,269	6,574,864	16,524,763
Total revenues	<u>285,598,526</u>	<u>(1,525)</u>	<u>3,022,188</u>	<u>11,442,431</u>	<u>28,287,148</u>	<u>328,348,768</u>
<b>Expenditures</b>						
Current:						
General government	18,174,868	-	2,388	-	-	18,177,256
Public safety	81,636,315	-	-	-	19,803,505	101,439,820
Public ways and facilities	5,728	2,000	-	-	-	7,728
Highways and streets	-	-	-	9,422,049	-	9,422,049
Health	41,501,042	-	-	-	-	41,501,042
Public assistance	99,227,748	-	-	-	4,004,044	103,231,792
Education	102,493	-	-	-	1,865,289	1,967,782
Recreation	2,603,968	-	-	-	-	2,603,968
Debt service:						
Principal	1,826,076	1,355,000	-	-	354,657	3,535,733
Interest	1,983,885	421,525	-	-	35,016	2,440,426
Capital outlay	6,003,341	-	4,682,562	81,462	326,812	11,094,177
Total expenditures	<u>253,065,464</u>	<u>1,778,525</u>	<u>4,684,950</u>	<u>9,503,511</u>	<u>26,389,323</u>	<u>295,421,773</u>
Excess (deficiency) of revenues over (under) expenditures	<u>32,533,062</u>	<u>(1,780,050)</u>	<u>(1,662,762)</u>	<u>1,938,920</u>	<u>1,897,825</u>	<u>32,926,995</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	19,873	1,616,159	501,792	100,000	927,860	3,165,684
Transfers out	(2,779,852)	-	-	-	(505,959)	(3,285,811)
Capital leases-other financing sources	192,229	-	-	-	-	192,229
Total other financing sources (uses)	<u>(2,567,750)</u>	<u>1,616,159</u>	<u>501,792</u>	<u>100,000</u>	<u>421,901</u>	<u>72,102</u>
Net change in fund balances	29,965,312	(163,891)	(1,160,970)	2,038,920	2,319,726	32,999,097
Fund balances - beginning	39,385,378	511,789	13,307,295	12,131,253	7,809,014	73,144,729
Fund balances - ending	<u>\$ 69,350,690</u>	<u>\$ 347,898</u>	<u>\$ 12,146,325</u>	<u>\$ 14,170,173</u>	<u>\$ 10,128,740</u>	<u>\$ 106,143,826</u>

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2021**

Net change in fund balances - governmental funds		\$ 32,999,097
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Depreciation	\$ (7,082,991)	
Capital outlay	<u>6,045,707</u>	(1,037,284)
<p>The net effect from sale, trade-in transactions and transfers involving capital assets is to decrease net position.</p>		
		(68,952)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the governmental funds. Deferred inflows are less than the prior year amount.</p>		
Property tax revenues	167,800	
Intergovernmental revenues	<u>(959,617)</u>	(791,817)
<p>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.</p>		
Pension obligation bonds	791,079	
Capital leases	1,714,654	
Lease revenue bonds	1,030,000	
Offset by the reversal of capital lease and bond proceeds	<u>(192,229)</u>	3,343,504
<p>Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. In the governmental activities, expense and liabilities are reported when amounts are due and payable.</p>		
Claims payable	(73,029)	
Accrued interest	577,900	
Net pension liability	<u>(13,117,033)</u>	(12,612,162)
<p>Governmental funds expense payments for compensated absences and other postemployment benefits (OPEB) related to the self-funded health care program. However, the Statement of Activities accounts for expenditures using the accrual basis of accounting. This amount results from the net accrued expenses exceeding payments for the total OPEB liability and compensated absences.</p>		
Total OPEB liability	(3,014,045)	
Compensated absences	<u>582,780</u>	(2,431,265)
<p>Internal service funds are used by management to charge the costs of public works, fleet management, information technology, health self-insurance and workers' compensation self-insurance to individual funds. The net revenue (expense) of activities from internal service funds is reported within governmental activities.</p>		
		<u>1,581,259</u>
Change in net position of governmental activities		<u><u>\$ 20,982,380</u></u>

The accompanying notes are an integral part of this statement.

**County of Kings  
Statement of Net Position  
Proprietary Funds  
June 30, 2021**

	<b>Internal Service Funds</b>
<b>Assets</b>	
Current assets	
Cash and cash equivalents	\$ 291,919
Imprest cash	330
Treasurer's investments	18,953,800
Receivables, net	241,953
Due from other governments	28,590
Due from other funds	183,116
Inventories and prepaids	159,220
Total current assets	19,858,928
Noncurrent assets	
Capital assets:	
Equipment	14,637,716
Accumulated depreciation - Equipment	(11,527,708)
Total capital assets (net of accumulated depreciation)	3,110,008
Total noncurrent assets	3,110,008
Total assets	22,968,936
<b>Deferred Outflows of Resources</b>	
Deferred pensions	1,897,982
Deferred OPEB	668,505
Total deferred outflows of resources	2,566,487
<b>Liabilities</b>	
Current liabilities	
Accrued expenses payable	592,601
Capital leases obligation	8,011
Claims payable	3,353,564
Compensated absences payable	266,505
Total current liabilities	4,220,681
Noncurrent liabilities	
Capital leases obligation	6,692
Claims payable	15,042,436
Compensated absences payable	289,429
Total OPEB liability	2,123,217
Net pension liability	12,340,230
Total noncurrent liabilities	29,802,004
Total liabilities	34,022,685
<b>Deferred Inflows of Resources</b>	
Deferred pensions	47,109
Total deferred inflows of resources	47,109
<b>Net Position (Deficit)</b>	
Net investment in capital assets	3,095,305
Unrestricted	(11,629,676)
Total net position (deficit)	\$ (8,534,371)

The accompanying notes are an integral part of this statement.



**County of Kings**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<u>Internal Service Funds</u>
<b>Operating revenues</b>	
Charges for services	\$ 14,418,545
Miscellaneous revenues	17,854,561
Total operating revenues	<u>32,273,106</u>
<b>Operating expenses</b>	
Salaries and employee benefits	9,521,757
Services and supplies	20,125,201
Administration	(99,950)
Depreciation	1,199,389
Total operating expenses	<u>30,746,397</u>
Operating income (loss)	<u>1,526,709</u>
<b>Nonoperating revenues (expenses)</b>	
Intergovernmental	30,619
Investment earnings (loss)	(49,580)
Interest expense	(4)
Net gain/(loss) on sale of assets	(46,612)
Total nonoperating revenues (expenses)	<u>(65,577)</u>
Income (loss) before operating transfers	1,461,132
Transfers in	140,000
Transfers out	(19,873)
Change in net position (deficit)	1,581,259
Net position (deficit), beginning of year	<u>(10,115,630)</u>
Net position (deficit), end of year	<u>\$ (8,534,371)</u>

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2021**

	<u>Internal Service Funds</u>
<b>Cash flows from operating activities</b>	
Receipts from interfund services provided	\$ 32,277,406
Payments to suppliers	(20,496,068)
Payments to and on behalf of employees	(8,589,177)
Payments for interfund services used	<u>1,146,316</u>
Net cash provided (used) by operating activities	<u>4,338,477</u>
<b>Cash flows from non-capital financing activities</b>	
Transfers (to)/from other funds	120,127
Intergovernmental revenue	<u>30,619</u>
Net cash provided (used) by non-capital financing activities	<u>150,746</u>
<b>Cash flows from capital and related financing activities</b>	
Interest paid	(4)
Capital expenditures	<u>(777,416)</u>
Net cash provided (used) by capital and related financing activities	<u>(777,420)</u>
<b>Cash flows from investing activities</b>	
Proceeds from sales and maturities of investments	28,964,345
Purchase of investments	(32,694,179)
Investment earnings (loss)	<u>4,765</u>
Net cash provided (used) by investing activities	<u>(3,725,069)</u>
Net decrease in cash and cash equivalents	(13,266)
Cash and cash equivalents, beginning of year	<u>305,185</u>
Cash and cash equivalents, end of year	<u>\$ 291,919</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities	
Operating income (loss)	<u>\$ 1,526,709</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation expense	1,199,389
(Increase) Decrease receivables, net	4,300
(Increase) Decrease due from other funds	1,197,054
(Increase) Decrease inventories and prepaids	(10,415)
Increase (Decrease) advances from grantors and third parties	2,834
Increase (Decrease) accrued expenses payable	(589,820)
Increase (Decrease) due to other funds	(50,738)
Increase (Decrease) capital leases obligation	(102,582)
Increase (Decrease) compensated absences payable	(13,757)
Increase (Decrease) claims payable	245,154
Increase (Decrease) total OPEB liability and deferred resources	222,137
Increase (Decrease) net pension liability and deferred resources	<u>708,212</u>
Total adjustments	<u>2,811,768</u>
Net cash provided (used) by operating activities	<u>\$ 4,338,477</u>

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2021**

	Retiree Health Trust	Custodial Funds				Other Custodial
		Public Administrator	Special Districts	Property Tax Collection	Schools	
<b>Assets</b>						
Cash and cash equivalents	\$ 5,103	\$ 9,827	\$ 649,151	\$ 489,476	\$ 5,284,421	\$ 144,769
Treasurer's investments	273,994	317,109	33,347,603	24,580,295	275,872,999	5,899,113
Deposit with others	-	-	3,139,305	-	-	211,508
Receivables	-	6,529	3,556,196	8,818,230	3,496,454	1,069,321
Inventories and prepaids	-	-	99,457	-	-	-
Capital assets, not being depreciated	-	-	5,315,134	-	-	-
Capital assets, net of depreciation	-	-	34,422,685	-	-	-
Total assets	<u>279,097</u>	<u>333,465</u>	<u>80,529,531</u>	<u>33,888,001</u>	<u>284,653,874</u>	<u>7,324,711</u>
<b>Deferred Outflows of Resources</b>						
Deferred pensions	-	-	1,018,761	-	-	-
Total assets and deferred outflows of resources	<u>279,097</u>	<u>333,465</u>	<u>81,548,292</u>	<u>33,888,001</u>	<u>284,653,874</u>	<u>7,324,711</u>
<b>Liabilities</b>						
Accounts payable and other liabilities	-	-	4,312,874	-	-	27,652
Due to other agencies	2,588	337,493	474,869	10,084,400	7,266,887	5,498,619
Compensated absences	-	-	351,053	-	-	-
Net pension liability	-	-	898,055	-	-	-
Long-term liabilities						
Current portion	-	-	4,348	-	-	-
Long-term portion	-	-	2,279,495	-	-	-
Total liabilities	<u>2,588</u>	<u>337,493</u>	<u>8,320,694</u>	<u>10,084,400</u>	<u>7,266,887</u>	<u>5,526,271</u>
<b>Deferred Inflows of Resources</b>						
Deferred pensions	-	-	575,550	-	-	-
<b>Net position</b>						
Net position held in trust	<u>\$ 276,509</u>	<u>\$ (4,028)</u>	<u>\$ 72,652,048</u>	<u>\$ 23,803,601</u>	<u>\$ 277,386,987</u>	<u>\$ 1,798,440</u>

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2021**

	Retiree Health Trust	Custodial Funds				Other Custodial
		Public Administrator	Special Districts	Property Tax Collection	Schools	
<b>Additions</b>						
Contributions						
Employer contributions	\$ 131,696	\$ -	\$ -	\$ -	\$ -	\$ -
Plan members contributions	69,365	-	-	-	-	-
Total contributions	201,061	-	-	-	-	-
Property tax collections	-	-	-	84,788,216	-	-
Other tax collections	-	-	-	133,375	-	-
Custodial fund collections	-	-	41,743,360	6,903,198	1,287,966,314	13,316,743
Investment earnings	(2,300)	(4,028)	44,630	5,315	144,426	(41,642)
Total additions	198,761	(4,028)	41,787,990	91,830,104	1,288,110,740	13,275,101
<b>Deductions</b>						
Health insurance premiums	173,945	-	-	-	-	-
Custodial fund distributions	-	-	40,405,419	88,913,890	1,230,287,311	12,076,859
Total deductions	173,945	-	40,405,419	88,913,890	1,230,287,311	12,076,859
Change in fiduciary net position	24,816	(4,028)	1,382,571	2,916,214	57,823,429	1,198,242
Fiduciary net position, beginning	-	-	-	-	-	-
Prior period adjustment	251,693	-	71,269,477	20,887,387	219,563,558	600,198
Fiduciary net position, restated	251,693	-	71,269,477	20,887,387	219,563,558	600,198
Fiduciary net position, ending	\$ 276,509	\$ (4,028)	\$ 72,652,048	\$ 23,803,601	\$ 277,386,987	\$ 1,798,440

The accompanying notes are an integral part of this statement.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Reporting Entity**

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

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

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

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

The accompanying financial statements present the County (the primary government) and its component units, entities for which the County is considered to be financially accountable under the criteria set by GASB Statement No. 14 and as amended by GASB Statement No. 61. Blended component units, although legally separate entities, are in substance a part of the County operations.

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

**Blended Component Units.** The operations of some component units are so intertwined with those of the County government that they function, for all practical purposes, as an integral part of the County despite their separate legal status. GAAP prescribes that the data from such integral component units be blended with the County financial statement reports. Criteria used for determination of blended component units include a shared governing body, exclusive or almost exclusive benefit to the County government, and that the County has operational responsibility for the component unit. This criteria applies to the blended component units of the County which are Kings County Financing Authority for the jail facility construction and In-Home Supportive Services (I.H.S.S.) Public Authority for providing the Human Services Agency a registry of support to an alternative to out of home care for the elderly, disabled and/or blind.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Reporting Entity (continued)**

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

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

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the County.

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. If revenues are considered unavailable, then they are recorded as advances from grantors and third parties on the Balance Sheet, such as property taxes levied but unavailable for expenditures during the current period. For this purpose, the County considers property tax revenues to be available if they are collected within 60 days after year-end and 9 months at the end of the current fiscal period for all other revenues.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

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

**Governmental Funds:**

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

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

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

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

**Proprietary Funds:**

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

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

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

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

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**Fiduciary Funds:**

*Retiree Health Trust* – Account for assets held in a trustee capacity for others and therefore cannot be used to support the County’s own programs. The County has a Retiree Health Trust Fund used to account for sick leave accumulated by County employees who subsequently retire and have the option to contribute a portion of their sick leave to this fund in order to assist with their health insurance premiums during retirement. This fund does not constitute an OPEB plan and is held by the County in purely custodial capacity.

*Custodial Funds* – Account for assets held in a trustee capacity for others and therefore cannot be used to support the County’s own programs. These funds of the County are custodial funds in which the County’s role is purely custodial such as the receipt of monies, temporary investment, and remittance to other parties outside of the County. These parties include special districts, school districts, colleges and hospitals.

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

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

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

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

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

**Deposits and Investments**

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

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



**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**Deposits and Investments (continued)**

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

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

In general, GASB Statement No. 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 less than their historical cost as of June 30, 2021. As a result, the County decreased treasurer investments and investment earnings in Governmental Funds by \$905,595, Proprietary Funds by \$140,939, Fiduciary Funds by \$2,672,442 and the Commission by \$7,140.

**Receivables and Payables**

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

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

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

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

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**Receivable and Payables (continued)**

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

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

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

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

**Inventories and Prepaid Items**

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

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

**Restricted Assets**

Certain resources are classified as restricted assets on the Balance Sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The pension obligation bonds (Series B) require an additional 2% of the estimated debt service amount in the event LIBOR interest rates paid exceed projections. This restricted deposit amounts to \$95,434 for the year ended June 30, 2021.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**Capital Assets**

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

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

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

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

**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, 2021**

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

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

**Other Postemployment Benefits**

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

**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.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**Fund Balance (continued)**

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

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

As of June 30, 2021, the fund balance details by classification are listed below:

	General Fund	Debt Service	Capital Projects	Road	Nonmajor Governmental Funds	Total
Restricted for:						
Library	\$ -	\$ -	\$ -	\$ -	\$ 6,215,236	\$ 6,215,236
Road	-	-	-	14,170,173	-	14,170,173
Fire	-	-	-	-	2,766,357	2,766,357
County Fish & Game	-	-	-	-	13,376	13,376
Child Support Services	-	-	-	-	710,159	710,159
Off-Highway Motor Vehicle	-	-	-	-	62	62
Job Training Office	-	-	-	-	18,853	18,853
Community Development						
Block Grants	-	-	-	-	669,357	669,357
Criminal Justice Facility	-	-	-	-	70,552	70,552
In-Home Supportive Services	-	-	-	-	312	312
Debt Service	95,434	347,898	-	-	-	443,332
Total Restricted Fund Balance	<u>95,434</u>	<u>347,898</u>	<u>-</u>	<u>14,170,173</u>	<u>10,464,264</u>	<u>25,077,769</u>
Assigned:						
Imprest Cash	25,880	-	-	-	-	25,880
Capital Project	-	-	12,146,325	-	-	12,146,325
Total Assigned Fund Balance	<u>25,880</u>	<u>-</u>	<u>12,146,325</u>	<u>-</u>	<u>-</u>	<u>12,172,205</u>
Unassigned:						
General	69,229,376	-	-	-	-	69,229,376
Job Training Office	-	-	-	-	(335,524)	(335,524)
Total Unassigned Fund Balance	<u>69,229,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(335,524)</u>	<u>68,893,852</u>
Total Fund Balances	<u>\$ 69,350,690</u>	<u>\$ 347,898</u>	<u>\$ 12,146,325</u>	<u>\$ 14,170,173</u>	<u>\$ 10,128,740</u>	<u>\$ 106,143,826</u>

**Deficit Fund Balance/Net Position**

The following special revenue fund, included in the column for nonmajor governmental funds, had deficit unassigned fund balance as follows: The Job Training Office for \$335,524 as of June 30, 2021. 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. In addition, included in the Internal Service Funds, the following funds had a deficit of net position: the Workers' Compensation Self- Insurance Fund of \$11,988,204, Information Technology of \$4,835,664 and Public Works of \$4,979,444.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

**Allocation of Investment Income Among Funds**

It is presumed under GAAP that investment income is reported in the same fund that reports the underlying investment. However, it is common for income on investments to legally accrue to the benefit of some other fund. GAAP requires that a government disclose whenever the income from investments in one fund is assigned directly to the benefit of another fund. See additional detail in Note 17.

**Governmental Accounting Standards Update**

The County implemented the following standards during the year ended June 30, 2021.

GASB Statement No. 84 – *Fiduciary Activities*. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2019.

GASB Statement No. 90 – *Majority Equity Interests- an amendment of GASB Statements No. 14 and No 61*. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2019.

GASB Statement No. 98 – *The Annual Comprehensive Financial Report*. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

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

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

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*. The requirements of this statement are effective for reporting periods beginning after December 15, 2019. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2020.

GASB Statement No. 91 – *Conduit Debt Obligations*. The requirements of this statement are effective for reporting periods beginning after December 15, 2020. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to reporting periods beginning after December 15, 2021.

GASB Statement No. 92 – *Omnibus 2020*. The requirements of this statement are effective for reporting periods beginning after June 15, 2020. Subsequent to issuance, GASB Statement No. 95 postponed the requirements of this statement to June 15, 2021.

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

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

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Governmental Accounting Standards Update (continued)**

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

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

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

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

**Subsequent Events**

In compliance with accounting standards, management has evaluated events that have occurred after year-end to determine if these events are required to be disclosed in the financial statements. These subsequent events have been evaluated through December 8, 2022, which is the date the financial statements were available to be issued.

**Note 2 – Cash and Investments**

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

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

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

Total cash and investments at fair value as reported at June 30, 2021, are as follows:

Cash:	
Imprest cash	\$ 27,064
Cash deposits with financial institutions	9,704,045
Total Cash	<u>9,731,109</u>
Investments:	
In Treasurer's pool	508,462,191
Home admin bonds	56,782
Total Investments	<u>508,518,973</u>
Total Cash and Investments	<u>\$ 518,250,082</u>

Investments authorized by the California Government Code and the County's Investment Policy as of June 30, 2021, are as follows:

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

As of June 30, 2021, the County Treasury had the following investments and maturities:

Investment Type	Total	Investment Maturities				
		Less than 1 Year	1 Year	2 Year	3 Year	4 Year
Federal Agencies	\$ 217,271,556	\$ 8,373,098	\$ 8,338,245	\$ 64,093,489	\$ 36,262,910	\$ 100,203,814
Local Agency Investment Fund	75,000,000	75,000,000	-	-	-	-
Medium-Term Corporate Notes	46,179,430	20,371,564	13,850,649	2,698,219	1,853,966	7,405,032
Direct Investments	-	-	-	-	-	-
Money Market Mutual Funds	170,011,205	170,011,205	-	-	-	-
Total	<u>\$ 508,462,191</u>	<u>\$ 273,755,867</u>	<u>\$ 22,188,894</u>	<u>\$ 66,791,708</u>	<u>\$ 38,116,876</u>	<u>\$ 107,608,846</u>



**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

*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, 2021, the County's investments in medium-term notes were rated AA- to AAA by Standard & Poor's and Aa3 to Aaa Moody's Investors Service. The Federal Agencies are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

*Concentration of credit risk.* The County's investment policy does not allow for an investment in any one corporate issuer that is in excess of 10 percent of the County's total investments. As of June 30, 2021, 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, 2021, the County's remaining unamortized balance is \$56,782.

**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 County uses appropriate valuation techniques to determine value based on inputs available.

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

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

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

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. The County did not have any input into the fair value of Level 2 investments. The County did not have any assets reported at fair value with Level 2 inputs for the year ended June 30, 2021.

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, 2021.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

The table below presents the level within the fair value hierarchy at which investments are measured at June 30, 2021:

Investments by fair value level	Level 1	Level 2	Level 3	Total
Debt securities				
Federal agencies	\$ 217,271,556	\$ -	\$ -	\$217,271,556
Medium term notes	46,179,430	-	-	46,179,430
Total investments measured at fair value	\$ 263,450,986	\$ -	\$ -	\$263,450,986
Investments measured at amortized cost				
Local Agency Investment Pool	75,000,000			
Money market mutual funds	170,011,205			
Total pooled and directed investments	\$ 508,462,191			

**Note 4 – Receivables**

Receivables as of June 30, 2021 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	\$ -	\$ -	\$ -	\$ -	\$ 36,031	\$ 36,031	\$ 141,664	\$ 2,787,223	\$ 2,964,918
Intergovernmental	17,531,240	-	4,729,889	433,439	690,234	23,384,802	68,905	372,413	23,826,120
Taxes	912,884	-	-	-	511,852	1,424,736	-	13,396,922	14,821,658
Interest	329,234	429	71,685	43,353	26,980	471,681	31,384	390,172	893,237
Total	\$ 18,773,358	\$ 429	\$ 4,801,574	\$ 476,792	\$ 1,265,097	\$ 25,317,250	\$ 241,953	\$ 16,946,730	\$ 42,505,933

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 5 – Capital Assets**

Capital asset activity for the year ended June 30, 2021, was as follows:

Government Activities:	Beginning				Ending
	Balance	Increase	Decrease	Adjustments	Balance
Capital assets, not being depreciated:					
Land	\$ 8,971,547	\$ -	\$ -	\$ -	\$ 8,971,547
Construction in progress	4,367,050	4,202,286	(1,586,567)	(985,217)	5,997,552
Total capital assets, not being depreciated	<u>13,338,597</u>	<u>4,202,286</u>	<u>(1,586,567)</u>	<u>(985,217)</u>	<u>14,969,099</u>
Capital assets, being depreciated:					
Structures and Improvements	190,918,161	44,727	-	-	190,962,888
Equipment	40,887,622	4,162,674	(4,217,294)	1,583,613	42,416,615
Infrastructure	42,591,592	-	-	-	42,591,592
Total capital assets, being depreciated	<u>274,397,375</u>	<u>4,207,401</u>	<u>(4,217,294)</u>	<u>1,583,613</u>	<u>275,971,095</u>
Less accumulated depreciation:					
Accumulated depreciation - Structures & improvements	(66,995,820)	(4,674,141)	-	-	(71,669,961)
Accumulated depreciation - Equipment	(30,391,606)	(2,914,690)	4,101,730	(52,283)	(29,256,849)
Accumulated depreciation - Infrastructure	(36,443,548)	(693,546)	-	-	(37,137,094)
Total accumulated depreciation	<u>(133,830,974)</u>	<u>(8,282,377)</u>	<u>4,101,730</u>	<u>(52,283)</u>	<u>(138,063,904)</u>
Total capital assets being depreciated, net	<u>140,566,401</u>	<u>(4,074,976)</u>	<u>(115,564)</u>	<u>1,531,330</u>	<u>137,907,191</u>
Governmental activities capital assets, net	<u>\$ 153,904,998</u>	<u>\$ 127,310</u>	<u>\$ (1,702,131)</u>	<u>\$ 546,113</u>	<u>\$ 152,876,290</u>

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

Governmental Activities:	
General government	\$ 6,988,715
Public safety	586,952
Highways and streets	183,543
Health and sanitation	119,283
Public assistance	356,878
Education	47,006
Grand Total	<u>\$ 8,282,377</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

The comparison of interfund balances as of June 30, 2021, is as follows:

Due to / from other funds:		
Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	\$ 1,182,373
Health Self-Insurance Fund <sup>1</sup>	General Fund	5,700
Fleet Management Fund <sub>1</sub>	General Fund	5,090
Information Technology Fund <sup>1</sup>	General Fund	112,699
Public Works Fund <sup>1</sup>	General Fund	59,627
	Total	\$ 1,365,489

<sup>1</sup>Internal Service Fund

Short-term working capital loans payable to the General Fund represent \$876,746 of the total interfund balance amount of \$1,365,489 as noted above. The In Home Support Services fund is now under the authority of the General Fund and therefore owes its remaining balance of \$305,627. \$5,700 reflects a timing difference between the current year insurance contributions withheld from payroll using a clearing account versus the allocation of these contributions to the Health Self-Insurance Fund subsequent to year-end. The remaining \$177,416 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	Road Fund	Nonmajor Governmental Funds <sup>1</sup>	Internal Service Funds	
<b>Transfers out:</b>							
General Fund	\$ -	\$ 1,110,200	\$ 501,792	\$ 100,000	\$ 927,860	\$ 140,000	\$ 2,779,852
Nonmajor Governmental Funds <sup>1</sup>	-	505,959	-	-	-	-	505,959
Internal Service Funds	19,873	-	-	-	-	-	19,873
Total	\$ 19,873	\$ 1,616,159	\$ 501,792	\$ 100,000	\$ 927,860	\$ 140,000	\$ 3,305,684

<sup>1</sup>Nonmajor Governmental Funds= Special Revenue Funds

The \$19,873 above represents money transferred from the Information Technology fund to the General Fund Community Development Agency for operations. The \$1,616,159 above represents transfers from the Criminal Justice Facility Fund and the General Fund to the Debt Service Fund for lease revenue bond payments that are due annually for the new Jail Facility and the new Human Services Modular building. The \$501,792 represents fees collected from hazardous waste to be used for general projects. The \$927,860 above represents \$225,000 from the Williamson Act contract, \$700,000 from Tribal Mitigation Fees and \$2,860 from the Sheriff's Office to reimburse the Fire fund for fuel usage. The \$100,000 represents fees collected from hazardous waste to be used for general projects to support the Road Fund. The \$140,000 represents the Ag Commissioner's Department supporting the Fleet Fund for the purchase of a vehicle.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 7 – Advances from Grantor and Third Parties**

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

At the June 30, 2021, various components of advances from grantors and third parties reported as follows:

	<b>Advances</b>
General Fund:	
Solar project application	\$ 13,115
Grant drawdowns and fees collected prior to meeting all eligibility requirements	51,863,081
Total General Fund	51,876,196
Capital Projects Fund:	
Impact fees collected on new developments	7,474,730
Total advances from grantors and third parties	\$ 59,350,926

**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 \$644,846 for the year ended June 30, 2021. The future minimum lease payments for the leases are estimated as follows:

Year Ending June 30,	Amount
2022	\$ 977,272
2023	994,221
2024	963,059
2025	973,176
Total	\$ 3,907,728

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.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 8 – Leases (continued)**

The assets acquired through capital leases are as follows:

	Governmental Activities
Assets:	
Structures and Improvements	\$ 14,957,757
Equipment	9,570,569
Total	24,528,326
Less: Accumulated Depreciation	(12,806,232)
Total	\$ 11,722,094

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

	Governmental Activities
Year Ending June 30,	
2022	\$ 2,215,368
2023	2,045,343
2024	1,718,045
2025	1,655,664
2026	1,643,247
2027-2029	3,695,762
Total: minimum lease payments	12,973,429
Less: amount representing interest	(1,767,135)
Present value of minimum lease payment	\$ 11,206,294

**Note 9 – Long Term Debt**

**Pension Obligation Bonds**

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

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

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Pension Obligation Bonds (continued)**

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

Series A-2 Pension Obligation Bonds currently outstanding at June 30, 2021 is \$952,296. Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Interest Rates	Principal	Projected Interest
2022	6.53%	\$ 305,056	\$ 659,944
2023	6.56%	296,294	708,706
2024	6.58%	350,946	753,657
Total		<u>\$ 952,296</u>	<u>\$ 2,122,307</u>

2004 Series B Pension Obligation Bonds (Index Bonds):

The interest rate for the Series B Pension Obligation Bonds is indexed to the London Interbank Offered Rate (LIBOR). The calculation is based on LIBOR plus .30%. The County is required to deposit with the Trustee, Wells Fargo Bank, on or before August 1st of each year of the 20-year issue, the estimated annual debt service amount for the upcoming year. Plus, an additional 2.00%, amounting to \$95,434 for the 2021 fiscal year, to ensure that debt service funds will be sufficient in the event that the LIBOR rate exceeds projections. The current interest rate is 0.39% as of June 30, 2021.

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Pension Obligation Bonds (continued)**

Series B Pension Obligation Bonds currently outstanding at June 30, 2021 is \$1,705,000. 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
2022	5.500%	\$ 515,000	\$ 108,675
2023	6.500%	565,000	88,330
2024	7.000%	625,000	50,310
Total		<u>\$ 1,705,000</u>	<u>\$ 247,315</u>

**Lease Revenue Bonds**

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

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

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

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

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



**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Lease Revenue Bonds (continued)**

2015 Refunded lease revenue bonds currently outstanding at June 30, 2021 is \$4,220,000. Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Interest		
	Rates	Principal	Interest
2022	3.07%	\$ 550,000	\$ 129,554
2023	3.07%	570,000	112,669
2024	3.07%	585,000	95,170
2025	3.07%	600,000	77,211
2026	3.07%	620,000	58,791
2027-2029	3.07%	1,295,000	59,865
Total		<u>\$ 4,220,000</u>	<u>\$ 533,260</u>

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

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

2017 Refunded lease revenue bond currently outstanding at June 30, 2021 is \$3,500,000. Annual debt service requirements to maturity are as follows:

Year Ending June 30,	Interest Rates	Principal	Interest
2022	3.13%	\$ 500,000	\$ 109,550
2023	3.13%	500,000	93,900
2024	3.13%	500,000	78,250
2025	3.13%	500,000	62,600
2026	3.13%	500,000	46,950
2027-2029	3.13%	1,000,000	46,950
Total		<u>\$ 3,500,000</u>	<u>\$ 438,200</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
Governmental Activities:					
Bonds payable:					
Pension obligation bonds Series					
A-2	\$ 1,268,375	\$ -	\$ (316,079)	\$ 952,296	\$ 305,056
Pension obligation bonds Series B	2,180,000	-	(475,000)	1,705,000	515,000
Refunded lease revenue bonds	4,750,000	-	(530,000)	4,220,000	550,000
Lease revenue bonds	4,000,000	-	(500,000)	3,500,000	500,000
Total bonds payable	<u>12,198,375</u>	<u>-</u>	<u>(1,821,079)</u>	<u>10,377,296</u>	<u>1,870,056</u>
Long-term liabilities	<u>\$ 12,198,375</u>	<u>\$ -</u>	<u>\$ (1,821,079)</u>	<u>\$ 10,377,296</u>	<u>\$ 1,870,056</u>

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

Other long-term liability activity for the year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Reductions	Adjustments	Ending Balance	Due within one year
Governmental Activities:						
Capital leases	\$ 12,831,301	\$ 192,229	\$ (1,817,236)	\$ -	\$ 11,206,294	\$ 1,765,792
Compensated absences	7,908,290	7,349,246	(7,943,664)	-	7,313,872	3,510,658
Claims	19,344,853	3,096,197	(2,791,168)	-	19,649,882	3,795,915
Long-term liabilities	<u>\$ 40,084,444</u>	<u>\$ 10,637,672</u>	<u>\$ (12,552,068)</u>	<u>\$ -</u>	<u>\$ 38,170,048</u>	<u>\$ 9,072,365</u>
Component Unit:						
Compensated absences	\$ 20,602	\$ 13,688	\$ (18,666)	\$ -	\$ 15,624	\$ 7,187
	<u>\$ 20,602</u>	<u>\$ 13,688</u>	<u>\$ (18,666)</u>	<u>\$ -</u>	<u>\$ 15,624</u>	<u>\$ 7,187</u>

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 11 – Deferred Inflows or Resources**

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

Under the modified accrual basis of accounting, it is not enough that revenue has been earned if it is to be recognized in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenues not susceptible to accrual as deferred inflows of resources. Deferred inflows consisted of \$1,459,707 from property taxes and \$436,500 from grantors for the year ended June 30, 2021.

**Note 12 – Risk Management**

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

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

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

	General Liability	Workers' Compensation	Total
Unpaid claims, beginning of fiscal year	\$ 2,129,689	\$ 16,933,000	\$ 19,062,689
Incurred claims (including IBNRs)	(718,249)	4,213,712	3,495,463
Claim payments	(230,587)	(2,982,712)	(3,213,299)
Unpaid claims, as of June 30, 2020	<u>\$ 1,180,853</u>	<u>\$ 18,164,000</u>	<u>\$ 19,344,853</u>
Unpaid claims, beginning of fiscal year	\$ 1,180,853	\$ 18,164,000	\$ 19,344,853
Incurred claims (including IBNRs)	141,188	2,955,009	3,096,197
Claims payments	(68,159)	(2,723,009)	(2,791,168)
Unpaid claims, as of June 30, 2021	<u>\$ 1,253,882</u>	<u>\$ 18,396,000</u>	<u>\$ 19,649,882</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

The County has medical malpractice coverage with limits of \$21,500,000 over the \$5,000 deductible. Fully insured programs include property insurance with limits of \$800,000 over the \$5,000 deductible, master crime liability program with limits of \$15,000,000 over the \$25,000 deductible, a pollution liability program with limitations to \$50,000,000 over the \$75,000 deductible and a cyber liability program with limitations to \$20,000,000 over the \$50,000. In addition, the County has designated funds to manage risk as follows: Earthquake Self-Insurance for \$500,000, Liability Self-Insurance for \$2,745,933, Economic Uncertainties for \$3,300,271 and reserves for Contingencies amounting \$20,227,287. There have been no settlements in excess of insurance coverage for the past 3 years.

**Note 13 – Jointly Governed Organizations**

The County, with fifty-two other counties, is a member of the California State Association of Counties Excess Insurance Authority (C.S.A.C. or the “Authority”). The Authority is a statewide Joint Powers Agency for insurance purposes organized in accordance with California Government Codes. The purpose of the entity is to develop and fund excess insurance programs for member counties. Each member county pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to their participation in the Authority. The Authority operates public entity risk pools including workers’ compensation, comprehensive liability, property, medical malpractice, and other pool purchases for excess insurance programs and services for members. The Authority is under the control and direction of the board of directors consisting of representatives of the fifty-two-member counties who annually elect an executive committee. The executive committee controls include the daily management of ongoing operations and the budgeting process. Completed financial statements may be obtained by contacting C.S.A.C. at 75 Iron Point Circle, Suite 200, Folsom, CA 95630, (916) 850-7300 or by visiting their website at [www.csac-eia.org](http://www.csac-eia.org).

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

**Note 14 – Commitments and Contingencies**

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

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

Management has determined the events regarding the novel coronavirus require disclosure in accordance with the accounting standards. On March 4, 2020 Governor Newsom issued an emergency proclamation declaring a state of emergency in California due to the novel coronavirus (COVID-19). The COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak and the economic and other actions that may be taken by government authorities to contain the outbreak or treat its impact are uncertain. The ultimate impact of COVID-19 on operations and finances of the County remains unknown.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Plan Description:**

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

**Employees Covered:**

At June 30, 2021, the following employees were covered by the benefit terms for each plan:

	Miscellaneous	Safety
Inactive employees entitled to but not yet receiving benefits	1,059	262
Inactive employees or beneficiaries currently receiving benefits	1,018	376
Active employees	1,165	361
Total	3,242	999

**Contributions:**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County of Kings is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2020 (the measurement date), the average active employee contribution rate is 7.000 percent of annual pay, and the employer's contribution rate is 14.886 percent of annual payroll for those employees in the Miscellaneous Plan. The average active employee contribution rate is 9.000 percent of annual pay, and the employer's contribution rate is 25.857 percent of annual payroll for those employees in the Safety plan.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Net Pension Liability:**

The County's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 measurement actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2019	June 30, 2019
Measurement Date	June 30, 2020	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost Method	
Actuarial Assumptions:		
Discount rate	7.15%	7.15%
Inflation	2.625%	2.625%
Salary Increases	Varies by entry age and service	
Investment Rate of Return	7.25%	7.375%
Mortality Rate Table*	Derived using CalPERS* Membership Data for all funds	
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter	

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

**Change of Assumptions:**

For the June 30, 2020 measurement date, the accounting discount rate did not change from the prior year.

**Discount Rate:**

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

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Discount Rate (continued):**

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

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

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

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

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

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Changes in the Net Pension Liability:**

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

Miscellaneous Plan:

	Increase (Decrease)					
	Primary Government - Governmental Activities			Component Unit - First Five		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2020	\$ 407,849,346	\$ 309,628,656	\$ 98,220,690	\$ 1,474,968	\$ 1,116,960	\$ 358,008
Changes in the year:						
Service Cost	8,911,802	-	8,911,802	21,162	-	21,162
Interest on the Total Pension Liability	28,981,189	-	28,981,189	68,819	-	68,819
Differences between Expected and Actual Experience	3,055,932	-	3,055,932	7,257	-	7,257
Plan to Plan Resources Movement	-	1,364	(1,364)	-	3	(3)
Contributions from the Employer	-	11,538,451	(11,538,451)	-	27,399	(27,399)
Contributions from Employees	-	4,218,602	(4,218,602)	-	10,018	(10,018)
Net Investment Income	-	15,252,669	(15,252,669)	-	36,219	(36,219)
Benefit Payments, including Refunds of						
Employee Contributions	(21,070,294)	(21,070,294)	-	(50,034)	(50,034)	-
Administrative Expenses	-	(437,037)	437,037	-	(1,038)	1,038
Net Changes	19,878,629	9,503,755	10,374,874	47,204	22,567	24,637
Balance at June 30, 2021	\$ 427,727,975	\$ 319,132,411	\$108,595,564	\$ 1,522,172	\$ 1,139,527	\$ 382,645

Safety Plan:

	Increase (Decrease)		
	Primary Government - Governmental Activities		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at June 30, 2020	\$ 283,545,539	\$ 210,840,365	\$ 72,705,174
Changes in the year:			
Service Cost	6,830,509	-	6,830,509
Interest on the Total Pension	20,221,528	-	20,221,528
Differences between Expected and Actual Experience	2,190,223	-	2,190,223
Plan to Plan Resources Movement	-	(1,367)	1,367
Contributions from the Employer	-	8,584,511	(8,584,511)
Contributions from Employees	-	2,662,791	(2,662,791)
Net Investment Income	-	10,357,701	(10,357,701)
Benefit Payments, including Refunds of			
Employee Contributions	(12,664,888)	(12,664,888)	-
Administrative Expense	-	(297,234)	297,234
Net Changes	16,577,372	8,641,514	7,935,858
Balance at June 30, 2021	\$ 300,122,911	\$ 219,481,879	\$ 80,641,032



**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

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

	Current		
	Discount Rate	Discount Rate	Discount Rate
	-1%(6.15%)	(7.15%)	+1%(8.15)
Miscellaneous Plan - Primary Government - Governmental Activities	\$ 165,965,872	\$ 108,595,564	\$ 61,347,178
Miscellaneous Plan - Component Unit - First Five	584,794	382,645	216,162
Safety Plan - Primary Government - Governmental Activities	125,119,038	80,641,032	44,527,348

**Pension Plan Fiduciary Net Position**

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

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

For the year ended June 30, 2021, the County of Kings recognized pension expense of \$35,880,854 and the component unit, First Five, recognized pension expense of \$48,504. At June 30, 2021, the County of Kings and the component unit, First Five, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan:

	Primary Government - Governmental Activities		Component Unit - First Five	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 12,264,101	\$ -	\$ 28,024	\$ -
Differences between actual and expected experience	4,715,849	(4,050)	11,198	(10)
Changes in assumptions	-	(486,181)	-	(1,154)
Net differences between projected and actual earnings	2,772,320	-	6,583	-
Total	<u>\$ 19,752,270</u>	<u>\$ (490,231)</u>	<u>\$ 45,805</u>	<u>\$ (1,164)</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

Safety Plan:

	Primary Government - Governmental Activities	
	Deferred Outflows of Resources	Deferred Inflows of Resources
	Pension contributions subsequent to measurement date	\$ 9,511,141
Differences between actual and expected experience	3,452,988	-
Changes in assumptions	4,207,472	(245,695)
Net differences between projected and actual earnings	2,108,862	-
Total	\$ 19,280,463	\$ (245,695)

\$21,775,242 (Miscellaneous \$12,264,101 and Safety \$9,511,141) and \$28,024 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, 2022 for the primary government, Governmental Activities, and the component unit, First Five, respectively. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous Plan:

Year Ended June 30,	Primary Government - Governmental Activities	Component Unit - First Five
	2022	\$ 396,688
2023	2,853,899	6,777
2024	2,424,300	5,757
2025	1,323,051	3,141
	\$ 6,997,938	\$ 16,617

Safety Plan:

Year Ended June 30,	Primary Government - Governmental Activities
	2022
2023	2,118,497
2024	2,298,053
2025	1,633,723
2026	84,238
	\$ 9,523,627

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Plan Description:**

The County of Kings defined benefit OPEB plan provides health insurance benefits (medical, dental, vision, chiropractic, and mental health) through a self-insured single-employer plan administered by Health Now using the Blue Shield PPO. The County contributes toward the cost of such coverage for its employees as set forth in a bargaining memorandum of understanding. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The County does not explicitly contribute toward the cost of health benefits for retirees. However, there are two benefits offered to County retirees that give rise to an implicit cost to the County under GASB Statement 75:

1. Retirees with more than a stated number of service hours at the time they retire are entitled to convert a portion of their accumulated sick leave to a dollar amount which is held in a Medical Incentive Account (MIA) for the purpose of helping defray some or all of the costs of health insurance coverage through the County’s plan until the account is exhausted.
2. Premiums charged to retirees in the plan are the same as those used for active employees. Because the plan is self-insured, the County is actually paying claims and administrative expenses on behalf of all participating retirees – the premiums are a mechanism for budgeting and negotiations, but do not reflect the underlying cost of providing retiree healthcare coverage. The excess of the actual cost of retiree and dependent coverage over the premiums charged to those retirees constitutes a significant financial benefit, sometimes called an employer’s “implicit subsidy” under GASB Statement 75.

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

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

**Employees covered:**

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	99
Active employees	1,416
Total	1,515

**Total OPEB Liability:**

The County’s total OPEB liability of \$30,700,055, and component unit, First Five, \$55,582 were measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019. Standard actuarial update procedures were used to roll forward to the reporting date of June 30, 2021.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

**Total OPEB Liability (continued):**

Actuarial assumptions and other inputs - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	0.75%
Salary increases	2.75%
Discount rate	2.45%
Healthcare cost trend rates	6.50% in the first year, trending down to 3.84% over 55 years

Pre-retirement mortality rates were based on CalPERS tables.

The discount rate used to measure the total OPEB liability is 2.45%. The County's OPEB Plan is an unfunded plan, therefore the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

**Change of assumptions:**

For the June 30, 2020 measurement date, the salary increases remained consistent at 2.75 percent, healthcare cost trend rates remained at 6.50 percent, trending down to 3.84 percent in the following years, and the discount rate decreased from 3.56 percent to 2.45 percent.

**Changes in the Total OPEB Liability:**

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

	Primary Government - Governmental Activities Total OPEB Liability	Component Unit - First Five Total OPEB Liability
Balance at June 30, 2020	\$ 27,417,911	\$ 51,609
Changes for the year:		
Service Cost	2,432,177	2,944
Interest	859,079	1,040
Differences between expected and actual experience	36,100	44
Changes in assumptions	885,152	1,071
Benefit payments	(179,340)	(217)
Implicit subsidy credit	(751,024)	(909)
Net changes	3,282,144	3,973
Balance at June 30, 2021	\$ 30,700,055	\$ 55,582

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

Sensitivity of the Total OPEB Liability to changes in the discount rate - The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.45 percent) or 1-percentage-point higher (3.45 percent) than the current discount rate:

	Current		
	Discount Rate	Discount Rate	Discount Rate
	- 1% (1.45%)	2.45%	+1% (3.45%)
Total OPEB Liability - Primary Government - Governmental Activities	\$ 32,061,770	\$ 30,700,055	\$ 27,107,731
Total OPEB Liability - Component Unit - First Five	60,394	55,582	51,062

Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates - The following presents the Total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.50 percent decreasing to 2.84 percent) or 1-percentage-point higher (7.50 percent decreasing to 4.84 percent) than the current healthcare cost trend rates:

	Current		
	1% Decrease	Healthcare	1% Increase
	(6.50% decreasing to 5.50%)	Cost Trend Rates (6.50%)	(6.50% decreasing to (7.5%)
Total OPEB Liability - Primary Government - Governmental Activities	\$ 25,579,426	\$ 30,700,055	\$ 34,294,539
Total OPEB Liability - Component Unit - First Five	45,277	55,582	59,240

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

For the year ended June 30, 2021, the County recognized an OPEB expense of \$3,204,464 and the component unit, First Five, recognized an OPEB expense of \$4,767. At June 30, 2021, the County and the component unit, First Five, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government - Governmental Activities		Component Unit - First Five	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 3,680,356	\$ -	\$ 3,277	\$ -
Net differences between projected and actual experience	5,554,059	-	10,155	-
Contributions subsequent to measurement date	976,193	-	1,182	-
Total	<u>\$ 10,210,608</u>	<u>\$ -</u>	<u>\$ 14,614</u>	<u>\$ -</u>

The amounts above are net of outflows and inflows recognized in the 2019-2020 measurement period expense. The amounts above reported as deferred outflows or resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

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

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

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

Year Ended June 30,	Primary Government - Governmental Activities	Component Unit - First Five
2022	\$ 1,583,563	\$ 2,292
2023	817,347	2,292
2024	816,347	2,292
2025	816,347	2,292
2026	816,347	609
Remaining	4,384,464	3,655
	<u>\$ 9,234,415</u>	<u>\$ 13,432</u>

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 17 – Investment Income Assigned Directly to the Benefit of Another Fund for the Year Ending June 30, 2021, is as follows:**

<u>Type of Fund</u>	<u>Fund Name</u>	<u>General Fund</u>
Nonmajor governmental	IHSS Public Authority	\$ 2,697
Internal Service Fund	Workers' Comp Self-Insurance	54,991
Fiduciary Fund	Agency Collection Payable	1,391
Fiduciary Fund	Department Trust	13,697
Fiduciary Fund	Court Alcohol/Drug Trust	141
Fiduciary Fund	Sheriff Unclaimed Funds	471
Fiduciary Fund	School Developer Fees	227
Fiduciary Fund	Assessor's Misc Trust	(37)
Fiduciary Fund	County Revolving Payroll	20,997
Fiduciary Fund	Sup Court PERS UAL Fund	(206)
Fiduciary Fund	Food Stamp Trust	16,031
Fiduciary Fund	Social Service Trust	14,251
Fiduciary Fund	Welfare Repayment Trust	764
Fiduciary Fund	D.A. Restitution Fund	341
Fiduciary Fund	Jail Trust Fund	-
Fiduciary Fund	State Local Public Safety	5,474
Fiduciary Fund	Retiree Health Trust	2,074
Fiduciary Fund	SA For Kings RDA RPTTF	-
Fiduciary Fund	Schools Trust	19,483
Fiduciary Fund	City of Avenal	461
Fiduciary Fund	City of Corcoran	1,879
Fiduciary Fund	City of Hanford	7,160
Fiduciary Fund	City of Lemoore	2,343
Fiduciary Fund	Stratford Flood	-
Fiduciary Fund	Summit Lake #2048	1
Fiduciary Fund	Tulare Lake Rec Dist #761	1
		<u>\$ 164,632</u>

**Note 18 – Tax Abatement**

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

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

For the fiscal year ended June 30, 2021, the County's forgone property tax revenue totaled \$3,661,197.

**County of Kings**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2021**

**Note 19 – Prior Period Adjustments**

Prior period adjustments for the year ending June 30, 2021 is summarized as follows:

Net position of the governmental activities:

	Governmental Activities
Net position previously reported	\$ 37,139,519
Capitalize construction in progress projects	<u>546,113</u>
Net position, restated	<u><u>\$ 37,685,632</u></u>

**Note 20 – Change in Accounting Principle**

During the fiscal year ended June 30, 2021, the County adopted new accounting guidance by implementing the provisions of GASB Statement No. 84, Fiduciary Activities, which establishes criteria for identifying and reporting fiduciary activities. The implementation of this statement has resulted in changing the presentation of the financial statements for Fiduciary Funds and the restatement of net position for Custodial Funds, previously referred to as Agency Funds. The amount of this restatement for these funds totaled \$312,572,313.



**Required Supplementary Information**

**County of Kings**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**For the Year Ended June 30, 2021**  
**Last 10 Fiscal Years\***

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

**County of Kings**  
**Schedule of Changes in the Net Pension Liability and Related Ratios (continued)**  
**For the Year Ended June 30, 2021**  
**Last 10 Fiscal Years\***

**Notes to Schedule:**

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

**Changes of Assumptions:** In 2021, 2020, and 2019 there were no changes. In 2018, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2015, amounts reported were based on the 7.5 percent discount rate.

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

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

**County of Kings**  
**Schedule of Changes in the Net Pension Liability and Related Ratios (continued)**  
**For the Year Ended June 30, 2021**  
**Last 10 Fiscal Years\***

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

**County of Kings**  
**Schedule of Changes in the Net Pension Liability and Related Ratios (continued)**  
**For the Year Ended June 30, 2021**  
**Last 10 Fiscal Years\***

**Notes to Schedule:**

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

**Changes of Assumptions:** In 2021, 2020, and 2019 there were no changes. In 2018, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2017, there were no changes. In 2016, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2015 amounts reported were based on the 7.5 percent discount rate.

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

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

**County of Kings**  
**Schedule of Plan Contributions**  
**For the Year Ended June 30, 2021**  
**Last 10 Fiscal Years\***

	2021	2020	2019	2018	2017	2016	2015
<b>Miscellaneous Plan (Non-Safety):</b>							
Actuarially determined contribution	11,565,850	9,894,834	8,456,224	7,984,132	6,814,678	5,832,440	5,311,558
Contributions in relation to the actuarially determined contributions	(11,565,850)	(9,894,834)	(8,456,224)	(7,984,132)	(6,814,678)	(5,832,440)	(5,311,558)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll <sup>1</sup>	\$ 56,143,860	\$ 61,479,458	\$ 58,291,336	\$ 59,661,700	\$ 56,357,192	\$ 51,926,732	\$ 48,742,629
Contributions as a percentage of covered payroll	20.60%	16.09%	14.51%	13.38%	12.09%	11.23%	10.90%
<b>Safety Plan:</b>							
Actuarially determined contribution	\$ 8,584,511	\$ 7,412,494	\$ 6,063,572	\$ 5,332,029	\$ 4,508,327	\$ 3,956,635	\$ 3,606,687
Contributions in relation to the actuarially determined contributions	(8,584,511)	(7,412,494)	(6,063,572)	(5,332,029)	(4,508,327)	(3,956,635)	(3,606,687)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll <sup>1</sup>	\$ 26,053,169	\$ 25,668,956	\$ 24,840,739	\$ 22,994,101	22,400,977	21,087,909	20,911,917
Contributions as a percentage of covered payroll	32.95%	28.88%	24.41%	23.19%	20.13%	18.76%	17.25%

**Notes to Schedules:**

Valuation date for both plans: 6/30/2019

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

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	2.875%
Investment Rate of Return	7.25% Net of Pension Plan Investment Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

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

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

**County of Kings**  
**Schedule of Changes in Total OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2021**  
**Last 10 Fiscal Years\***

<b>Total OPEB Liability</b>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Service cost	\$ 2,435,121	\$ 1,383,447	\$ 1,354,282	\$ 1,316,435	\$ 1,058,527
Interest	860,119	604,062	548,472	503,796	630,869
Differences between expected and actual experience	36,144	6,615,551	-	-	-
Changes of assumptions	886,223	877,666	(731,498)	(766,216)	-
Benefit payments	(179,557)	(157,123)	(200,381)	(600,497)	(504,320)
Implicit subsidy credit	(751,933)	(484,952)	-	-	-
Net change in total OPEB liability	<u>3,286,117</u>	<u>8,838,651</u>	<u>970,875</u>	<u>453,518</u>	<u>1,185,076</u>
Total OPEB liability - beginning	<u>27,469,520</u>	<u>18,630,869</u>	<u>17,659,994</u>	<u>17,206,476</u>	<u>16,021,400</u>
Total OPEB liability - ending	<u>\$ 30,755,637</u>	<u>\$ 27,469,520</u>	<u>\$ 18,630,869</u>	<u>\$ 17,659,994</u>	<u>\$ 17,206,476</u>
Covered-employee payroll	\$ 83,138,128	\$ 83,709,367	\$ 78,049,211	\$ 75,960,303	\$ 81,851,199
Total OPEB liability as a percentage of covered-employee payroll	36.99%	32.82%	23.87%	23.25%	21.02%

**Notes to Schedules:**

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

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

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

**County of Kings**  
**Schedule of Plan Contributions – OPEB**  
**For the Year Ended June 30, 2021**  
**Last 10 Fiscal Years\***

	2021	2020	2019	2018	2017
Actuarially Determined Contributions	\$ 2,163,071	\$ 2,163,071	\$ 2,163,071	\$ 2,119,665	\$ 1,695,232
Contributions in relation to the actuarially determined contributions	(426,186)	(426,186)	(426,186)	(412,186)	(504,320)
Contribution Deficiency (excess)	<u>\$ 1,736,885</u>	<u>\$ 1,736,885</u>	<u>\$ 1,736,885</u>	<u>\$ 1,707,479</u>	<u>\$ 1,190,912</u>
Covered Employee Payroll	\$ 82,613,202	\$ 83,138,128	\$ 83,709,367	\$ 78,049,211	\$ 75,960,303
Contributions as a percentage of covered employee payroll	0.52%	0.51%	0.51%	0.53%	0.66%

**Notes to schedule:**

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

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

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



**County of Kings**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Agricultural Commissioner/Sealer	\$ 2,140,140	\$ 2,560,140	\$ 2,671,557	\$ 111,417
Assessor	869,000	869,000	875,902	6,902
Behavioral Health	30,694,400	30,768,208	27,504,746	(3,263,462)
Board of Supervisors	59,884,890	59,884,890	64,716,785	4,831,895
Clerk-Recorder	849,090	849,090	878,276	29,186
Administrative Office	13,976,957	15,320,161	15,475,988	155,827
County Counsel	886,000	886,000	1,023,339	137,339
District Attorney	4,704,221	4,741,834	4,653,823	(88,011)
Elections	469,500	678,680	427,145	(251,535)
Finance	996,055	996,055	931,589	(64,466)
Health	19,071,790	20,181,122	13,986,358	(6,194,764)
Human Resources	166,378	166,378	135,928	(30,450)
Human Services Agency	104,161,463	112,268,873	121,218,673	8,949,800
Planning	1,203,559	1,203,559	2,639,046	1,435,487
Probation	6,979,713	7,128,978	5,846,883	(1,282,095)
Public Guardian	238,500	238,500	248,827	10,327
Sheriff/Coroner/Public Administrator	21,726,368	22,287,554	22,575,763	288,209
Total revenues	<u>269,018,024</u>	<u>281,029,022</u>	<u>285,810,628</u>	<u>4,781,606</u>
<b>Expenditures</b>				
Agricultural Commissioner/Sealer	2,931,707	3,351,707	3,193,454	158,253
Assessor	2,675,370	2,675,370	2,305,653	369,717
Behavioral Health	30,733,950	30,807,758	27,539,296	3,268,462
Board of Supervisors	952,955	952,955	896,942	56,013
Clerk-Recorder	785,027	785,027	728,068	56,959
Administrative Office	38,439,633	37,288,668	24,508,333	12,780,335
County Counsel	1,903,254	1,994,679	1,890,460	104,219
District Attorney	8,920,714	9,009,465	8,729,807	279,658
Elections	1,322,539	1,531,719	1,207,269	324,450
Finance	3,238,334	3,267,895	3,113,416	154,479
Health	19,729,202	20,842,448	14,452,631	6,389,817
Human Resources	1,184,775	1,184,775	1,040,203	144,572
Human Services Agency	107,017,164	115,124,574	104,943,449	10,181,125
Planning	2,131,986	2,131,986	1,816,706	315,280
Probation	16,359,410	16,508,675	13,382,904	3,125,771
Public Guardian	657,110	657,110	598,237	58,873
Sheriff/Coroner/Public Administrator	46,795,031	47,337,753	45,379,513	1,958,240
UC Cooperative Extension	181,622	181,622	118,975	62,647
Total expenditures	<u>285,959,783</u>	<u>295,634,186</u>	<u>255,845,316</u>	<u>39,788,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,941,759)</u>	<u>(14,605,164)</u>	<u>29,965,312</u>	<u>44,570,476</u>

**County of Kings**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual**  
**General Fund (continued)**  
**For the Year Ended June 30, 2021**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Net change in fund balance	\$ (16,941,759)	\$ (14,605,164)	\$ 29,965,312	\$ 44,570,476
Fund balance, beginning of the year	<u>39,385,378</u>	<u>39,385,378</u>	<u>39,385,378</u>	<u>-</u>
Fund balance, end of the year	<u>\$ 22,443,619</u>	<u>\$ 24,780,214</u>	<u>\$ 69,350,690</u>	<u>\$ 44,570,476</u>

**County of Kings**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual**  
**Road Fund**  
**For the Year Ended June 30, 2021**

	Original	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
<b>Revenues</b>				
Roads	\$ 14,170,513	\$ 14,170,513	\$ 11,542,431	\$ (2,628,082)
Total revenues	<u>14,170,513</u>	<u>14,170,513</u>	<u>11,542,431</u>	<u>(2,628,082)</u>
<b>Expenditures</b>				
Roads	26,132,065	26,132,065	9,503,511	16,628,554
Total expenditures	<u>26,132,065</u>	<u>26,132,065</u>	<u>9,503,511</u>	<u>16,628,554</u>
Excess (deficiency) of revenues over (under) expenditures	(11,961,552)	(11,961,552)	2,038,920	14,000,472
Fund balance, beginning of year	12,131,253	12,131,253	12,131,253	-
Fund balance, end of year	<u>\$ 169,701</u>	<u>\$ 169,701</u>	<u>\$ 14,170,173</u>	<u>\$ 14,000,472</u>

**Supplementary Information**

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

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

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

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

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

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

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

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

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

Major Fund during 2021 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, 2021**

	Library	Fire	County Fish & Game	Child Support Services	Off-Highway Motor Vehicle
<b>Assets</b>					
Cash and cash equivalents	\$ 112,985	\$ 50,835	\$ 236	\$ 15,359	\$ 1
Imprest cash	454	200	-	200	-
Treasurer's investments	6,131,253	2,706,038	12,816	831,851	61
Receivables	137,886	1,034,490	324	2,466	-
Total assets	<u>\$ 6,382,578</u>	<u>\$ 3,791,563</u>	<u>\$ 13,376</u>	<u>\$ 849,876</u>	<u>\$ 62</u>
<b>Liabilities</b>					
Accrued liabilities	\$ 52,198	\$ 630,051	\$ -	\$ 139,717	\$ -
Due to other funds	-	-	-	-	-
Total liabilities	<u>52,198</u>	<u>630,051</u>	<u>-</u>	<u>139,717</u>	<u>-</u>
<b>Deferred inflows of resources</b>					
Deferred inflow from property taxes	<u>115,144</u>	<u>395,155</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>115,144</u>	<u>395,155</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances (deficit)</b>					
Restricted	6,215,236	2,766,357	13,376	710,159	62
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>6,215,236</u>	<u>2,766,357</u>	<u>13,376</u>	<u>710,159</u>	<u>62</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 6,382,578</u>	<u>\$ 3,791,563</u>	<u>\$ 13,376</u>	<u>\$ 849,876</u>	<u>\$ 62</u>

**County of Kings**  
**Combining Balance Sheet (continued)**  
**Nonmajor Governmental Funds – Special Revenue**  
**June 30, 2021**

	Job Training Office	Community Development Block Grants	Criminal Justice Facility	In-Home Supportive Services Public Authority	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 1,148	\$ 24,356	\$ -	\$ 5,507	\$ 210,427
Imprest cash	-	-	-	-	854
Treasurer's investments	-	1,327,341	-	300,432	11,309,792
Receivables	17,705	1,293	70,933	-	1,265,097
Total assets	<u>\$ 18,853</u>	<u>\$ 1,352,990</u>	<u>\$ 70,933</u>	<u>\$ 305,939</u>	<u>\$ 12,786,170</u>
<b>Liabilities</b>					
Accrued liabilities	\$ 142,789	\$ -	\$ 3	\$ -	\$ 964,758
Due to other funds	192,735	683,633	378	305,627	1,182,373
Total liabilities	<u>335,524</u>	<u>683,633</u>	<u>381</u>	<u>305,627</u>	<u>2,147,131</u>
<b>Deferred inflows of resources</b>					
Deferred inflow from property taxes	-	-	-	-	510,299
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>510,299</u>
<b>Fund balances (deficit)</b>					
Restricted	18,853	669,357	70,552	312	10,464,264
Unassigned	(335,524)	-	-	-	(335,524)
Total fund balances (deficit)	<u>(316,671)</u>	<u>669,357</u>	<u>70,552</u>	<u>312</u>	<u>10,128,740</u>
Total liabilities, deferred inflows of resources and fund balances (deficit)	<u>\$ 18,853</u>	<u>\$ 1,352,990</u>	<u>\$ 70,933</u>	<u>\$ 305,939</u>	<u>\$ 12,786,170</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, 2021**

	Library	Fire	County Fish & Game	Child Support Services	Off-Highway Motor Vehicle
<b>REVENUES</b>					
Taxes:					
Property taxes	\$ 2,582,256	\$ 8,268,176	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Fines and forfeits	2,189	-	-	-	-
Intergovernmental revenues	225,758	3,095,750	1,664	4,372,035	-
Charges for services	1,359	41,091	-	-	-
Investment earnings	4,573	(12,364)	94	562	-
Miscellaneous revenues	1,981	5,238,552	-	-	-
Total revenues	<u>2,818,116</u>	<u>16,631,205</u>	<u>1,758</u>	<u>4,372,597</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	-	15,658,687	-	4,144,818	-
Public assistance	-	-	-	-	-
Education	1,865,289	-	-	-	-
Debt Service:					
Principal	51,209	299,829	-	1,922	-
Interest	13,867	21,098	-	17	-
Capital outlay	-	326,812	-	-	-
Total expenditures	<u>1,930,365</u>	<u>16,306,426</u>	<u>-</u>	<u>4,146,757</u>	<u>-</u>
Excess(deficiency) of revenue over (under) expenditures	<u>887,751</u>	<u>324,779</u>	<u>1,758</u>	<u>225,840</u>	<u>-</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	927,860	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>927,860</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficit)	887,751	1,252,639	1,758	225,840	-
Fund balances (deficit), beginning of year	<u>5,327,485</u>	<u>1,513,718</u>	<u>11,618</u>	<u>484,319</u>	<u>62</u>
Fund balances (deficit), end of year	<u>\$ 6,215,236</u>	<u>\$ 2,766,357</u>	<u>\$ 13,376</u>	<u>\$ 710,159</u>	<u>\$ 62</u>



**County of Kings**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances (continued)**  
**Nonmajor Governmental Funds – Special Revenue**  
**For the Year Ended June 30, 2021**

	Job Training Office	Community Development Block Grants	Criminal Justice Facility	In-Home Supportive Services Public Authority	Total Nonmajor Governmental Funds
<b>REVENUES</b>					
Taxes:					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 10,850,432
Licenses and permits	-	3,164	-	-	3,164
Fines and forfeits	-	-	540,363	-	542,552
Intergovernmental revenues	2,230,849	367,463	-	-	10,293,519
Charges for services	-	-	-	-	42,450
Investment earnings	(3,404)	(9,065)	1,257	(1,486)	(19,833)
Miscellaneous revenues	1,334,331	-	-	-	6,574,864
Total revenues	<u>3,561,776</u>	<u>361,562</u>	<u>541,620</u>	<u>(1,486)</u>	<u>28,287,148</u>
<b>EXPENDITURES</b>					
Current:					
Public safety	-	-	-	-	19,803,505
Public assistance	3,704,240	299,157	-	647	4,004,044
Education	-	-	-	-	1,865,289
Debt Service:					
Principal	1,697	-	-	-	354,657
Interest	34	-	-	-	35,016
Capital outlay	-	-	-	-	326,812
Total expenditures	<u>3,705,971</u>	<u>299,157</u>	<u>-</u>	<u>647</u>	<u>26,389,323</u>
Excess(deficiency) of revenue over (under) expenditures	<u>(144,195)</u>	<u>62,405</u>	<u>541,620</u>	<u>(2,133)</u>	<u>1,897,825</u>
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	927,860
Transfers out	-	-	(505,959)	-	(505,959)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(505,959)</u>	<u>-</u>	<u>421,901</u>
Net change in fund balances (deficit)	(144,195)	62,405	35,661	(2,133)	2,319,726
Fund balances (deficit), beginning of year	<u>(172,476)</u>	<u>606,952</u>	<u>34,891</u>	<u>2,445</u>	<u>7,809,014</u>
Fund balances (deficit), end of year	<u>\$ (316,671)</u>	<u>\$ 669,357</u>	<u>\$ 70,552</u>	<u>\$ 312</u>	<u>\$ 10,128,740</u>

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

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

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

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

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

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

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

**County of Kings**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2021**

	Workers' Compensation Self-Insurance	Fleet Management	Information Technology	Health Self- Insurance	Public Works	Total
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 115,352	\$ 53,509	\$ 18,499	\$ 80,978	\$ 23,581	\$ 291,919
Imprest cash	-	-	-	-	330	330
Treasurer's investments	6,292,444	2,847,632	949,802	7,874,229	989,693	18,953,800
Receivables	-	189,470	32,450	16,402	3,631	241,953
Due from other governments	-	-	-	28,590	-	28,590
Due from other funds	-	5,090	112,699	5,700	59,627	183,116
Inventories and prepaids	-	159,220	-	-	-	159,220
Total current assets	<u>6,407,796</u>	<u>3,254,921</u>	<u>1,113,450</u>	<u>8,005,899</u>	<u>1,076,862</u>	<u>19,858,928</u>
Noncurrent assets						
Capital assets:						
Equipment	-	11,530,883	2,530,580	-	576,253	14,637,716
Accumulated depreciation - Equipment	-	(8,692,061)	(2,327,816)	-	(507,831)	(11,527,708)
Total Capital Assets (net of accumulated depreciation)	<u>-</u>	<u>2,838,822</u>	<u>202,764</u>	<u>-</u>	<u>68,422</u>	<u>3,110,008</u>
Total noncurrent assets	<u>-</u>	<u>2,838,822</u>	<u>202,764</u>	<u>-</u>	<u>68,422</u>	<u>3,110,008</u>
Total assets	<u>6,407,796</u>	<u>6,093,743</u>	<u>1,316,214</u>	<u>8,005,899</u>	<u>1,145,284</u>	<u>22,968,936</u>
<b>Deferred Outflows of Resources</b>						
Deferred pensions	-	109,127	958,009	-	830,846	1,897,982
Deferred outflows for OPEB	-	49,962	254,388	-	364,155	668,505
Total Deferred Outflows of Resources	<u>-</u>	<u>159,089</u>	<u>1,212,397</u>	<u>-</u>	<u>1,195,001</u>	<u>2,566,487</u>
<b>Liabilities</b>						
Current Liabilities						
Accrued expenses payable	-	44,653	447,763	-	100,185	592,601
Capital lease obligation	-	-	5,820	-	2,191	8,011
Claims payable	3,353,564	-	-	-	-	3,353,564
Compensated absences payable	-	17,187	132,530	-	116,788	266,505
Total Current Liabilities	<u>3,353,564</u>	<u>61,840</u>	<u>586,113</u>	<u>-</u>	<u>219,164</u>	<u>4,220,681</u>
Noncurrent Liabilities						
Capital lease obligation	-	-	5,744	-	948	6,692
Claims payable	15,042,436	-	-	-	-	15,042,436
Compensated absences payable	-	18,645	143,574	-	127,210	289,429
Total OPEB liability	-	159,949	847,054	-	1,116,214	2,123,217
Net pension liability	-	746,647	5,758,012	-	5,835,571	12,340,230
Total Noncurrent Liabilities	<u>15,042,436</u>	<u>925,241</u>	<u>6,754,384</u>	<u>-</u>	<u>7,079,943</u>	<u>29,802,004</u>
Total Liabilities	<u>18,396,000</u>	<u>987,081</u>	<u>7,340,497</u>	<u>-</u>	<u>7,299,107</u>	<u>34,022,685</u>
<b>Deferred Inflows of Resources</b>						
Deferred pensions	-	2,709	23,778	-	20,622	47,109
Total Deferred Inflows of Resources	<u>-</u>	<u>2,709</u>	<u>23,778</u>	<u>-</u>	<u>20,622</u>	<u>47,109</u>
<b>Net Position (Deficit)</b>						
Net investment in capital assets	-	2,838,822	191,200	-	65,283	3,095,305
Unrestricted	(11,988,204)	2,424,220	(5,026,864)	8,005,899	(5,044,727)	(11,629,676)
Total Net Position (Deficit)	<u>\$ (11,988,204)</u>	<u>\$ 5,263,042</u>	<u>\$ (4,835,664)</u>	<u>\$ 8,005,899</u>	<u>\$ (4,979,444)</u>	<u>\$ (8,534,371)</u>

**County of Kings**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2021**

	Workers' Compensation Self-Insurance	Fleet Management	Information Technology	Health Self- Insurance	Public Works	Total
<b>Operating Revenues</b>						
Charges for services	\$ -	\$ 2,560,192	\$ 5,998,432	\$ -	\$ 5,859,921	\$ 14,418,545
Other revenues	21,416	378,087	975	17,454,025	58	17,854,561
Total Operating Revenues	<u>21,416</u>	<u>2,938,279</u>	<u>5,999,407</u>	<u>17,454,025</u>	<u>5,859,979</u>	<u>32,273,106</u>
<b>Operating Expenses</b>						
Salaries and employee benefits	-	584,271	4,520,706	-	4,416,780	9,521,757
Services and supplies	39,198	1,431,514	1,892,820	15,215,899	1,545,770	20,125,201
Administration	(571,321)	2,584	166,739	2,545	299,503	(99,950)
Depreciation	-	977,579	190,389	-	31,421	1,199,389
Total Operating Expenses	<u>(532,123)</u>	<u>2,995,948</u>	<u>6,770,654</u>	<u>15,218,444</u>	<u>6,293,474</u>	<u>30,746,397</u>
Operating Income (Loss)	<u>553,539</u>	<u>(57,669)</u>	<u>(771,247)</u>	<u>2,235,581</u>	<u>(433,495)</u>	<u>1,526,709</u>
<b>Non-operating Revenues (Expenses)</b>						
Intergovernmental	-	-	30,619	-	-	30,619
Investment earnings (loss)	(54,345)	(1,149)	(4,281)	17,839	(7,644)	(49,580)
Interest expense	-	(4)	-	-	-	(4)
Net gain/(loss) on sale of capital assets	-	(46,612)	-	-	-	(46,612)
Total Non-operating Revenue (Expenses)	<u>(54,345)</u>	<u>(47,765)</u>	<u>26,338</u>	<u>17,839</u>	<u>(7,644)</u>	<u>(65,577)</u>
Income (loss) before operating transfers	499,194	(105,434)	(744,909)	2,253,420	(441,139)	1,461,132
Transfers in	-	140,000	-	-	-	140,000
Transfers out	-	-	(19,873)	-	-	(19,873)
Change in Net Position (Deficit)	499,194	34,566	(764,782)	2,253,420	(441,139)	1,581,259
Net Position (Deficit), Beginning of Year	<u>(12,487,398)</u>	<u>5,228,476</u>	<u>(4,070,882)</u>	<u>5,752,479</u>	<u>(4,538,305)</u>	<u>(10,115,630)</u>
Net Position (Deficit), End of Year	<u>\$ (11,988,204)</u>	<u>\$ 5,263,042</u>	<u>\$ (4,835,664)</u>	<u>\$ 8,005,899</u>	<u>\$ (4,979,444)</u>	<u>\$ (8,534,371)</u>

**County of Kings**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2021**

	Workers' Compensation Self-Insurance	Fleet Management	Information Technology
<b>Cash Flows from Operating Activities:</b>			
Receipts from interfund services provided	\$ 21,416	\$ 2,934,714	\$ 5,992,939
Payments to suppliers	583,737	(1,429,252)	(2,127,192)
Payments to and on behalf of employees	-	(523,413)	(4,104,656)
Payments for interfund services used	-	(10,813)	(89,204)
Net Cash Provided (Used) by Operating Activities	<u>605,153</u>	<u>971,236</u>	<u>(328,113)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers (to)/from other funds	-	140,000	(19,873)
Intergovernmental revenue	-	-	30,619
Net Cash Provided (Used) by Non-capital Financing Activities	<u>-</u>	<u>140,000</u>	<u>10,746</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Interest paid	-	(4)	-
Capital expenditures	-	(777,414)	(2)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>(777,418)</u>	<u>(2)</u>
<b>Cash Flows from Investing Activities:</b>			
Proceeds from sales and maturities of investments	9,817,695	4,545,432	2,164,420
Purchase of investments	(10,422,825)	(4,874,944)	(1,848,885)
Investment earnings (loss)	-	(1,149)	(4,281)
Net Cash Provided (Used) by Investing Activities	<u>(605,130)</u>	<u>(330,661)</u>	<u>311,254</u>
Net Increase (Decrease) in Cash and Cash Equivalents	23	3,157	(6,115)
Cash and Cash Equivalents, Beginning of Year	115,329	50,352	24,614
Cash and Cash Equivalents, End of Year	<u>\$ 115,352</u>	<u>\$ 53,509</u>	<u>\$ 18,499</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income/(loss)	\$ 553,539	\$ (57,669)	\$ (771,247)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	977,579	190,389
(Increase) decrease in:			
Receivables, net	-	(3,565)	(6,468)
Due from other funds	-	(10,813)	(89,204)
Inventories and prepaids	-	(10,415)	-
Advances from grantors and third parties	-	2,834	-
Accrued expenses payable	(180,386)	15,261	32,870
Due to other funds	-	-	-
Capital lease obligation	-	-	(100,503)
Compensated absences payable	-	-	(3,352)
Claims payable	232,000	13,154	-
Total OPEB liability and deferred resources	-	44,870	76,082
Net pension liability and deferred resources	-	-	343,320
Total Adjustments	<u>51,614</u>	<u>1,028,905</u>	<u>443,134</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 605,153</u>	<u>\$ 971,236</u>	<u>\$ (328,113)</u>

**County of Kings**  
**Combining Statement of Cash Flows (continued)**  
**Internal Service Funds**  
**For the Year Ended June 30, 2021**

	Health Self- Insurance	Public Works	Total
<b>Cash Flows from Operating Activities:</b>			
Receipts from interfund services provided	\$ 17,454,025	\$ 5,874,312	\$ 32,277,406
Payments to suppliers	(15,530,928)	(1,992,433)	(20,496,068)
Payments to and on behalf of employees	-	(3,961,108)	(8,589,177)
Payments for interfund services used	1,325,308	(78,975)	1,146,316
Net Cash Provided (Used) by Operating Activities	<u>3,248,405</u>	<u>(158,204)</u>	<u>4,338,477</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>			
Transfers (to)/from other funds	-	-	120,127
Intergovernmental revenue	-	-	30,619
Net Cash Provided (Used) by Non-capital Financing Activities	<u>-</u>	<u>-</u>	<u>150,746</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Interest paid	-	-	(4)
Capital expenditures	-	-	(777,416)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(777,420)</u>
<b>Cash Flows from Investing Activities:</b>			
Proceeds from sales and maturities of investments	10,361,872	2,074,926	28,964,345
Purchase of investments	(13,639,154)	(1,908,371)	(32,694,179)
Investment earnings (loss)	17,839	(7,644)	4,765
Net Cash Provided (Used) by Investing Activities	<u>(3,259,443)</u>	<u>158,911</u>	<u>(3,725,069)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(11,038)	707	(13,266)
Cash and Cash Equivalents, Beginning of Year	92,016	22,874	305,185
Cash and Cash Equivalents, End of Year	<u>\$ 80,978</u>	<u>\$ 23,581</u>	<u>\$ 291,919</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income/(loss)	\$ 2,235,581	\$ (433,495)	\$ 1,526,709
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	31,421	1,199,389
(Increase) decrease in:			
Receivables, net	-	14,333	4,300
Due from other funds	1,325,308	(28,237)	1,197,054
Inventories and prepaids	-	-	(10,415)
Advances from grantors and third parties	-	-	2,834
Accrued expenses payable	(312,484)	(145,081)	(589,820)
Due to other funds	-	(50,738)	(50,738)
Capital lease obligation	-	(2,079)	(102,582)
Compensated absences payable	-	(10,405)	(13,757)
Claims payable	-	-	245,154
Total OPEB liability and deferred resources	-	101,185	222,137
Net pension liability and deferred resources	-	364,892	708,212
Total Adjustments	<u>1,012,824</u>	<u>275,291</u>	<u>2,811,768</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,248,405</u>	<u>\$ (158,204)</u>	<u>\$ 4,338,477</u>