

**Kern Community College District**

Bakersfield, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
WITH INDEPENDENT AUDITORS' REPORTS

**June 30, 2023**



# Kern Community College District

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Trustees  
Kern Community College District  
Bakersfield, California

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Kern Community College District (the District) as of and for the year ended June 30, 2023; and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the District as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

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

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 6 through 9, and the required supplementary information on pages 54 through 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 64 to 85, including the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. 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 information on pages 66 to 85 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

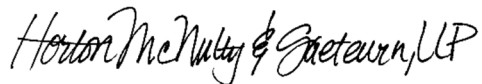
The organization structure has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

## **INDEPENDENT AUDITORS' REPORT**

(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of 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 District's internal control over financial reporting and compliance.



March 4, 2024  
Chico, California

## **FINANCIAL SECTION**



# **Kern Community College District**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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### **OVERVIEW**

Management's discussion and analysis (MD&A) provides a broad overview of the State of California's budget, the resources provided for the California Community College System, Kern Community College District's financial condition as of June 30, 2023, and significant changes from the previous year. Management has prepared the financial statements and related note disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related notes of the Kern Community College District, which directly follow this MD&A.

### **DISTRICT BACKGROUND**

The California Community College system is comprised of 116 colleges and is the largest system of higher education in the nation. California Community Colleges are uniquely positioned to help residents of all backgrounds improve their social and economic mobility and build a better future for themselves and their families. The Kern Community College District (the District) serves communities over 24,800 square miles in parts of Kern, Tulare, Inyo, Mono, and San Bernardino counties through the programs of Bakersfield College, Cerro Coso Community College and Porterville College. The District is geographically one of the largest community college districts in the United States, serving more than 30,000 students. The mission of the District is to provide outstanding educational programs and services that are responsive to our diverse students and communities.

### **FINANCIAL HIGHLIGHTS**

The State of California's budget in fiscal year 2022-23 continued to provide increased resources for the state's community college system. The District also experienced continued growth in its funding resources; however, the pandemic created significant uncertainty with the state and District budgets. The District believes it needs to continue to position itself for a long-term financial downturn. The District continues to evaluate and identify opportunities for expenditure controls, organizational enhancements, reserve management and conservative budget planning and student enrollment management practices.

Fiscal year 2022-23 is the fifth year of Student-Centered Funding Formula (SCFF) that changed the state funding from being based wholly on enrollment, to incorporate student success and equity funding. As SCFF continues to evolve, the District continues to take a conservative approach to the changes occurring at the state. The objective of the new funding formula is to mitigate the challenges that the system has long struggled to address institutionally.

**Kern Community College District**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

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In the November 2016 election, Bond Measure J in the amount of \$502 million passed. In June 2017, the District issued the first \$40 million of Measure J bonds and in September 2018, the District issued an additional \$71 million. In October 2020, the District issued \$64 million of Measure J Bonds and \$53 million of Measure J Bond Anticipation Notes (BAN). The BANs were issued as short-term approach to respond to the downturn in oil producing property values. In November 2022, the District issued series D of Measure J Bonds in the amount of \$200 million.

The MD&A financial statement presentation consists of the comparative statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and accompanying analysis for the June 30, 2023 and 2022 fiscal years. These statements provide information on the financial position of the District and the financial activity and results of its operations during the years presented.

**STATEMENT OF NET POSITION**

The statement of net position presents assets, liabilities, and net position of the District as of the end of the fiscal year and is prepared using the full accrual basis of accounting, which is similar to the accounting basis used by most private-sector organizations. The statement of net position is a point of time financial statement for the purpose of presenting the readers a fiscal snapshot of the District.

The District's total assets and deferred outflows increased by \$490 million. This change is largely due to increases in restricted and unrestricted cash of \$408 million.

The District's total liabilities and deferred inflows increased \$344 million. This increase is primarily due to an increase in advances from grantors of \$127 million and \$246 million in long term debt offset by a decrease in deferred inflows of \$52 million.

**Kern Community College District**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

June 30	2023	2022	Change	% Change
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 542,785,362	\$ 237,840,791	\$ 304,944,571	128.2%
Accounts receivable - net	44,863,199	57,170,298	(12,307,099)	-21.5%
Prepaid expenses	17,188,814	1,805,276	15,383,538	852.1%
Inventories	59,244	72,018	(12,774)	-17.7%
<b>Total Current Assets</b>	<b>604,896,619</b>	<b>296,888,383</b>	<b>308,008,236</b>	<b>103.7%</b>
Noncurrent assets:				
Restricted cash and cash equivalents	141,444,925	38,776,541	102,668,384	264.8%
Restricted investments	25,333,014	17,492,473	7,840,541	44.8%
Net other postemployment benefits (OPEB) asset	4,712,430	1,779,570	2,932,860	164.8%
Nondepreciable capital assets	278,203,382	209,381,843	68,821,539	32.9%
Depreciable capital assets - net	273,429,724	279,508,404	(6,078,680)	-2.2%
Leased assets - net	29,365,762	30,997,193	(1,631,431)	-5.3%
<b>Total Noncurrent Assets</b>	<b>752,489,237</b>	<b>577,936,024</b>	<b>174,553,213</b>	<b>30.2%</b>
<b>Total Assets</b>	<b>1,357,385,856</b>	<b>874,824,407</b>	<b>482,561,449</b>	<b>55.2%</b>
<b>Deferred Outflows of Resources</b>	<b>80,144,327</b>	<b>72,269,544</b>	<b>7,874,783</b>	<b>10.9%</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	62,595,812	39,614,085	22,981,727	58.0%
Advances from grantors and students	208,268,098	81,010,754	127,257,344	157.1%
Compensated absences - current portion	3,339,691	2,516,394	823,297	32.7%
Lease liability - current portion	1,142,412	1,034,882	107,530	10.4%
Long-term debt - current portion	87,070,179	26,164,505	60,905,674	232.8%
<b>Total Current Liabilities</b>	<b>362,416,192</b>	<b>150,340,620</b>	<b>212,075,572</b>	<b>141.1%</b>
Noncurrent liabilities:				
Compensated absences - noncurrent portion	2,104,825	2,679,236	(574,411)	-21.4%
Net pension liabilities	169,319,473	105,903,427	63,416,046	59.9%
Lease liability - noncurrent portion	29,426,336	30,563,804	(1,137,468)	-3.7%
Long-term debt - noncurrent portion	510,255,725	387,638,567	122,617,158	31.6%
<b>Total Noncurrent Liabilities</b>	<b>711,106,359</b>	<b>526,785,034</b>	<b>184,321,325</b>	<b>35.0%</b>
<b>Total Liabilities</b>	<b>1,073,522,551</b>	<b>677,125,654</b>	<b>396,396,897</b>	<b>58.5%</b>
<b>Deferred Inflows of Resources</b>	<b>34,629,721</b>	<b>86,652,976</b>	<b>(52,023,255)</b>	<b>-60.0%</b>
<b>Net Position</b>				
Net investment in capital assets	232,888,605	135,264,301	97,624,304	72.2%
Restricted - expendable	91,221,034	61,044,502	30,176,532	49.4%
Unrestricted	5,268,272	(12,993,482)	18,261,754	140.5%
<b>Total Net Position</b>	<b>\$ 329,377,911</b>	<b>\$ 183,315,321</b>	<b>\$ 146,062,590</b>	<b>79.7%</b>

**Kern Community College District**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(Continued)

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

Overall the District's net position increased by \$146.1 million, increasing from \$183.3 million to \$329.4 million. This increase was primarily due to the increases and decreases in revenues and expenditures as described below.

An increase in total operating revenues of \$114.2 million due in part to an increase in federal and state Covid-19 funding of approximately \$109.1 million and an increase in net tuition and fees of \$4.2 million. The increase in operating expense was due primarily to an increase in salaries and benefits of \$26.9 million and supplies, materials, and other operating of \$30 million. Net nonoperating revenues and expenses increased by \$32 million due primarily to an increase in noncapital state apportionments of \$29.1 million and a decrease in federal and state financial aid revenues of \$10.5 million.

Years Ended June 30	2023	2022	Change	% Change
Operating revenues	\$ 205,194,779	\$ 90,947,702	\$ 114,247,077	125.6%
Operating expenses	295,777,422	236,941,279	58,836,143	24.8%
<b>Operating Loss</b>	(90,582,643)	(145,993,577)	55,410,934	-38.0%
Nonoperating revenues and expenses	216,393,304	184,375,247	32,018,057	17.4%
<b>Income (Loss) Before Other Revenue and Expenses</b>	125,810,661	38,381,670	87,428,991	-227.8%
Other revenue and expenses	20,251,929	24,902,790	(4,650,861)	-18.7%
<b>Change in Net Position</b>	<b>\$ 146,062,590</b>	<b>\$ 63,284,460</b>	<b>\$ 82,778,130</b>	<b>130.8%</b>

Years Ended June 30	2023	2022	Change	% Change
Cash received from operations	\$ 350,159,762	\$ 141,678,184	\$ 208,481,578	147.2%
Cash expended for operations	(285,424,739)	(234,348,009)	(51,076,730)	21.8%
<b>Net Cash Provided by (Used in) Operating Activities</b>	64,735,023	(92,669,825)	157,404,848	169.9%
Net cash provided by noncapital financing activities	208,455,772	183,530,483	24,925,289	13.6%
Net cash provided by (used in) capital and related financing activities	136,039,770	(81,242,311)	217,282,081	267.4%
Net cash used in investing activities	(1,617,610)	(4,152,723)	2,535,113	-61.0%
<b>Net Change in Cash and Cash Equivalents</b>	407,612,955	5,465,624	402,147,331	7357.8%
<b>Cash and Cash Equivalents - Beginning of Year</b>	276,617,332	271,151,708	5,465,624	2.0%
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 684,230,287</b>	<b>\$ 276,617,332</b>	<b>\$ 407,612,955</b>	<b>147.4%</b>

**Kern Community College District**  
STATEMENT OF NET POSITION

June 30, 2023

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**ASSETS**

**Current Assets**

Cash and cash equivalents	\$ 429,831,833
Restricted cash and cash equivalents	112,953,529
Accounts receivable - net	44,863,199
Prepaid expenses	17,188,814
Inventories	59,244

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**Total Current Assets** 604,896,619

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**Noncurrent Assets**

Restricted cash and cash equivalents	141,444,925
Restricted investments	25,333,014
Net other postemployment benefits (OPEB) asset	4,712,430
Nondepreciable capital assets	278,203,382
Depreciable capital assets - net	273,429,724
Leased assets - net	29,365,762

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**Total Noncurrent Assets** 752,489,237

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**TOTAL ASSETS** 1,357,385,856

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**Deferred Outflows of Resources**

Deferred outflows related to OPEB	23,272,007
Deferred outflows related to pensions	51,916,452
Deferred loss on refunding - net	4,955,868

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**Total Deferred Outflows of Resources** \$ 80,144,327

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

**Kern Community College District**

## STATEMENT OF NET POSITION

(Continued)

June 30, 2023

**LIABILITIES****Current Liabilities**

Accounts payable	\$ 55,566,372
Accrued interest on long-term debt	7,029,440
Advances from grantors and students	208,268,098
Compensated absences - current portion	3,339,691
Lease liability - current portion	1,142,412
Long-term debt - current portion	87,070,179

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**Total Current Liabilities** 362,416,192**Noncurrent Liabilities**

Compensated absences - noncurrent portion	2,104,825
Net pension liabilities	169,319,473
Lease liability - noncurrent portion	29,426,336
Long-term debt - noncurrent portion	510,255,725

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**Total Noncurrent Liabilities** 711,106,359

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**TOTAL LIABILITIES** 1,073,522,551**Deferred Inflows of Resources**

Deferred inflows related to OPEB	17,553,418
Deferred inflows related to pensions	17,076,303

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**Total Deferred Inflows of Resources** 34,629,721**NET POSITION**

Net investment in capital assets	232,888,605
Restricted - expendable	91,221,034
Unrestricted	5,268,272

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**TOTAL NET POSITION** \$ 329,377,911

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

# Kern Community College District

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Year Ended June 30, 2023

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<b>Operating Revenues</b>	
Tuition and fees	\$ 32,659,134
Less: Scholarship discounts and allowances	22,495,564
<b>Net Tuition and Fees</b>	10,163,570
Grants and contracts - noncapital:	
Federal	42,431,752
State	149,459,148
Local	1,287,136
Auxiliary enterprise sales and charges	1,697,658
Other operating revenue	155,515
<b>Total Operating Revenues</b>	205,194,779
<b>Operating Expenses</b>	
Salaries	139,906,950
Employee benefits	63,576,758
Supplies, materials, and other operating expenses	75,066,541
Utilities	6,199,807
Depreciation	9,395,935
Amortization	1,631,431
<b>Total Operating Expenses</b>	295,777,422
<b>Operating Loss</b>	\$ (90,582,643)

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

**Kern Community College District****STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**

(Continued)

Year Ended June 30, 2023

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<b>Nonoperating Revenues (Expenses)</b>	
State apportionments - noncapital	\$ 130,342,395
Education protection account revenues - noncapital	12,703,367
Local property taxes - noncapital	70,828,324
State taxes and other revenues - noncapital	9,322,167
Investment income - noncapital	6,222,931
Financial aid revenues - federal	56,260,760
Financial aid revenues - state	17,903,425
Financial aid disbursements	(89,201,353)
Other nonoperating revenues (expenses) - noncapital	2,011,288
<b>Total Nonoperating Revenues (Expenses)</b>	<b>216,393,304</b>
<b>Income Before Other Revenues and Expenses</b>	<b>125,810,661</b>
<b>Other Revenues, Expenses, Gains, or Losses</b>	
Local property taxes and revenues - capital	37,567,751
Investment income - capital	4,032,839
Interest expense - capital asset-related debt	(21,348,661)
<b>Total Other Revenues, Expenses, Gains, or Losses</b>	<b>20,251,929</b>
<b>Change in Net Position</b>	<b>146,062,590</b>
<b>Net Position - Beginning of Year</b>	<b>183,315,321</b>
<b>Net Position - End of Year</b>	<b>\$ 329,377,911</b>

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



**Kern Community College District**  
STATEMENT OF CASH FLOWS

Year Ended June 30, 2023

**CASH FLOWS FROM OPERATING ACTIVITIES**

Tuition and fees	\$ 8,154,505
Federal grants and contracts	71,383,303
State grants and contracts	268,332,503
Local grants and contracts	591,793
Payments to/on behalf of employees	(140,463,226)
Payments for benefits	(63,183,449)
Payments to suppliers	(71,892,317)
Payments for utilities	(6,199,807)
Auxiliary enterprise sales and charges	1,697,658
Other receipts (payments)	(3,685,940)

**NET CASH PROVIDED BY OPERATING ACTIVITIES** 64,735,023

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State apportionments - noncapital	130,342,395
Education protection account revenues	12,703,367
Local property taxes	70,828,324
Financial aid revenues - federal	56,260,760
Financial aid revenues - state	17,903,425
Financial aid disbursements	(89,201,352)
State taxes and other revenues	7,607,567
Other receipts (payments)	2,011,286

**NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES** 208,455,772

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Local property taxes - capital	37,567,751
Purchases of capital assets	(72,371,826)
Disposal of capital assets	233,032
Interest paid on capital debt	(17,886,153)
Interest on investments - capital	4,032,841
Bond proceeds received	218,788,155
Principal paid on capital debt	(34,324,030)

**NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES** \$ 136,039,770

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

**Kern Community College District**

## STATEMENT OF CASH FLOWS

(Continued)

Year Ended June 30, 2023

**CASH FLOWS FROM INVESTING ACTIVITIES**

Gain on sale of investments	\$ 14,103,606
Purchase of investments	(21,944,147)
Interest on investments - noncapital	6,222,931

**NET CASH USED IN INVESTING ACTIVITIES** (1,617,610)**Net Change in Cash and Cash Equivalents** 407,612,955**Cash and Cash Equivalents - Beginning of Year** 276,617,332**Cash and Cash Equivalents - End of Year** \$ 684,230,287**COMPONENTS OF CASH AND CASH EQUIVALENTS**

Cash and cash equivalents	\$ 429,831,833
Restricted cash and cash equivalents - current	112,953,529
Restricted cash and cash equivalents - noncurrent	141,444,925

**TOTAL CASH AND CASH EQUIVALENTS** \$ 684,230,287**RECONCILIATION OF OPERATING LOSS TO NET****CASH USED IN OPERATING ACTIVITIES**

Operating loss	\$ (90,582,643)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	9,395,935
Amortization	1,631,431
Changes in:	
Accounts receivable	14,021,699
Prepaid expenses	(15,383,539)
Inventories	12,774
Deferred outflows of resources	(8,318,560)
Accounts payable	17,991,765
Advances from grantors and students	127,257,344
Compensated absences	248,886
Net other postemployment benefit liability	(2,932,860)
Net pension liabilities	63,416,046
Deferred inflows of resources	(52,023,255)

**NET CASH PROVIDED BY OPERATING ACTIVITIES** \$ 64,735,023*The accompanying notes are an integral part of these financial statements.*

**Kern Community College District**  
**STATEMENT OF NET POSITION - FIDUCIARY COMPONENT UNIT**

June 30, 2023	<b>OPEB Trust</b>
<b>ASSETS</b>	
Cash and investments	\$ 3,832,839
Interest receivable	214,147
Other receivables	276,537
Investments at fair value	68,666,364
<b>TOTAL ASSETS</b>	<b>72,989,887</b>
<b>LIABILITIES</b>	
Benefits payable	424,020
<b>NET POSITION RESTRICTED FOR POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS</b>	<b>\$ 72,565,867</b>

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

**Kern Community College District****STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY COMPONENT UNIT**

	<b>OPEB Trust</b>
<hr/>	
Year Ended June 30, 2023	
<hr/>	
<b>ADDITIONS TO NET POSITION ATTRIBUTED TO</b>	
Employer contributions	\$ 2,133,934
<b>Investment Income</b>	
Net change in fair value of investments	4,421,519
Interest and dividends	1,858,520
Investment expenses	(273,187)
<b>Net Investment Income</b>	6,006,852
<b>TOTAL ADDITIONS</b>	8,140,786
<hr/>	
<b>DEDUCTIONS FROM NET POSITION ATTRIBUTED TO</b>	
Benefits paid	4,839,124
<b>Change in Net Position</b>	3,301,662
<b>Net Position Restricted for Postemployment Benefits Other Than Pensions - Beginning of Year</b>	69,264,205
<b>Net Position Restricted for Postemployment Benefits Other Than Pensions - End of Year</b>	\$ 72,565,867
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*The accompanying notes are an integral part of these financial statements.*

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** Kern Community College District (the District) is a community college governed by an elected seven-member Board of Trustees. The District provides educational services in the counties of Kern, Tulare, San Bernardino, Inyo, and Mono in the state of California. The District consists of three community colleges located in Bakersfield, Porterville, and Ridgecrest, California, and satellite campuses in outlying areas.

The District identified the Kern Community College District Public Facilities Corporation (the Corporation) and the Kern Community College Public Retirement System as its component units.

In order to make this determination, the District considered the following potential component units: the Corporation, the Kern Community College Public Retirement System, Bakersfield College Foundation, Cerro Coso Community College Foundation, and Porterville College Foundation (collectively, the Foundations). The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Government Auditing Standards Board (GASB) Statement No. 14 as amended by GASB Statement No. 39. The three criteria for requiring a legally separate, tax-exempt organization to be discretely presented as a component unit are the “direct benefit” criterion, the “entitlement/ability to access” criterion, and the “significance” criterion.

The Corporation was established as a legally separate, not-for-profit corporation to provide financial assistance to the District for acquisition and construction of major capital facilities, which, upon completion, will be leased to the District under a lease-purchase agreement. At the end of the lease term, title to all Corporation property will pass to the District for no additional consideration. Therefore, the District has classified the Corporation as a component unit that will be presented in the District’s annual financial statements using the blending method. Additionally, the Kern Community College Public Retirement System (OPEB Trust) was established to administer payments of certain health care benefits and early retirement incentive benefits to retired employees of the District. Effective with fiscal year 2021, the OPEB Trust will be discretely presented as a fiduciary component unit by applying the criteria set forth in GASB Statement No. 84, as amended by GASB Statement No. 92.

All of the foundations are legally separate, not-for-profit corporations established to support the District and its students. The Foundations contribute to various scholarship funds for the benefit of District students as well as making direct contributions to the District. However, the Foundations do not meet the “entitlement/ability to access” criterion. Additionally, due to the size of the District, none of these Foundations, individually, meet the significance criteria; therefore, the District has determined that none of these foundations meet the requirement to be included in the reporting entity as a discretely presented component unit.

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**Implementation of New Accounting Standard** The District adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, as of July 1, 2022. This statement improves financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet this definition. This statement establishes that a SBITA results in a right-to-use asset, an intangible asset, and a corresponding subscription liability. It provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*. This statement has been applied as of the beginning of the period of implementation. Upon analysis of the District's existing subscription agreements, it was determined that the resulting balances would be immaterial. As a result, the District has not recognized any initial right-to-use subscription assets or subscription liabilities during the current period.

**Basis of Presentation and Accounting** The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. All significant intra-agency transactions have been eliminated.

Exceptions to the accrual basis of accounting are as follows:

In accordance with industry standards provided by the California Community Colleges Chancellor's Office, summer session tuition and fees received before year end are recorded as advances from grantors and students as of June 30 with the revenue reported in the fiscal year in which the program is predominately conducted.

The budgetary and financial accounts of the District are recorded and maintained in accordance with the *Budget and Accounting Manual* issued by the California Community Colleges Chancellor's Office.

The fiduciary component unit, for which the District acts only as an agent or trust, is not included in the business-type activities of the District. The activities of the Kern Community College District Public Retirement System (OPEB Trust) are reported in the Statement of Fiduciary Net Position and Statement of Change in Fiduciary Net Position at the fund financial statement level.

The accompanying financial statements of the OPEB Trust are prepared using the accrual basis of accounting. Trust reimbursements to the District for premium payments are recognized in the period in which the reimbursements are due. Employer contributions to the Trust are recognized when due and the District has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

**Cash and Cash Equivalents** For purposes of the statement of cash flows, the District considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the County Treasurer's investment pool are considered cash equivalents.

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**Investments** GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, provides that amounts held in external investment pools be reported at fair value. However, cash in the County Treasury and investments in the Local Agency Investment Fund (LAIF) are recorded at the value of the pool shares held, which approximates the fair value of the underlying cash and investments of the pool.

All other investments are reported at fair value based on quoted market prices with realized and unrealized gains or losses reported in the statement of revenues, expenses, and changes in net position.

**Restricted Cash and Investments** Restricted cash and investments include cash restricted for the repayment of debt, for use in the acquisition or construction of capital assets, for restricted programs, for any other restricted purpose, or in any funds restricted in purpose per the *California Community Colleges Budget and Accounting Manual*.

**Accounts Receivable** Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the state of California. Accounts receivable also include amounts due from federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenses made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance for uncollectible accounts is calculated by applying certain percentages to each aging group. The allowance was estimated at \$12,264,037 for the year ended June 30, 2023.

**Prepaid Expenses** Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Capital Assets** Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Where historical cost is not available, estimated historical cost is based on replacement cost reduced for inflation. Capitalized equipment includes all items with a unit cost of \$5,000 or more and estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expenses in the year in which the expense was incurred. Capital assets also include right-to-use assets, the measurement of which is described later in this section.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 15 years for portable buildings, 10 years for site improvements, and 3 to 8 years for equipment and vehicles. Amortization of the right-to-use asset is provided over the shorter of the lease period or the asset's estimated useful life which is 20 years.

**Kern Community College District**  
 NOTES TO THE FINANCIAL STATEMENTS  
 (Continued)

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The District has entered into two significant joint facility use agreements with other public agencies. These agreements call for the prepayment of lease costs by the District in exchange for designated future use of specific facilities being constructed by various other public agencies. These prepayments were designated to be utilized to complete construction of the new facilities to be jointly used by the District and other public agencies. Based on management’s interpretation of current generally accepted accounting principles, these payments meet the definition of a capital asset due to the long-term nature of the agreements even though the District does not have an actual ownership interest in the capital assets underlying the agreements.

<b>Contracting Public Agencies</b>	<b>Term</b>	<b>Facilities</b>	<b>Prepaid Amount</b>
Delano Joint Union High School District	50 Years	Gymnasium and Lecture Center	\$ 4,000,000
Mono County Library Authority, Mono County Board of Education, and Mammoth Unified School District	90 Years	Library	\$ 3,500,000

**Advances From Grantors and Students** Advances from grantors and students include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that relate to the subsequent accounting period. Advances from grantors and students also include amounts received from grant and contract sponsors that have not yet been earned.

**Compensated Absences** Accumulated and vested unpaid employee vacation benefits and compensatory time are recognized as liabilities of the District as the benefits are earned.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District’s policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires, if the employee is a member of California Public Employees’ Retirement System (CalPERS) or California State Teachers’ Retirement System (CalSTRS).

**Long-Term Liabilities** Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which does not differ materially from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred. Amortization of bond premiums and discount costs was \$2,002,882 for the year ended June 30, 2023.



**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**OPEB** For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District's OPEB Plan (the Plan), and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Pension** For purposes of measuring the net pension liability, deferred outflows of resources/deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and CalPERS and additions to/deductions from STRP's and CalPERS's fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable with the benefit terms. Investments are reported at fair value.

**Fair Value Measurements** The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

**Deferred Outflows/Inflows of Resources** In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period, which will only be recognized as an outflow of resources (expense) in the future.

District contributions subsequent to the measurement date related to pension plans, are reported as deferred outflows of resources in the statement of net position. District contributions subsequent to the measurement date will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and would only be recognized as an inflow of resources (revenue) at that time.

Changes in proportion and differences between the District's contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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Differences between projected and actual earnings on OPEB plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows or deferred outflows of resources in the statement of net position. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan.

The District also has a deferred loss on refunding which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**Leases**

**Lessee** The District analyzes lease agreements on an individual basis to determine if the lease agreement is materially significant. At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain indirect costs. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the asset's useful life or the life of the lease.

Key estimates and judgments related to leases include how the District determines the discount rate it uses to discount the expected lease payments to present value, the lease term, and the lease payments. The District uses the following key estimates and assumptions:

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the leased asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**Net Position** The District's net position is classified as follows:

*Net Investment in Capital Assets:* This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

*Restricted Net Position - Expendable:* Restricted expendable net position represents resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

*Unrestricted Net Position:* Unrestricted net position represents resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

**Classification of Revenues** The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, including state appropriations, local property taxes, and investment income. Revenues are classified according to the following criteria:

*Operating Revenues:* Operating revenues include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; and (3) some federal, state, and local grants and contracts, and federal appropriations.

*Nonoperating Revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources, such as state appropriations, financial aid, and investment income.

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**Scholarship Discounts and Allowances** Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf.

**State Apportionments** Certain current-year apportionments from the state are based on various financial and statistical information of the previous year as well as state budgets and other factors outside the District's control. In February, subsequent to the year end, the state will perform a recalculation based on actual financial and statistical information for the year just completed. The District's policy is to estimate the recalculation correction to apportionment, if any, based on factors it can reasonably determine such as local property tax revenue received and reductions in FTES. Any additional corrections determined by the state are recorded in the year computed by the state.

**Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**Property Taxes** Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 1 and February 1, and become delinquent if paid after December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The County of Kern bills and collects the taxes for the District.

**Budget and Budgetary Accounting** By state law, the District's governing board must approve a tentative budget no later than July 1, and adopt a final budget no later than September 15 of each year. A hearing must be conducted for public comments prior to adoption. The District's governing board satisfied these requirements.

The budget is revised during the year to incorporate categorical funds that are awarded during the year and miscellaneous changes to the spending plans. The District's governing board approves revisions to the budget.

**On-Behalf Payments** GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits, and salaries made by an entity to a third-party recipient for the employees of another legally separate entity be recognized as revenue and expenses by the employer government. The state of California makes direct on-behalf payments for retirement benefits to CalSTRS and CalPERS on behalf of all community college districts in California. The amount reported in the basic financial statements for the year ended June 30, 2023, was \$4,163,132.

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**2. CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The cash and cash equivalents are as follows:

June 30, 2023	
Cash and cash equivalents	\$ 431,038,657
Restricted cash and cash equivalents	253,191,630
<b>Total Cash and Cash Equivalents</b>	<b>\$ 684,230,287</b>

The carrying amount of the District's cash is summarized as follows:

June 30, 2023	
Cash in County Treasury	\$ 681,657,219
Cash on hand and in banks	2,387,538
Cash held by trustees	185,530
<b>Total Cash and Cash Equivalents</b>	<b>\$ 684,230,287</b>

As provided for by *California Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the Kern County Treasurer for the purpose of increasing interest earned through County investment activities. The County Treasury's Pooled Money Investment accounts weighted average maturities were less than two years at June 30, 2023, and the pool is unrated.

Copies of the County's audited financial statements can be obtained from the Kern County Auditor-Controller's Office, 1115 Truxtun Avenue, Bakersfield, California 93301-4639.

The pooled treasury has regulatory oversight from the Kern County Treasury Oversight Committee in accordance with *California Government Code* requirements.

The *California Government Code* requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal 110% of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits.

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. In addition, \$533,740 of the bank balances at June 30, 2023, are insured.

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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The District's investment policy is consistent with *California Government Code* as it relates to investment vehicles. The District's investment policy authorizes the District to invest in the following:

- U.S. Treasury notes, bonds, and bills
- Registered warrants, treasury notes, and bonds of the State of California
- Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California
- Obligations issued by, or fully guaranteed as to principal and interest by the Federal National Mortgage Association or instruments issued by a federal agency
- Bankers' acceptances which are eligible for purchase by the Federal Reserve System
- Rated commercial paper (A1 or P1)
- Negotiable certificates of deposit
- Repurchase agreements and reverse repurchase agreements with Master Agreement under California law
- Medium-term notes with a maximum of five (5) years maturity issued by U.S. Corporations and rated A or better
- Money market mutual funds meeting criteria prescribed in *California Government Code*, Section 53601
- Local Agency Investment Fund (LAIF)
- Passbook savings account demand deposits
- Interest-bearing demand deposits with the County of Kern Auditor-Controller

**Kern Community College District**  
 NOTES TO THE FINANCIAL STATEMENTS  
 (Continued)

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**Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2023:

- County treasurer's investment pool and the Investments in LAIF are valued using quoted prices for similar instruments in active markets and quoted prices for identical or similar instruments in markets that are not active (level 2 inputs).
- U.S. Treasury securities are valued using quoted market prices (level 1 inputs).
- Taxable municipal bonds are valued using quoted market prices (level 1 inputs).
- Corporate bonds are valued using a matrix pricing model (level 2 inputs).

The District's investments are as follows:

June 30, 2023	Level 1	Level 2
County treasury pool	\$ -	\$ 681,657,219
Investments in LAIF	-	980,135
Certificates of deposit	3,452,455	-
Money market	124,074	-
Municipal bonds	-	7,891,973
Corporate bonds and notes:		
Communication	-	471,210
Energy	-	828,353
Financial services	-	1,459,355
Healthcare	-	701,075
Industrials	-	452,433
Technology	-	928,495
Other	-	1,791,457
U.S. Government agency securities	6,251,999	-
<b>Total Investments</b>	<b>\$ 9,828,528</b>	<b>\$ 697,161,705</b>

The District participates in the LAIF, a voluntary program created by statute (*California Government Code*, Section 16429). The Local Investment Advisory Board provides oversight for LAIF. Market valuation is conducted monthly and fund policies, goals, and objectives are reviewed annually. The District has the right to withdraw its deposited monies from LAIF upon demand. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. LAIF's exposure and the District's related exposure to credit, market, and legal risk is not available. Foreign bonds are dollar-denominated bonds of companies based outside the United States of America.

### **Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. The District manages its exposure to interest rate risk using multiple strategies. Those strategies are as follows:

1. The implementation of a "ladder" in which bond maturities are staggered evenly over a five-year period. This partially neutralizes interest rate risk by giving the District the flexibility of reinvesting shorter-term securities in higher interest rates (assuming interest rates are moving up) and locking in a portion of the portfolio at higher rates on a longer term basis if interest rates move downward. The overall goal is to provide a more competitive "average" yield on the portfolio as opposed to making directional yield curve projections at various points on the curve.
2. The District also diversifies through investing in credit quality securities. Over 29% of the portfolio is currently weighted in AAA-rated securities. These securities tend to perform better in volatile interest rate environments. The District's bias is to keep a solid majority of the portfolio in AAA-rated securities at all times for capital preservation purposes.
3. The District invests in "step-up" coupon bonds and some "floating-rate" debt in the portfolio. This also assists in cushioning the portfolio from credit risk during periods of higher interest rates.



**Kern Community College District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table of the District's investments by maturity:

June 30, 2023	Fair Value	Investment Maturities		
		Less Than One Year	One to Five Years	More Than Five Years
Investment in LAIF	\$ 980,135	\$ 980,135	\$ -	\$ -
Certificates of deposit	3,452,455	648,324	2,804,131	-
Municipal bonds	7,891,973	35,044	7,367,896	489,033
Money market	124,074	124,074	-	-
Corporate bonds and notes	6,632,378	499,940	6,132,438	-
U.S. Government agency securities	6,251,999	392,916	5,859,083	-
<b>Total Investments</b>	<b>\$ 25,333,014</b>	<b>\$ 2,680,433</b>	<b>\$ 22,163,548</b>	<b>\$ 489,033</b>

**Concentration of Credit Risk**

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by ratings assigned by nationally-recognized organizations. The following represents the actual ratings of the investment types:

June 30, 2023	Fair Value	Investment Ratings							
		AAA	AA+	AA	AA-	A+	A	A-	Unrated
Investment in LAIF	\$ 980,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 980,135
Certificates of deposit	3,452,455	3,452,455	-	-	-	-	-	-	-
Municipal bonds	7,891,973	1,266,484	1,398,559	2,374,163	2,632,610	220,157	-	-	-
Money market	124,074	124,074	-	-	-	-	-	-	-
Corporate bonds and notes	6,632,378	706,625	702,283	950,215	1,675,255	702,872	915,015	980,113	-
U.S. Government securities	6,251,999	1,921,330	4,330,669	-	-	-	-	-	-
<b>Total Investments</b>	<b>\$25,333,014</b>	<b>\$ 7,470,968</b>	<b>\$ 6,431,511</b>	<b>\$ 3,324,378</b>	<b>\$ 4,307,865</b>	<b>\$ 923,029</b>	<b>\$ 915,015</b>	<b>\$ 980,113</b>	<b>\$ 980,135</b>

Concentration risk is defined as positions of 5% or more in the securities of a single issuer. The District's investment policy contains no limitations on the amount that can be invested in any single issuer. A total of 24.68% of the District's investments are in Federal National Mortgage Association and Federal Home Loan Bank, which are U.S. government-sponsored enterprises.

The U.S. Government agency securities (Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank and Federal Home Loan Bank) are mortgage-backed securities which entitle the purchaser to receive a share of the cash flows, such as principal and interest payments, from a pool of mortgages. Mortgage securities are sensitive to interest rate changes because principal payments either increase (in a low interest rate environment) or decrease (in a high interest rate environment). A change, up or down, in the payment rate will result in a change in the security yield.

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**Custodial Credit Risk**

Custodial credit risk is the risk that, in the event of the failure of the counterparty (e.g., financial institution, broker-dealer) to a transaction, a government will not be able to recover the value of its cash and investments or collateral securities that are in the possession of another party.

For investments, the District's policy requires that a third-party bank trust department hold all securities owned by the District in the District's name.

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following:

June 30, 2023

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Tuition and fees	\$ 17,073,438
Less: Allowance for doubtful accounts	12,264,037
<b>Tuition and Fees - Net</b>	<b>4,809,401</b>
Federal grants and contracts	13,670,332
State grants and contracts	17,391,770
Local grants and contracts	1,253,084
State taxes and other revenues	2,310,234
Other	5,428,378
<b>Total</b>	<b>\$ 44,863,199</b>

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**Kern Community College District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**4. CAPITAL ASSETS**

Capital assets activity is summarized as follows:

Year Ended June 30, 2023	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
<b>Nondepreciable Capital Assets</b>					
Land	\$ 19,277,546	\$ -	\$ -	\$ -	\$ 19,277,546
Construction in progress	190,104,297	69,719,799	-	(898,260)	258,925,836
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 209,381,843</b>	<b>\$ 69,719,799</b>	<b>\$ -</b>	<b>\$ (898,260)</b>	<b>\$ 278,203,382</b>
<b>Depreciable Capital Assets</b>					
Site improvements	\$ 8,198,420	\$ -	\$ -	\$ -	\$ 8,198,420
Joint use facilities agreements	7,448,375	-	-	-	7,448,375
Buildings and improvements	369,262,390	39,657	745,198	898,260	369,455,109
Equipment	30,180,171	1,919,599	-	-	32,099,770
Computer equipment	20,843,211	378,038	-	-	21,221,249
Vehicles	4,123,464	314,733	-	-	4,438,197
<b>Total Depreciable Capital Assets</b>	<b>440,056,031</b>	<b>2,652,027</b>	<b>745,198</b>	<b>898,260</b>	<b>442,861,120</b>
Less: Accumulated depreciation	160,547,627	9,395,935	512,166	-	169,431,396
<b>Total Depreciable Capital Assets - Net</b>	<b>\$ 279,508,404</b>	<b>\$ (6,743,908)</b>	<b>\$ 233,032</b>	<b>\$ 898,260</b>	<b>\$ 273,429,724</b>
<b>Leased Assets</b>					
Building and leasehold improvements	\$ 32,628,624	\$ -	\$ -	\$ -	\$ 32,628,624
Less: Accumulated amortization	1,631,431	1,631,431	-	-	3,262,862
<b>Total Leased Assets - Net</b>	<b>\$ 30,997,193</b>	<b>\$ (1,631,431)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 29,365,762</b>
<b>Total Capital Assets - Net</b>	<b>\$ 519,887,440</b>	<b>\$ 61,344,460</b>	<b>\$ 233,032</b>	<b>\$ -</b>	<b>\$ 580,998,868</b>

**5. ACCOUNTS PAYABLE**

Accounts payable consisted of the following:

June 30, 2023	
Accrued payroll and related liabilities	\$ 10,194,370
Construction payables	17,261,832
Other	28,110,170
<b>Total</b>	<b>\$ 55,566,372</b>

**Kern Community College District**  
 NOTES TO THE FINANCIAL STATEMENTS  
 (Continued)

**6. LONG-TERM LIABILITIES**

The long-term liability activity is as follows:

Year Ended June 30, 2023	Beginning Balance	Accretion/ Additions	Reductions	Ending Balance	Current Portion
Certificates of participation	\$ 22,341,005	\$ -	\$ 1,630,359	\$ 20,710,646	\$ 1,490,000
Limited obligation improvement bonds	4,657,000	-	232,000	4,425,000	247,000
General obligation improvement bonds	257,069,650	217,539,446	31,012,421	443,596,675	29,467,747
CEC loans - direct borrowing	2,918,329	-	322,505	2,595,824	327,673
Bond anticipation notes	53,617,084	510,675	-	54,127,759	54,127,759
Other postemployment benefit bonds	73,200,000	-	1,330,000	71,870,000	1,410,000
<b>Subtotal</b>	413,803,069	218,050,121	34,527,285	597,325,904	87,070,179
Compensated absences	5,195,630	248,886	-	5,444,516	3,339,691
Net OPEB (asset) liability	(1,779,570)	-	2,932,860	(4,712,430)	-
Net pension liabilities	105,903,427	63,416,046	-	169,319,473	-
Lease liability	31,598,686	-	1,029,938	30,568,748	1,142,412
<b>Total Long-Term Liabilities</b>	\$ 554,721,242	\$ 281,715,053	\$ 38,490,083	\$ 797,946,211	\$ 91,552,282

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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Long-term liabilities consisted of the following individual debt issues:

June 30, 2023

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**CERTIFICATES OF PARTICIPATION**

2016 Refunding Bonds Conversion of 2008 Variable Rate Certificates of Participation issued in the original amount of \$27,285,000 with final maturity in 2033. Interest rates range from 2.00% to 5.00%. \$ 18,575,000

Unamortized premium on certificates of participation 2,135,646

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**CERTIFICATES OF PARTICIPATION - NET** 20,710,646

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**LIMITED OBLIGATION IMPROVEMENT BONDS**

2020 Refunding Lease Revenue Bonds issued in the original amount of \$5,298,000. Final maturity is in 2035, with an interest rate of 2.234%. 4,425,000

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**CEC LOAN - DIRECT BORROWING**

Energy Conservation Assistance Loan with a principal amount of \$2,200,000. Final maturity is in 2026, with an interest rate of 3.00%. 645,824

Energy Conservation Assistance Loan with a principal amount of \$3,000,000. Final maturity is in 2036, with an interest rate of 0.00%. 1,950,000

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**CEC LOANS - DIRECT BORROWING** 2,595,824

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**BOND ANTICIPATION NOTES**

The Series 2020 Bond Anticipation Notes (BANs), issued in the original amount of \$52,998,182. The BANs accrete interest at an annual rate of .950% with a final balloon payment due in 2024. 54,127,759

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**OTHER POSTEMPLOYMENT BENEFIT BONDS**

The 2008 Taxable Other Postemployment Benefit (OPEB) Bonds, Series A, issued in the original amount of \$85,880,000. Final maturity is in 2047, with an interest rate of 6.01%. 71,870,000

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**Balance Forward** \$ 153,729,229

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**Kern Community College District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

June 30, 2023

<b>Balance Brought Forward</b>	<b>\$ 153,729,229</b>
<b>GENERAL OBLIGATION IMPROVEMENT BONDS</b>	
Bonds issued in the original amount of \$7,556,642, including current interest bonds and capital appreciation bonds with final maturity in 2025. Interest rates range from 4.00% to 5.66%.	2,874,537
Bonds issued in the original amount of \$4,022,236, including current interest bonds and capital appreciation bonds with final maturity in 2027. Interest rates range from 3.55% to 5.57%.	2,559,302
Bonds issued in the original amount of \$75,240,068, including current interest bonds and capital appreciation bonds with final maturity in 2028. Interest rates range from 2.00% to 6.78%.	9,660,019
Bonds issued in the original amount of \$49,999,533, including current interest bonds and capital appreciation bonds with final maturity in 2030. Interest rates range from 4.25% to 5.00%.	67,791,215
Bonds issued in the original amount of \$6,985,000, including current interest bonds and capital appreciation bonds with final maturity in 2026. Interest rates range from 2.00% to 5.50%.	1,180,000
Bonds issued in the original amount of \$61,315,000, including current interest bonds with final maturity in 2034. Interest rates range from 2.01% to 3.07%.	56,495,000
Bonds issued in the original amount of \$14,370,000, including current interest with final maturity in 2024. Interest rates range from 2.00% to 5.00%.	20,755,000
Bonds issued in the original amount of \$64,000,000, including current interest bonds with final maturity in 2047. Interest rates range from 0.400% to 4.00%.	56,100,000
Bonds issued in the original amount of \$200,000,000, including current interest bonds with final maturity in 2041. Interest rates range from 3.00% to 4.00%.	200,000,000
<b>Subtotal</b>	<b>417,415,073</b>
Unamortized premium on general obligation improvement bonds	26,181,602
<b>GENERAL OBLIGATION IMPROVEMENT BONDS - NET</b>	<b>443,596,675</b>
<b>Subtotal</b>	<b>597,325,904</b>
Less: Current portion	87,070,179
<b>Total Long-Term Liabilities - Noncurrent Portion</b>	<b>\$ 510,255,725</b>

**Kern Community College District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**Accretion**

General obligation bonds as of June 30, 2023, have been increased by \$50,682,006 to include accumulated accretion of the capital appreciation bonds. Annual accretion is recognized as interest in the statement of activities.

The annual debt service requirements to maturity on the long-term debt issues are as follows:

Years Ending June 30			<b>Bonds</b>	<b>Bond</b>	<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Premium</b>	
2024	\$ 85,128,380	\$ 27,740,011	\$ 112,868,391	\$ 819,791	\$ 113,688,182
2025	26,034,073	25,505,166	51,539,239	943,630	52,482,869
2026	23,206,185	24,928,275	48,134,460	1,183,457	49,317,917
2027	17,366,940	25,344,827	42,711,767	1,036,556	43,748,323
2028	16,906,153	30,458,567	47,364,720	1,169,962	48,534,682
2029-2033	108,190,917	93,421,023	201,611,940	7,973,660	209,585,600
2034-2038	112,114,000	44,814,662	156,928,662	8,528,855	165,457,517
2039-2043	93,820,000	18,993,445	112,813,445	5,914,536	118,727,981
2044-2048	35,560,000	4,039,963	39,599,963	746,803	40,346,766
<b>Total</b>	<b>\$ 518,326,648</b>	<b>\$ 295,245,939</b>	<b>813,572,587</b>	<b>28,317,250</b>	<b>841,889,837</b>
Less: Interest (excluding accretion of \$50,682,006)			(244,563,933)	-	(244,563,933)
<b>Net Principal</b>			<b>\$ 569,008,654</b>	<b>\$ 28,317,250</b>	<b>\$ 597,325,904</b>

**7. BOND ANTICIPATION NOTES**

On November 10, 2020, the District issued capital appreciation bond anticipation notes (BANs) in the amount of \$52,998,182. The District paid \$140,000 in issuance costs from the proceeds. The proceeds from the BANs will be used to finance the various bond projects of the District and were issued as a short-term approach to respond to the downturn in oil producing property values. At June 30, 2023, \$54,127,759, of BANs were issued and outstanding. The BANs mature on August 1, 2023 in the amount of \$54,385,000, which includes accreted interest of \$1,386,818. Amounts due are included in the maturity schedule as shown above.

**Kern Community College District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

**8. LEASE**

The District has entered into a noncancelable lease for the use of a building. At June 30, 2023, the value of the lease liability was \$30,563,804. The District is required to make monthly principal and interest payments of varying amounts. The lease has no stated rate of interest therefore the District's incremental borrowing rate was used (3.6%). The agreement does not contain a purchase option. Conditions of the lease do not provide for variable payments or residual value guarantees. The value of the right-to-use asset as of June 30, 2023, was \$32,628,624 and had accumulated amortization of \$3,262,862. The amount of interest cost incurred during the year ended June 30, 2023, was \$1,121,198, all of which was charged to expenses. There were no variable or other payments recognized for the year ended June 30, 2023, that were not previously included in the measurement of the lease liability.

The future lease payments are as follows:

Years Ending June 30	Principal	Interest	Total
2024	\$ 1,142,413	\$ 1,081,569	\$ 2,223,982
2025	1,223,361	1,039,465	2,262,826
2026	1,195,787	994,526	2,190,313
2027	1,166,218	953,328	2,119,546
2028	1,250,539	909,597	2,160,136
2029-2033	7,665,617	3,784,749	11,450,366
2034-2038	10,454,736	2,167,160	12,621,896
2039-2041	6,470,077	306,898	6,776,975
<b>Total</b>	<b>\$ 30,568,748</b>	<b>\$ 11,237,292</b>	<b>\$ 41,806,040</b>

**9. EMPLOYEE RETIREMENT SYSTEMS**

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the state of California. Certificated employees are members of CalSTRS, and classified employees are members of CalPERS.

**Summary**

Net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are reported as follows:

June 30, 2023	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS State Teachers' Retirement Plan	\$ 78,261,922	\$ 23,669,292	\$ 13,376,380	\$ 7,717,503
CalPERS School Employer Pool	91,057,551	28,247,160	3,699,923	11,874,768
<b>Total</b>	<b>\$ 169,319,473</b>	<b>\$ 51,916,452</b>	<b>\$ 17,076,303</b>	<b>\$ 19,592,271</b>

Net pension liability, deferred outflows of resources, and deferred inflows of resources are reported in the accompanying statement of net position; pension expense is reported in the accompanying statement of revenue, expenses, and changes in net position.



### **California State Teachers' Retirement System**

**Plan Description** Certificated employees of the District participate in STRP, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. Benefit provisions are established by state statute, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues publicly available financial reports that can be obtained at [www.calstrs.com](http://www.calstrs.com).

**Benefits Provided** STRP provides retirement, disability, and survivor benefits to beneficiaries. The defined benefit program provides retirement benefits based on members' final compensation, age, and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. The program has two benefit formulas:

- **CalSTRS 2% at 60** CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to a maximum of 2.4% at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2% to the age factor, up to the 2.4% maximum.
- **CalSTRS 2% at 62** CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

**Contributions** Required member, employer, and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Active plan members of the CalSTRS 2% at 60 formula are required to contribute 10.25% of their salary. Active plan members of the CalSTRS 2% at 62 formula are required to contribute 10.205% of their salary. The required employer contribution rate for fiscal year 2022-23 was 19.10% of annual payroll. The District's contributions to CalSTRS for the fiscal year ended June 30, 2023, were \$11,177,645.

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** At June 30, 2023, the District reported a net pension liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District, were as follows:

June 30, 2023

District's proportionate share of the net pension liability	\$ 78,261,922
State's proportionate share of the net pension liability associated with the District	39,193,800
<b>Total</b>	<b>\$ 117,455,722</b>

The District's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2023, the District's proportion was 0.113%.

State Teachers' Retirement Law also requires the state to contribute 10.828% of the members' creditable earnings from the fiscal year ending in the prior calendar year. For the year ended June 30, 2023, the District recognized pension expense of \$4,163,132 and revenue of \$4,163,132 for support provided by the state. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows Resources</b>
Changes of assumptions	\$ 64,199	\$ 5,867,046
Net difference between projected and actual earnings on pension plan investments	-	3,829,637
Differences between expected and actual experience	3,878,326	-
Changes in proportion and differences between District contributions and proportionate share of contributions	8,549,122	3,679,697
District contributions subsequent to the measurement date	11,177,645	-
<b>Total</b>	<b>\$ 23,669,292</b>	<b>\$ 13,376,380</b>

**Kern Community College District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Continued)

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The \$11,177,645 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	
2024	\$ 1,219,142
2025	(1,821,034)
2026	(4,438,250)
2027	6,209,702
2028	(1,369,354)
Thereafter	(684,939)
<b>Total</b>	<b>\$ (884,733)</b>

**Actuarial Assumptions** The total pension liability in the June 30, 2022, actuarial valuation for CalSTRS was determined using the following actuarial assumptions and applied to all periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.10%
Interest on accounts	3.00%
Wage growth	3.50%
Consumer price inflation	2.75%
Post-retirement benefit increases	2.00% simple

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2018.

**Kern Community College District**  
 NOTES TO THE FINANCIAL STATEMENTS  
 (Continued)

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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. The best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2022, are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Public equity	42%	4.80%
Private equity	13%	6.30%
Real estate	15%	3.60%
Inflation sensitive	6%	3.30%
Fixed income	12%	1.30%
Risk mitigating strategies	10%	1.80%
Cash/liquidity	2%	-0.40%
<b>Total</b>	<b>100%</b>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers were made at statutory contribution rates in accordance with the statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assumes that contributions, benefit payments, and administrative expenses occurred midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Kern Community College District**  
 NOTES TO THE FINANCIAL STATEMENTS  
 (Continued)

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

June 30, 2023	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 132,917,771	\$ 78,261,922	\$ 32,881,135

**Pension Plan Fiduciary Net Position** Detailed information about the pension plan's fiduciary net position is available in CalSTRS' separately issued *Annual Comprehensive Financial Report (ACFR)*.

**California Public Employees' Retirement System**

**Plan Description** Classified employees of the District participate in the School Employer Pool (the Plan) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by state statute, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a publicly available financial report that can be obtained at [www.calpers.ca.gov](http://www.calpers.ca.gov).

**Benefits Provided** The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The benefits are based on members' years of service, age, final compensation, and benefit formula. Members become fully vested in their retirement benefits earned to date after five years of credited service.

**Contributions** Member contribution rates are defined by law. Employer contribution rates are determined by periodic actuarial valuations. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. Active plan members that met the definition of a new member under the Public Employees' Pension Reform Act are required to contribute 8.00% of their salary. Classic employees are required to contribute 7.00% of their salary. The required employer contribution rate for the 2022-23 fiscal year was 25.37%. The District's contributions to CalPERS for the fiscal year ended June 30, 2023, were \$9,303,425.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** At June 30, 2023, the District reported a net pension liability of \$91,057,551 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2023, the District's proportion was 0.2646%.

**Kern Community College District**  
 NOTES TO THE FINANCIAL STATEMENTS  
 (Continued)

For the year ended June 30, 2023, the District recognized pension expense of \$11,874,768. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows Resources</b>	<b>Deferred Inflows Resources</b>
Difference between expected and actual experience	\$ 411,527	\$ 2,265,629
Net difference between projected and actual earnings on pension plan investments	10,751,420	-
Changes in assumptions	6,735,920	-
Changes in proportion and differences between District contributions and proportionate share of contributions	1,044,868	1,434,294
District contributions subsequent to the measurement date	9,303,425	-
<b>Total</b>	<b>\$ 28,247,160</b>	<b>\$ 3,699,923</b>

The \$9,303,425 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Years Ending June 30</b>	
2024	\$ 3,532,667
2025	2,931,048
2026	2,224,260
2027	6,555,837
<b>Total</b>	<b>\$ 15,243,812</b>

**Actuarial Assumptions** The total pension liability in the June 30, 2021, actuarial valuation for CalPERS was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Investment rate of return	6.90%

**Kern Community College District**  
 NOTES TO THE FINANCIAL STATEMENTS  
 (Continued)

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Post-retirement mortality rates are based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period June 30, 2000, through June 30, 2019.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

The tables below reflect long-term expected real rates of return by asset class.

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Rate of Return</b>
Global equity - cap-weighted	30%	4.54%
Glocal equity - non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%
<b>Total</b>	<b>100%</b>	

**Discount Rate** The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Kern Community College District**  
 NOTES TO THE FINANCIAL STATEMENTS  
 (Continued)

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

June 30, 2023	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
District's proportionate share of the net pension liability	\$ 131,537,244	\$ 91,057,551	\$ 57,602,573

**Pension Plan Fiduciary Net Position** Detailed information about the pension plan's fiduciary net position is available in CalPERS' separately issued ACFR.

**10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS**

**Plan Description and Benefits Provided**

The District provides postemployment healthcare benefits for eligible employees who retire with CalSTRS or CalPERS pension benefits immediately upon termination of employment from the District through the Kern Community College District Postretirement Health Benefits Plan (the Plan). The Plan is a single employer OPEB plan and obligations of the Plan members and the District are based on negotiated contracts with the various bargaining units of the District.

Retirees are eligible for benefits depending on their most recent date of hire and their benefit eligibility service. The District pays up to 100% of the eligible retirees' medical, dental, and vision plan premiums. The retirement health benefit may continue for the lifetime of a surviving spouse and for other dependents as long as they are entitled to coverage under pertinent eligibility rules.

**Employees Covered**

Employees covered by the benefit terms of the Plan consisted of:

June 30, 2023	
Inactive Plan members or beneficiaries currently receiving benefit payments	1,072
Active Plan members	405
<b>Total</b>	<b>1,477</b>



**Kern Community College District**  
 NOTES TO THE FINANCIAL STATEMENTS  
 (Continued)

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**Contributions**

The contribution requirements are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements. Additionally, the District has established an irrevocable trust (the Trust) with Union Bank of California through the Retiree Health Benefit Program Joint Powers Authority to prefund a portion of retiree health benefit costs.

The District issued OPEB bonds in a prior year to assist with the funding of the obligation and the Trust will be funded with contributions based on the District's approved final budget annually.

**Net OPEB Liability (Asset)**

The District's net OPEB liability (asset) for the Plan is measured as the total OPEB liability, less the Plan's fiduciary net position. The net OPEB liability (asset) of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The June 30, 2023, total OPEB liability (asset) was based on the actuarial methods and assumptions as shown below.

**Actuarial Assumptions**

The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return/discount rate	5.00% <sup>(1)</sup>
Salary increases	2.75%
Consumer price inflation	2.50%
Healthcare cost trend rate	4.00%

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*(1) Net of investment expenses.*

**Kern Community College District**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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Mortality rates were based on the following tables that were based on the employee’s classification.

<b>Employee Type</b>	<b>Mortality Tables</b>
Certificated	2020 CalSTRS Mortality (1)
Classified	2017 CalPERS Mortality for Miscellaneous and School Employees (2)
Retiree	2017 CalPERS Retiree Mortality for Miscellaneous and School Employees (3)

1. The mortality assumptions are based on the 2020 CalSTRS Mortality table created by CalSTRS. CalSTRS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of the commonly used tables. This table incorporates mortality projections as deemed appropriate based on CalSTRS analysis.
2. The mortality assumptions are based on the 2017 CalPERS Mortality for Miscellaneous and School Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of the commonly used tables. This table incorporates mortality projections as deemed appropriate based on CalPERS analysis.
3. The mortality assumptions are based on the 2017 CalPERS Retiree Mortality for Miscellaneous and School employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of the commonly used tables. This table incorporates mortality projections as deemed appropriate based on CalPERS analysis.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of the following experience studies:

<b>Table</b>	<b>Experience Study</b>
Retirement	2017 CalPERS 2.0% at 55 Rates for Schools Employees
Retirement	2017 CalPERS 2.0% at 62 Rates for Schools Employees
Retirement	2020 CalSTRS 2.0% at 60 Rates
Retirement	2020 CalSTRS 2.0% at 62 Rates
Turnover	2017 CalPERS Termination Rates for School Employees
Turnover	2020 CalSTRS Termination Rates

CalSTRS and CalPERS periodically study the experience for participating agencies and establishes tables that are appropriate for each pool.

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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The long-term expected rate of return on OPEB 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 investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of mathematical real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, are summarized in the following table:

<b>Asset Class</b>	<b>Percentage of Portfolio</b>	<b>Long-Term Expected Real Rate of Return</b>
US large cap	29%	7.545%
US small cap	13%	7.545%
Foreign stock	9%	7.545%
Other fixed income	49%	3.000%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that all contributions are from the District. An historic 17 year real-rates-of-return for each asset class along with an assumed long-term inflation assumption was used to set the discount rate. The expected investment return was offset by expected investment expenses of 50 basis point. The interest assumption does not reflect a municipal bond rate. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

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**Changes in the Net OPEB Liability (Asset)**

The changes in the net OPEB liability (asset) for the Plan are as follows:

Year Ended June 30, 2023	
<b>Total OPEB Liability</b>	
Service cost	\$ 1,486,443
Interest	3,306,828
Benefit payments - including refunds of employee contributions	(4,839,124)
Difference between expected and actual experience	172,786
<b>Net Change in Total OPEB Liability</b>	126,933
<b>Total OPEB Liability - Beginning of Year</b>	67,726,504
<b>Total OPEB Liability - End of Year (a)</b>	67,853,437
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	2,133,934
Net investment income	4,081,013
Benefit payments - including refunds of employee contributions	(4,839,124)
Administrative expense	(273,187)
Investment gains and (losses)	1,957,157
<b>Net Change in Plan Fiduciary Net Position</b>	3,059,793
<b>Plan Fiduciary Net Position - Beginning of Year</b>	69,506,074
<b>Plan Fiduciary Net Position - End of Year (b)</b>	72,565,867
<b>Net OPEB Liability (Asset) - End of Year ((a) - (b))</b>	\$ (4,712,430)
Plan fiduciary net position as a percentage of the total OPEB liability	106.95%
Covered-employee payroll	\$ 24,931,712
District's net OPEB asset as a percentage of covered-employee payroll	-18.90%

**Kern Community College District**  
NOTES TO THE FINANCIAL STATEMENTS  
(Continued)

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate**

The following presents the District's net OPEB liability (asset) calculated using the discount rate of 5.00%, as well as the District's net OPEB liability (asset) if it was calculated using a discount rate that is one percentage point lower (4.00%) or one percentage point higher (6.00%) than the current rate:

June 30, 2023	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net OPEB liability (asset)	\$ 848,028	\$ (4,712,430)	\$ (9,618,218)

**Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates**

The following presents the District's net OPEB liability (asset) calculated using the healthcare cost trend rate of 4.00%, as well as the District's net OPEB liability (asset) if it was calculated using a healthcare trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

June 30, 2023	1% Decrease (3.00%)	Health Cost Trend Rates (4.00%)	1% Increase (5.00%)
Net OPEB liability (asset)	\$ (11,059,443)	\$ (4,712,430)	\$ 2,622,360

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$3,164,104. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,515,706	\$ 11,663,783
Net difference between projected and actual earnings on Plan investments	7,906,266	4,255,108
Change in assumptions	7,850,035	1,634,527
<b>Total</b>	<b>\$ 23,272,007</b>	<b>\$ 17,553,418</b>

**Kern Community College District**  
 NOTES TO THE FINANCIAL STATEMENTS  
 (Continued)

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Amounts reported as deferred inflows and deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	
2024	\$ 2,245,435
2025	2,334,026
2026	3,685,803
2027	1,050,382
2028	(1,921,356)
Thereafter	(1,675,701)
<b>Total</b>	<b>\$ 5,718,589</b>

**Plan Fiduciary Net Position**

Detailed information about the Plan’s fiduciary net position is available in the separately issued OPEB financial report held by the District.

**11. COMMITMENTS AND CONTINGENCIES**

**Federal and State Allowances, Awards, and Grants**

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenses disallowance under terms of the grants, management believes that any required reimbursements will not be material.

**Construction Commitments**

The District had unfinished construction contracts under the following project categories:

June 30, 2023	
Bakersfield College Arvin Educational Center	\$ 16,619,474
Bakersfield College Combined Gym and Fieldhouse	6,726,759
Bakersfield College Science and Engineering Building	2,770,156
Delano Learning Resource Center	1,668,688
Porterville College Allied Health Building	3,929,582
Cerro Coso College Physical Outdoor Complex Renovation	17,524,579
Other	4,160,566
<b>Total</b>	<b>\$ 53,399,804</b>

## **12. RISK MANAGEMENT**

The District participates in three joint powers agreements (JPAs) with the Self-Insured Schools of California Workers' Compensation Program (SISC I), Self-Insured Schools of California Property and Liability Program (SISC II), and Self-Insured Schools of California Health Benefits Program (SISC III). Self-Insured Schools of California (SISC) arranges for and provides insurance for its members. SISC groups are governed by boards consisting of representatives from member districts. The boards control the operations of SISC, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in SISC.

Coverage includes property, liability/auto, crime, and boiler/machinery insurance. Liability losses in excess of the District's \$1,000 retention amount are covered up to \$1,500,000 per occurrence. Coverage above the \$1,500,000 level up to \$50,000,000 is afforded by three excess commercial insurers. Property losses in excess of the District's \$5,000 retention amount are covered up to \$250,000 per occurrence. Coverage above the \$250,000 level up to \$140,000,000 is afforded by three excess commercial insurers. There has been no significant reduction in any of the insurance coverages from prior year. Settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

The District has recorded no excess insurance reserves being held by SISC as of June 30, 2023.

## **13. FUTURE GASB IMPLEMENTATION**

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2023, will have on the District's financial statements, if any.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement outlines a unified recognition and measurement model that will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2024, will have on the District's financial statements, if any.

**REQUIRED SUPPLEMENTARY INFORMATION**



# Kern Community College District

## SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS

Years Ended June 30	2023	2022	2021
<b>Total OPEB Liability</b>			
Service cost	\$ 1,486,443	\$ 1,678,390	\$ 3,097,345
Interest	3,306,828	3,642,233	4,806,623
Benefit payments - including refunds of employee contributions	(4,839,124)	(5,028,245)	(4,974,510)
Difference between expected and actual experience	172,786	(6,943,612)	(8,831,450)
Changes of benefit terms	-	-	(39,222,004)
Changes of assumptions	-	-	(2,916,511)
<b>Net Change in Total OPEB Liability</b>	126,933	(6,651,234)	(48,040,507)
<b>Total OPEB Liability - Beginning of Year</b>	67,726,504	74,377,738	122,418,245
<b>Total OPEB Liability - End of Year (a)</b>	67,853,437	67,726,504	74,377,738
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	2,133,934	7,348,151	1,983,767
Net investment income	4,081,013	4,624,439	4,020,326
Benefit payments - including refunds of employee contributions	(4,839,124)	(5,028,245)	(4,974,510)
Administrative expense	(273,187)	(350,384)	-
Net difference between projected and actual earnings			
on Plan investments	1,957,157	(6,242,763)	-
Other **	-	-	-
<b>Net Change in Plan Fiduciary Net Position</b>	3,059,793	351,198	1,029,583
<b>Plan Fiduciary Net Position - Beginning of Year</b>	69,506,074	69,154,876	68,125,293
<b>Plan Fiduciary Net Position - End of Year (b)</b>	72,565,867	69,506,074	69,154,876
<b>Net OPEB Liability (Asset) - End of Year ((a) - (b))</b>	\$ (4,712,430)	\$ (1,779,570)	\$ 5,222,862
Plan fiduciary net position as a percentage of the total OPEB liability	106.95%	102.63%	92.98%
Covered-employee payroll	\$ 24,931,712	\$ 26,639,899	\$ 26,672,863
District's net OPEB liability (asset) as a percentage of covered-employee payroll	-18.90%	-6.68%	19.58%

\*\* Actuarial correction of beginning fiduciary net position.

See the accompanying notes to the required supplementary information.

## Kern Community College District

### SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS

(Continued)

Years Ended June 30	2020*	2019	2018	2017
<b>Total OPEB Liability</b>				
Service cost	\$ 2,902,790	\$ 1,421,507	\$ 1,383,462	\$ 1,346,435
Interest	4,937,130	5,109,304	5,101,500	5,147,159
Benefit payments - including refunds of employee contributions	(5,330,228)	(7,711,134)	(6,687,968)	(7,895,232)
Difference between expected and actual experience	(2,322,345)	16,888,197	-	-
Changes of benefit terms	-	-	-	-
Changes of assumptions	2,305,283	16,743,497	-	-
<b>Net Change in Total OPEB Liability</b>	2,492,630	32,451,371	(203,006)	(1,401,638)
<b>Total OPEB Liability - Beginning of Year</b>	119,925,615	87,474,244	87,677,250	89,078,888
<b>Total OPEB Liability - End of Year (a)</b>	122,418,245	119,925,615	87,474,244	87,677,250
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	1,856,633	-	1,298,477	-
Net investment income	3,942,100	3,984,165	4,058,277	2,514,945
Benefit payments - including refunds of employee contributions	(5,330,228)	(7,711,134)	(6,687,968)	(7,895,232)
Administrative expense	(231,101)	(239,036)	(253,487)	(540)
Net difference between projected and actual earnings on Plan investments	333,882	1,142,169	146,262	-
Other **	-	-	1,356,843	-
<b>Net Change in Plan Fiduciary Net Position</b>	571,286	(2,823,836)	(81,596)	(5,380,827)
<b>Plan Fiduciary Net Position - Beginning of Year</b>	67,554,007	70,377,843	70,459,439	75,840,266
<b>Plan Fiduciary Net Position - End of Year (b)</b>	68,125,293	67,554,007	70,377,843	70,459,439
<b>Net OPEB Liability (Asset) - End of Year ((a) - (b))</b>	\$ 54,292,952	\$ 52,371,608	\$ 17,096,401	\$ 17,217,811
Plan fiduciary net position as a percentage of the total OPEB liability	55.65%	56.33%	80.46%	80.36%
Covered-employee payroll	\$ 30,302,533	\$ 32,545,999	\$ 29,935,251	\$ 27,870,768
District's net OPEB liability (asset) as a percentage of covered-employee payroll	179.17%	160.92%	57.11%	61.78%

\* Column represents 2020 audited Plan information. The District's financial statements included 2021 audit Plan information and 2019 audited Plan information for fiscal years ended June 30, 2021 and 2020, respectively.

\*\* Actuarial correction of beginning fiduciary net position.

See the accompanying notes to the required supplementary information.

**Kern Community College District**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB**

Years Ended June 30	2023	2022	2021
Contractually required contribution	\$ 4,839,124	\$ 5,028,245	\$ 4,974,510
Contributions in relation to the contractually required contribution	(6,973,058)	(12,376,396)	(6,958,277)
<b>Contribution Deficiency (Excess)</b>	<b>\$ (2,133,934)</b>	<b>\$ (7,348,151)</b>	<b>\$ (1,983,767)</b>
Covered-employee payroll	\$ 24,931,712	\$ 26,639,899	\$ 26,672,863
Contributions as a percentage of covered-employee payroll	19.41%	18.87%	18.65%

Years Ended June 30	2020*	2019	2018	2017
Contractually required contribution	\$ 5,330,228	\$ 7,711,134	\$ 6,687,968	\$ 7,895,232
Contributions in relation to the contractually required contribution	(7,186,861)	(7,711,134)	(7,986,445)	(7,895,232)
<b>Contribution Deficiency (Excess)</b>	<b>\$ (1,856,633)</b>	<b>\$ -</b>	<b>\$ (1,298,477)</b>	<b>\$ -</b>
Covered-employee payroll	\$ 30,302,533	\$ 32,545,999	\$ 29,935,251	\$ 27,870,768
Contributions as a percentage of covered-employee payroll	17.59%	23.69%	22.34%	28.33%

\* Column represents 2020 audited Plan information. The District's financial statements included 2021 audit Plan information and 2019 audited Plan information for fiscal years ended June 30, 2021 and 2020, respectively. See the accompanying notes to the required supplementary information.

**Kern Community College District**  
**SCHEDULE OF INVESTMENT RETURNS - OPEB**

Years Ended June 30			<b>2023</b>	<b>2022</b>	
Annual money-weighted rate of return - net of investment expense			-2.27%	0.92%	

Years Ended June 30	<b>2021</b>	<b>2020*</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Annual money-weighted rate of return - net of investment expense	9.96%	5.88%	6.04%	5.87%	2.62%

*\* Column represents 2020 audited Plan information. The District's financial statements included 2021 audit Plan information and 2019 audited Plan information for fiscal years ended June 30, 2021 and 2020, respectively. See the accompanying notes to the required supplementary information.*

## Kern Community College District

### SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Years Ended June 30	2023	2022	2021	2020
District's proportion of the net pension liability (asset)	0.113%	0.116%	0.117%	0.110%
District's proportionate share of the net pension liability (asset)	\$ 78,261,922	\$ 52,789,280	\$ 113,383,530	\$ 99,347,600
State's proportionate share of the net pension liability (asset) associated with the District	39,193,800	26,562,071	58,448,750	54,201,186
<b>Total</b>	\$ 117,455,722	\$ 79,351,351	\$ 171,832,280	\$ 153,548,786
District's covered-employee payroll	\$ 63,513,203	\$ 60,642,341	\$ 63,887,854	\$ 57,583,108
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	123.22%	87.05%	177.47%	172.53%
Plan fiduciary net position as a percentage of the total pension liability	81.20%	87.20%	71.80%	72.60%

Years Ended June 30	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.104%	0.096%	0.100%	0.093%	0.088%
District's proportionate share of the net pension liability (asset)	\$ 95,583,280	\$ 88,780,800	\$ 80,881,000	\$ 51,765,066	\$ 47,584,641
State's proportionate share of the net pension liability (asset) associated with the District	54,726,166	52,522,399	46,050,890	33,114,397	31,052,681
<b>Total</b>	\$ 150,309,446	\$ 141,303,199	\$ 126,931,890	\$ 84,879,463	\$ 78,637,322
District's covered-employee payroll	\$ 53,787,803	\$ 52,489,754	\$ 53,207,073	\$ 49,279,833	\$ 45,874,266
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	177.70%	169.14%	152.01%	105.04%	103.73%
Plan fiduciary net position as a percentage of the total pension liability	70.99%	69.00%	70.00%	74.00%	77.00%

See the accompanying notes to the required supplementary information.

## Kern Community College District

### SCHEDULE OF DISTRICT CONTRIBUTIONS – CALIFORNIA STATE TEACHERS’ RETIREMENT SYSTEM

Years Ended June 30	2023		2022		2021		2020	
Contractually required contribution	\$	11,177,645	\$	10,746,434	\$	9,793,738	\$	10,924,823
Contributions in relation to the contractually required contribution		(11,177,645)		(10,746,434)		(9,793,738)		(10,924,823)
<b>Contribution Deficiency (Excess)</b>	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	63,513,203	\$	60,642,341	\$	63,887,854	\$	57,583,108
Contributions as a percentage of covered-employee payroll		17.60%		17.72%		15.33%		18.97%

Years Ended June 30	2019		2018		2017		2016		2015	
Contractually required contribution	\$	9,374,530	\$	7,761,580	\$	6,603,211	\$	5,248,922	\$	4,093,690
Contributions in relation to the contractually required contribution		(9,374,530)		(7,761,580)		(6,603,211)		(5,248,922)		(4,093,690)
<b>Contribution Deficiency (Excess)</b>	\$	-	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	53,787,803	\$	52,489,754	\$	53,207,073	\$	49,279,833	\$	45,874,266
Contributions as a percentage of covered-employee payroll		17.43%		14.79%		12.41%		10.65%		8.92%

See the accompanying notes to the required supplementary information.

## Kern Community College District

### SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30	2023	2022	2021	2020
District's proportion of the net pension liability (asset)	0.2646%	0.2612%	0.2608%	0.2581%
District's proportionate share of the net pension liability (asset)	\$ 91,057,551	\$ 53,114,147	\$ 80,025,758	\$ 75,224,810
District's covered-employee payroll	\$ 36,309,136	\$ 32,725,444	\$ 33,740,809	\$ 32,079,443
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	250.78%	162.30%	237.18%	234.50%
Plan fiduciary net position as a percentage of the total pension liability	69.80%	81.00%	70.00%	70.00%

Years Ended June 30	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.2499%	0.2321%	0.2217%	0.2091%	0.2014%
District's proportionate share of the net pension liability (asset)	\$ 66,639,206	\$ 55,408,396	\$ 43,785,887	\$ 29,375,367	\$ 22,463,999
District's covered-employee payroll	\$ 28,999,884	\$ 29,596,997	\$ 29,610,250	\$ 26,528,654	\$ 23,164,222
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	229.79%	187.21%	147.87%	110.73%	96.98%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.90%	73.90%	79.40%	83.50%

See the accompanying notes to the required supplementary information.

## Kern Community College District

### SCHEDULE OF DISTRICT CONTRIBUTIONS – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM

Years Ended June 30	2023		2022		2021		2020	
Contractually required contribution	\$	9,303,425	\$	8,318,423	\$	6,774,167	\$	6,654,025
Contributions in relation to the contractually required contribution		(9,303,425)		(8,318,423)		(6,774,167)		(6,654,025)
<b>Contribution Deficiency (Excess)</b>	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	36,309,136	\$	32,725,444	\$	33,740,809	\$	32,079,443
Contributions as a percentage of covered-employee payroll		25.62%		25.42%		20.08%		20.74%

Years Ended June 30	2019		2018		2017		2016		2015	
Contractually required contribution	\$	5,794,189	\$	4,503,972	\$	4,110,341	\$	3,156,486	\$	2,725,027
Contributions in relation to the contractually required contribution		(5,794,189)		(4,503,972)		(4,110,341)		(3,156,486)		(2,725,027)
<b>Contribution Deficiency (Excess)</b>	\$	-	\$	-	\$	-	\$	-	\$	-
District's covered-employee payroll	\$	28,999,884	\$	29,596,997	\$	29,610,250	\$	26,528,654	\$	23,164,222
Contributions as a percentage of covered-employee payroll		19.98%		15.22%		13.88%		11.90%		11.76%

See the accompanying notes to the required supplementary information.



**1. SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS**

**Changes in Benefit Terms**

There were no significant changes of benefit terms during the measurement period ended June 30, 2023.

**Changes in Assumptions**

There were no significant changes of assumptions during the measurement period ended June 30, 2023.

**2. CHANGES OF BENEFIT TERMS**

**California State Teachers' Retirement System**

There were no significant changes of benefit terms during the measurement period ended June 30, 2022.

**California Public Employees' Retirement System**

There were no significant changes of benefit terms during the measurement period ended June 30, 2022.

**3. CHANGES OF ASSUMPTIONS**

**California State Teachers' Retirement System**

There were no significant changes of benefit terms during the measurement period ended June 30, 2021.

**California Public Employees' Retirement System**

On November 17, 2021, the CalPERS board adopted new actuarial assumptions based on the recommendations in the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumptions. The discount rate and investment rate of return decreased from 7.15% to 6.90%. The inflation rate decrease from 2.50% to 2.30%. These new assumptions are incorporated into the June 30, 2021, valuation. In addition, the CalPERS board adopted new asset portfolios as part of its Asset Liability Management process.

**OTHER SUPPLEMENTARY INFORMATION SECTION**

# Kern Community College District

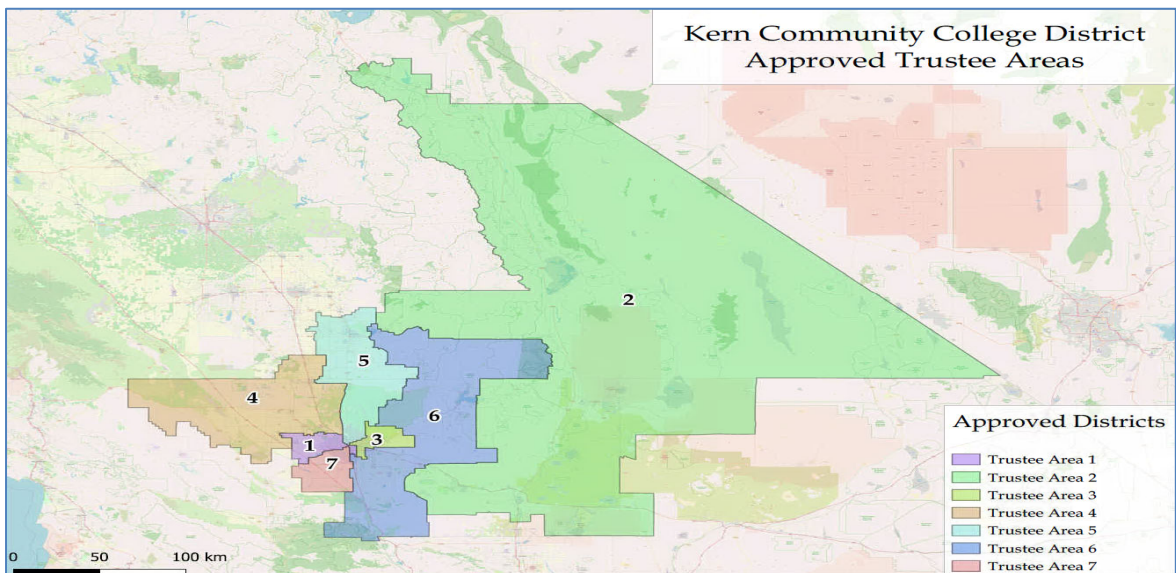
## ORGANIZATION STRUCTURE

June 30, 2023

The District was established in 1968, and serves communities over 24,800 square miles in parts of Kern, Tulare, Inyo, Mono, and San Bernardino counties through the programs of Bakersfield College, Cerro Coso College and Porterville College. Governed by a locally elected Board of Trustees, the District’s colleges offer programs and services that develop student potential and create opportunities for their citizens. The District is geographically one of the largest community college districts in the United States, serving more than 30,000 students. During the current year the Board of Trustees adopted a resolution establishing a new Trustee Areas map and election sequence for the District.

### BOARD OF TRUSTEES

Name	Office	Trustee Area	Term Expires
Mr. Romero Agbalog	President	4	2024
Mr. John S. Corkins	Vice President	5	2026
Mrs. Kay Meek	Clerk	7	2024
Mr. Kyle W. Carter	Member	1	2026
Ms. Christina Scrivner	Member	2	2026
Ms. Yovani Jiminez	Member	6	2024
Ms. Nan Gomez-Heitzeberg	Member	3	2026



**ADMINISTRATION**

Mr. Thomas J Burke  
Interim Chancellor

Mr. Zav Dadabhoy  
Deputy Chancellor

Mr. Mike Giacomini, CPA, MBA  
Chief Financial Officer

Mr. Gary Moser  
Chief Information Officer

Mr. Abe Ali  
Vice Chancellor, Human Resources

Ms. Trudy Gerald  
Vice Chancellor, Workforce and Economic Development

**AUXILIARY ORGANIZATIONS IN GOOD STANDING**

Bakersfield College Foundation, established 1975  
Master Agreement established, October 15, 1992  
Cheryl Scott, Executive Director

Cerro Coso Community College Foundation, established 1977  
Master Agreement established, August 12, 1992  
Natalie Dorrell, Director of Public Relations and Institutional Advancement

Porterville College Foundation, established 1970  
Master Agreement established, November 19, 1992  
Ramona Chiapa, Executive Director

**Kern Community College District**  
**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL**  
**APPORTIONMENT ANNUAL ATTENDANCE**  
**June 30, 2023**

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The full-time equivalent resident students (FTES) eligible for 2022-23 state apportionment reported to the state of California are summarized below:

	Reported Data	Audit Adjustments	Revised Data
<b>Summer Intersession (Summer 2022 Only)</b>			
Noncredit	63.51	-	63.51
Credit	2,596.87	-	2,596.87
<b>Summer Intersession (Summer 2023 - Prior to July 1, 2023)</b>			
Noncredit	25.26	-	25.26
Credit	236.45	-	236.45
<b>Primary Terms (Exclusive of Summer Intersession)</b>			
Census Procedure Courses:			
Weekly Census Contact Hours	8,101.78	-	8,101.78
Daily Census Contact Hours	1,129.99	-	1,129.99
Actual Hours of Attendance Procedure Courses:			
Noncredit	79.87	-	79.87
Credit	2,163.38	-	2,163.38
Alternative Attendance Accounting Procedure:			
Weekly Census Contact Hours	6,748.50	-	6,748.50
Daily Census Contact Hours	3,023.43	-	3,023.43
Noncredit Independent Study/Distance Education Courses	25.80	-	25.80
<b>Total FTES</b>	24,194.84	-	24,194.84
<b>Subtotal Credit FTES</b>	24,000.40	-	24,000.40
<b>Subtotal Noncredit FTES</b>	194.44	-	194.44
<b>SUPPLEMENTARY INFORMATION (Subset of Above Information)</b>			
<b>IN-SERVICE TRAINING COURSES (FTES)</b>	491.96	-	491.96
<b>Basic Skills Courses and Immigrant Education</b>			
Noncredit	34.29	-	34.29
Credit	78.61	-	78.61
<b>Centers FTES</b>			
Noncredit	59.82	-	59.82
Credit	8,824.21	-	8,824.21

*See the accompanying notes to the other supplementary information.*

**Kern Community College District**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass Through/ Grantor Number	Federal Assistance Listing Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
NRCS - MESA Scholarship	68-9104-17-027	10.902	\$ 3,840
Rural Community Development Initiative	CA 751-A16	10.446	194
<b>Passed Through California Department of Education</b>			
Child and Adult Care Food Program	04352-CACFP-15-1242-6A	10.558	123,938
Schools and Roads		10.666	66,700
<b>Total Passed Through California Department of Education</b>			<b>190,638</b>
<b>Passed Through California State University, Chico</b>			
CalFresh Program	A22-0055-S033	10.561	79,943
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>274,615</b>
<b>U.S. DEPARTMENT OF COMMERCE</b>			
NOAA Califoirnia Nevada Adaption Program	GR16405	11.431	25,010
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
Minerals Leasing Act		15.214	431,082
<b>U.S. DEPARTMENT OF LABOR</b>			
WIA Adult Programs	4872125 / PA2706	17.250	297,767
Job Corps Experimental Projects and Technical Assistance	JC34690	17.287	413,601
<b>Passed Through Employment Development Department</b>			
California Department of Employment Development (EDD) Grants	AA111082	17.258	120,181
<b>Passed Through California Department of Rehabilitation</b>			
Project Workability Bakersfield	5160-31781	84.243	170,575
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>1,002,124</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
Highway Training and Education	693JJ32245097,6	20.215	25,000
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>			
Vocational Rehabilitation for Disabled Veterans		64.116	6,016
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Student Financial Assistance Cluster</b>			
Pell Administrative Allowance		84.063	78,518
Federal Work-Study Program		84.033	1,319,870
Federal Pell Grant Program		84.063	49,370,863
Federal Supplemental Education Opportunity Grant		84.007	1,161,309
Federal Direct Student Loans		84.268	2,292,998
<b>Total Student Financial Assistance Cluster</b>			<b>54,223,558</b>
<b>Balance Forward</b>			<b>\$ 55,987,405</b>

See the accompanying notes to the other supplementary information.

**Kern Community College District**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2023**  
**(Continued)**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass Through/ Grantor Number	Federal Assistance Listing Number	Federal Expenditures
<b>Balance Brought Forward</b>			\$ 55,987,405
CARES Act Higher Education Emergency Relief Fund - Student Aid	P425E204038, P425E204303, P425E204668	84.425E	3,189,290
CARES Act Higher Education Emergency Relief Fund - Minority Serving Institutions	P425L200409, P425L200639, P425L200676	84.425L	1,669,773
CARES Act Higher Education Emergency Relief Fund - Institutional Portion	P425F204975, P425F204989, P425F205033	84.425F	30,503,221
CARES Act Higher Education Emergency Relief Fund - Supplemental		84.425S	678,000
<b>Total CARES Act Higher Education Emergency Relief Fund</b>			<b>36,040,284</b>
Early College	P031S220017	84.031S	133,369
Making It Happen - Ready, Set, Go!	P031S150010	84.031S	461,021
Title V - Higher Education Institutional Aid	P031S150010, P031S170017	84.031	1,293,044
TRIO Student Support Services	PO42A201285	84.042	288,518
STEP-UP to STEM	P031C210052	84.031C	673,211
GEAR-UP	P334A210181	84.334A	382,816
Excel Veteran's	P116G200083	84.116G	152,425
Child Care Access Means Parents in School	P335A190342	84.335	325,833
<b>Passed Through Chancellor's Office</b>			
CTE Transitions		84.048	(4,319)
Perkins IC - VTEA	21-C01-520	84.048	1,650,005
Perkins Reserve	G0238	84.048	277,961
Immediate Action - SFRF		84.425E	246,300
<b>Passed Through California State University, Bakersfield</b>			
Title V - Higher Education Institutional Aid	GRA-2960	84.031	(10,790)
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<b>96,133,236</b>
<b>NATIONAL SCIENCE FOUNDATION</b>			
Improving Undergraduate STEM Education	2150520	47.076	17,029
<b>Passed Through Iowa State University</b>			
National Alliance for Inclusive and Diverse STEM Faculty (NAIDSF)	019533E	47.076	5,041
<b>TOTAL NATIONAL SCIENCE FOUNDATION</b>			<b>22,070</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
Toiyabe Indian Health Project		93.331	42
CoVAC Mini Grant		93.319	2,856
<b>Passed Through California Department of Education</b>			
General Center - Child Care	CCTR-1060	93.596	244,827
Headstart	09HP0036/01	93.600	87,419
<b>Total Passed Through California Department of Education</b>			<b>332,246</b>
<b>Passed Through Chancellor's Office</b>			
Temporary assistance for needy families		93.558	153,857
Child, Family, and Community Services - Foster Care - Title IV-E		93.658	149,333
<b>Total Passed Through the Chancellor's Office</b>			<b>303,190</b>
<b>Passed Through California State University, Long Beach</b>			
Public Health Informatics & Technology Workforce Development	SG256021100KCCCD	93.355	163,627
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>801,961</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 98,721,114</b>

See the accompanying notes to the other supplementary information.

**Kern Community College District**  
**SCHEDULE OF EXPENDITURES OF STATE AWARDS**  
 Year Ended June 30, 2023

	Program Revenues			
	Cash Received	Accounts Receivable	Deferred Revenue	Total
Adult Education Block Grant	\$ 1,483,105	\$ (1,003)	\$ 326,419	\$ 1,808,521
Board Financial Assistance Program	1,787,882	(31,215)	(339,153)	1,417,514
California College Promise	1,359,610	-	(389,259)	970,351
CA Completion Grant	12,425,742	-	(2,599,398)	9,826,344
CalGrants	7,040,013	(45,060)	(19,448)	6,975,505
CalWORKS	920,025	-	(162,856)	757,169
Temporary Assistance for Needy Families	71,148	-	-	71,148
Cooperating Agencies Foster Youth Educational Support	1,140,546	(264,684)	206,026	1,081,888
California Renewable Energy Center	49,942,625	57,375	(48,335,900)	1,664,100
COVID Recovery Block Grant	15,316,901	-	(15,280,933)	35,968
Project Care	962,687	-	(337,866)	624,821
Disabled Student Programs and Services	2,300,737	32,978	(539,523)	1,794,192
Extended Opportunity Programs and Services	4,581,153	-	(483,436)	4,097,717
Hunger Free Campus	-	(20,584)	20,584	-
LGBTQ+ Support	-	-	51,447	51,447
Regional Consortium	41,689,375	530,250	(32,625,563)	9,594,062
Student Equity and Achievement	12,069,194	(610,731)	(926,141)	10,532,322
Strong Workforce Program	20,774,946	-	(13,674,566)	7,100,380
Undocumented Resources Liaisons	263,650	-	24,840	288,490
Veteran's Resource Ctr	190,617	29,856	(95,321)	125,152
<b>Subtotal</b>	174,319,956	(322,818)	(115,180,047)	58,817,091
Other State Grants	24,995,544	(183,979)	(14,914,559)	9,897,006
All other categorical	5,623,122	(54,887)	4,699,284	10,267,519
<b>Total State Programs</b>	<b>\$ 204,938,622</b>	<b>\$ (561,684)</b>	<b>\$ (125,395,322)</b>	<b>\$ 78,981,616</b>

See the accompanying notes to the other supplementary information.



# Kern Community College District

## RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)

### WITH AUDITED FINANCIAL STATEMENTS

June 30, 2023

	General Fund	Bond Interest and Redemption Fund	Other Debt Service Fund	Child Development Fund	Balance Forward
<b>June 30, 2023 - Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	\$ 175,138,101	\$ 63,700,245	\$ 19,634,914	\$ 123,631	\$ 258,596,891
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	(140,863)	-	-	-	(140,863)
Reclassification of amounts held for others	-	-	-	-	-
Rounding	-	-	-	-	-
<b>Net Adjustments and Reclassifications</b>	<b>(140,863)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(140,863)</b>
<b>June 30, 2023 - District Accounting Records Fund Balance</b>	<b>\$ 174,997,238</b>	<b>\$ 63,700,245</b>	<b>\$ 19,634,914</b>	<b>\$ 123,631</b>	<b>\$ 258,456,028</b>

	Balance Brought Forward	Other Special Revenue Fund	Capital Outlay Projects Fund	Bookstore Fund	Balance Forward
<b>June 30, 2023 - Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	\$ 258,596,891	\$ -	\$ 257,132,280	\$ -	\$ 515,729,171
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	(140,863)	-	(2,641,197)	-	(2,782,060)
Reclassification of amounts held for others	-	-	-	-	-
Rounding	-	-	-	-	-
<b>Net Adjustments and Reclassifications</b>	<b>(140,863)</b>	<b>-</b>	<b>(2,641,197)</b>	<b>-</b>	<b>(2,782,060)</b>
<b>June 30, 2023 - District Accounting Records Fund Balance</b>	<b>\$ 258,456,028</b>	<b>\$ -</b>	<b>\$ 254,491,083</b>	<b>\$ -</b>	<b>\$ 512,947,111</b>

See the accompanying notes to the other supplementary information.

# Kern Community College District

## RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)

### WITH AUDITED FINANCIAL STATEMENTS

June 30, 2023

(Continued)

	Balance Brought Forward	Cafeteria Fund	Associated Students Trust Fund	Student Representation Fee Trust Fund	Balance Forward
<b>June 30, 2023 - Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	\$ 515,729,171	\$ 523,298	\$ 843,252	\$ 159,157	\$ 517,254,878
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	(2,782,060)	-	-	-	(2,782,060)
Reclassification of amounts held for others	-	-	-	-	-
Rounding	-	-	-	-	-
<b>Net Adjustments and Reclassifications</b>	<b>(2,782,060)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,782,060)</b>
<b>June 30, 2023 - District Accounting Records Fund Balance</b>	<b>\$ 512,947,111</b>	<b>\$ 523,298</b>	<b>\$ 843,252</b>	<b>\$ 159,157</b>	<b>\$ 514,472,818</b>

	Balance Brought Forward	Student Body Center Fee Trust Fund	Student Financial Aid Fund	Other Trust Fund	Total
<b>June 30, 2023 - Annual Financial and Budget Report (CCFS-311) Fund Balance</b>	\$ 517,254,878	\$ 444,981	\$ -	\$ 900	\$ 517,700,759
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	(2,782,060)	-	-	-	(2,782,060)
Reclassification of amounts held for others	-	-	-	-	-
Rounding	-	-	-	-	-
<b>Net Adjustments and Reclassifications</b>	<b>(2,782,060)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,782,060)</b>
<b>June 30, 2023 - District Accounting Records Fund Balance</b>	<b>\$ 514,472,818</b>	<b>\$ 444,981</b>	<b>\$ -</b>	<b>\$ 900</b>	<b>\$ 514,918,699</b>

See the accompanying notes to the other supplementary information.

**Kern Community College District**  
**RECONCILIATION OF 50% LAW CALCULATION**  
**June 30, 2023**

	Object Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b>ACADEMIC SALARIES</b>							
<b>Instructional Salaries</b>							
Contract or regular	1100	\$ 44,156,325	\$ -	\$ 44,156,325	\$ 44,156,325	\$ -	\$ 44,156,325
Other	1300	17,020,822	-	17,020,822	17,020,822	-	17,020,822
<b>Total Instructional Salaries</b>		61,177,147	-	61,177,147	61,177,147	-	61,177,147
<b>Noninstructional Salaries</b>							
Contract or regular	1200	-	-	-	12,785,787	-	12,785,787
Other	1400	-	-	-	1,115,022	-	1,115,022
<b>Total Noninstructional Salaries</b>		-	-	-	13,900,809	-	13,900,809
<b>TOTAL ACADEMIC SALARIES</b>		61,177,147	-	61,177,147	75,077,956	-	75,077,956
<b>CLASSIFIED SALARIES</b>							
<b>Noninstructional Salaries</b>							
Regular status	2100	-	-	-	25,091,323	-	25,091,323
Other	2300	-	-	-	893,608	-	893,608
<b>Total Noninstructional Salaries</b>		-	-	-	25,984,931	-	25,984,931
<b>Instructional Aides</b>							
Regular status	2200	727,525	-	727,525	727,525	-	727,525
Other	2400	2,757,176	-	2,757,176	2,757,176	-	2,757,176
<b>Total Instructional Aides</b>		3,484,701	-	3,484,701	3,484,701	-	3,484,701
<b>TOTAL CLASSIFIED SALARIES</b>		3,484,701	-	3,484,701	29,469,632	-	29,469,632
<b>Other</b>							
Employee benefits	3000	25,767,692	-	25,767,692	51,027,733	-	51,027,733
Supplies and materials	4000	-	-	-	1,820,262	-	1,820,262
Other operating expenses	5000	-	-	-	26,849,767	-	26,849,767
Equipment replacement	6420	-	-	-	-	-	-
<b>Total Other</b>		25,767,692	-	25,767,692	79,697,762	-	79,697,762
<b>Total Expenditures Prior to Exclusions</b>		\$ 90,429,540	\$ -	\$ 90,429,540	\$ 184,245,350	\$ -	\$ 184,245,350

See the accompanying notes to the other supplementary information.

**Kern Community College District**  
**RECONCILIATION OF 50% LAW CALCULATION**  
 June 30, 2023  
 (Continued)

	Object Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<b>EXCLUSIONS</b>							
<b>Activities to Exclude</b>							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	12,957	-	12,957
Noninstructional Staff Retirees' Benefits and Retirement Incentives	6740	-	-	-	-	-	-
<b>Total Instructional Salaries</b>		-	-	-	12,957	-	12,957
<b>Objects to Exclude</b>							
Rents and leases	5060	-	-	-	3,513,652	-	3,513,652
Lottery expenditures:							
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
<b>Subtotal</b>		-	-	-	3,513,652	-	3,513,652
Supplies and materials:	4000						
Software	4100	-	-	-	470,004	-	470,004
Books, magazines, and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	-	-	-
Noninstructional supplies and materials	4400	-	-	-	-	-	-
<b>Total Supplies and Materials</b>		-	-	-	470,004	-	470,004
Other operating expenses and services	5000	-	-	-	3,549,508	-	3,549,508
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
<b>Subtotal</b>		-	-	-	3,549,508	-	3,549,508
Equipment	6400	-	-	-	-	-	-
Equipment - additional	6410	-	-	-	2,603,123	-	2,603,123
Equipment - replacement	6420	-	-	-	-	-	-
<b>Total Equipment</b>		-	-	-	2,603,123	-	2,603,123
<b>Total Capital Outlay</b>		-	-	-	2,603,123	-	2,603,123
Other outgo	7000	-	-	-	-	-	-
<b>TOTAL EXCLUSIONS</b>		-	-	-	10,149,244	-	10,149,244
<b>Total for ECS 84362 - 50% Law</b>		\$ 90,429,540	\$ -	\$ 90,429,540	\$ 174,096,106	\$ -	\$ 174,096,106
<b>Percentage of CEE (Instructional Salary Cost/Total CEE)</b>		51.94%	0.00%	51.94%			
<b>50% of Current Expense of Education</b>					\$ 87,048,050	\$ -	\$ 87,048,050

See the accompanying notes to the other supplementary information.

**Kern Community College District**  
 RECONCILIATION OF EDUCATION PROTECTION  
 ACCOUNT EXPENDITURES  
 June 30, 2023

	<b>Object Code</b>	<b>Salaries and Benefits (1000-3000)</b>	<b>Operating Expenses (4000-5000)</b>	<b>Capital Outlay (6000)</b>	<b>Total</b>
<b>EPA Proceeds</b>	8630			\$	12,703,367
<b>Activity Classification</b>					
Instructional activities	0100-5900	\$ 12,703,367	\$ -	\$ -	12,703,367
<b>Total Expenditures for EPA</b>		\$ -	\$ -	\$ -	12,703,367
<b>Total Revenue Less Expenditures</b>				\$	-

*See the accompanying notes to the other supplementary information.*

**Kern Community College District**  
**COMBINING BALANCE SHEET – DISTRICT FUNDS**  
**INCLUDED IN THE REPORTING ENTITY**

June 30, 2023	General Fund	Bond Interest and Redemption Fund	Other Debt Service Fund	Child Development Fund	Balance Forward
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 345,448,241	\$ -	\$ 638,606	\$ 1,331,554	\$ 347,418,401
Restricted cash and cash equivalents - current	-	-	-	-	-
Accounts receivable - net	38,011,867	376,591	182,310	268,763	38,839,531
Prepaid expenses	17,172,882	-	-	2,242	17,175,124
Inventories	-	-	-	-	-
Due from other funds	6,711,172	2	73,532	-	6,784,706
<b>Total Current Assets</b>	<b>407,344,162</b>	<b>376,593</b>	<b>894,448</b>	<b>1,602,559</b>	<b>410,217,762</b>
<b>Noncurrent Assets</b>					
Restricted cash and cash equivalents - noncurrent	-	63,323,653	-	-	63,323,653
Restricted investments	-	-	25,333,014	-	25,333,014
Capital assets - net	-	-	-	-	-
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>63,323,653</b>	<b>25,333,014</b>	<b>-</b>	<b>88,656,667</b>
<b>TOTAL ASSETS</b>	<b>\$ 407,344,162</b>	<b>\$ 63,700,246</b>	<b>\$ 26,227,462</b>	<b>\$ 1,602,559</b>	<b>\$ 498,874,429</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities</b>					
Accounts payable	\$ 35,936,806	\$ -	\$ -	\$ 1,004,278	\$ 36,941,084
Advances from grantors and students	196,335,586	-	-	474,650	196,810,236
Due to other funds	74,533	-	6,592,548	-	6,667,081
Amounts held in trust for others	-	-	-	-	-
<b>Total Liabilities</b>	<b>232,346,925</b>	<b>-</b>	<b>6,592,548</b>	<b>1,478,928</b>	<b>240,418,401</b>
<b>Fund Equity</b>					
Fund balances:					
Reserved for debt service	-	63,700,246	19,634,914	-	83,335,160
Reserved for special purposes	-	-	-	123,631	123,631
Unreserved:					
Undesignated	174,997,237	-	-	-	174,997,237
<b>Total Fund Equity</b>	<b>174,997,237</b>	<b>63,700,246</b>	<b>19,634,914</b>	<b>123,631</b>	<b>258,456,028</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 407,344,162</b>	<b>\$ 63,700,246</b>	<b>\$ 26,227,462</b>	<b>\$ 1,602,559</b>	<b>\$ 498,874,429</b>

See the accompanying notes to the other supplementary information.

**Kern Community College District**  
**COMBINING BALANCE SHEET – DISTRICT FUNDS**  
**INCLUDED IN THE REPORTING ENTITY**  
(Continued)

June 30, 2023	Balance Brought Forward	Other Special Revenue Fund	Capital Outlay Projects Fund	Bookstore Fund	Balance Forward
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 347,418,401	\$ -	\$ 262,148,835	\$ -	\$ 609,567,236
Restricted cash and cash equivalents - current	-	-	-	-	-
Accounts receivable - net	38,839,531	-	3,709,371	-	42,548,902
Prepaid expenses	17,175,124	-	9,387	-	17,184,511
Inventories	-	-	-	-	-
Due from other funds	6,784,706	-	237,474	-	7,022,180
<b>Total Current Assets</b>	<b>410,217,762</b>	<b>-</b>	<b>266,105,067</b>	<b>-</b>	<b>676,322,829</b>
<b>Noncurrent Assets</b>					
Restricted cash and cash equivalents - noncurrent	63,323,653	-	-	-	63,323,653
Restricted investments	25,333,014	-	-	-	25,333,014
Capital assets - net	-	-	-	-	-
<b>Total Noncurrent Assets</b>	<b>88,656,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,656,667</b>
<b>TOTAL ASSETS</b>	<b>\$ 498,874,429</b>	<b>\$ -</b>	<b>\$ 266,105,067</b>	<b>\$ -</b>	<b>\$ 764,979,496</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities</b>					
Accounts payable	\$ 36,941,084	\$ -	\$ 11,258,885	\$ -	\$ 48,199,969
Advances from grantors and students	196,810,236	-	-	-	196,810,236
Due to other funds	6,667,081	-	355,099	-	7,022,180
Amounts held in trust for others	-	-	-	-	-
<b>Total Liabilities</b>	<b>240,418,401</b>	<b>-</b>	<b>11,613,984</b>	<b>-</b>	<b>252,032,385</b>
<b>Fund Equity</b>					
Fund balances:					
Reserved for debt service	83,335,160	-	-	-	83,335,160
Reserved for special purposes	123,631	-	254,491,083	-	254,614,714
Unreserved:					
Undesignated	174,997,237	-	-	-	174,997,237
<b>Total Fund Equity</b>	<b>258,456,028</b>	<b>-</b>	<b>254,491,083</b>	<b>-</b>	<b>512,947,111</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 498,874,429</b>	<b>\$ -</b>	<b>\$ 266,105,067</b>	<b>\$ -</b>	<b>\$ 764,979,496</b>

See the accompanying notes to the other supplementary information.

**Kern Community College District**  
**COMBINING BALANCE SHEET – DISTRICT FUNDS**  
**INCLUDED IN THE REPORTING ENTITY**  
**(Continued)**

June 30, 2023	Balance Brought Forward	Cafeteria Fund	Associated Students Trust Fund	Student Representation Fee Trust Fund	Balance Forward
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 609,567,236	\$ 534,053	\$ 110,269	\$ -	\$ 610,211,558
Restricted cash and cash equivalents - current	-	-	888,327	159,522	1,047,849
Accounts receivable - net	42,548,902	1,834	66,265	-	42,617,001
Prepaid expenses	17,184,511	492	-	-	17,185,003
Inventories	-	59,244	-	-	59,244
Due from other funds	7,022,180	-	-	-	7,022,180
<b>Total Current Assets</b>	<b>676,322,829</b>	<b>595,623</b>	<b>1,064,861</b>	<b>159,522</b>	<b>678,142,835</b>
<b>Noncurrent Assets</b>					
Restricted cash and cash equivalents - noncurrent	63,323,653	1,400	-	-	63,325,053
Restricted investments	25,333,014	-	-	-	25,333,014
Capital assets - net	-	-	-	-	-
<b>Total Noncurrent Assets</b>	<b>88,656,667</b>	<b>1,400</b>	<b>-</b>	<b>-</b>	<b>88,658,067</b>
<b>TOTAL ASSETS</b>	<b>\$ 764,979,496</b>	<b>\$ 597,023</b>	<b>\$ 1,064,861</b>	<b>\$ 159,522</b>	<b>\$ 766,800,902</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities</b>					
Accounts payable	\$ 48,199,969	\$ 73,725	\$ 182,938	\$ -	\$ 48,456,632
Advances from grantors and students	196,810,236	-	38,671	365	196,849,272
Due to other funds	7,022,180	-	-	-	7,022,180
Amounts held in trust for others	-	-	-	-	-
<b>Total Liabilities</b>	<b>252,032,385</b>	<b>73,725</b>	<b>221,609</b>	<b>365</b>	<b>252,328,084</b>
<b>Fund Equity</b>					
Fund balances:					
Reserved for debt service	83,335,160	-	-	-	83,335,160
Reserved for special purposes	254,614,714	523,298	843,252	159,157	256,140,421
Unreserved:					
Undesignated	174,997,237	-	-	-	174,997,237
<b>Total Fund Equity</b>	<b>512,947,111</b>	<b>523,298</b>	<b>843,252</b>	<b>159,157</b>	<b>514,472,818</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 764,979,496</b>	<b>\$ 597,023</b>	<b>\$ 1,064,861</b>	<b>\$ 159,522</b>	<b>\$ 766,800,902</b>

See the accompanying notes to the other supplementary information.



**Kern Community College District**  
**COMBINING BALANCE SHEET – DISTRICT FUNDS**  
**INCLUDED IN THE REPORTING ENTITY**  
**(Continued)**

June 30, 2023	Balance Brought Forward	Student Body Center Fee Trust Fund	Student Financial Aid Fund	Other Trust Fund	Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 610,211,558	\$ -	\$ 3,442,221	\$ 5,744,486	\$ 619,398,265
Restricted cash and cash equivalents - current	1,047,849	459,120	-	-	1,506,969
Accounts receivable - net	42,617,001	-	1,476,243	769,956	44,863,200
Prepaid expenses	17,185,003	-	-	3,811	17,188,814
Inventories	59,244	-	-	-	59,244
Due from other funds	7,022,180	-	-	-	7,022,180
<b>Total Current Assets</b>	<b>678,142,835</b>	<b>459,120</b>	<b>4,918,464</b>	<b>6,518,253</b>	<b>690,038,672</b>
<b>Noncurrent Assets</b>					
Restricted cash and cash equivalents - noncurrent	63,325,053	-	-	-	63,325,053
Restricted investments	25,333,014	-	-	-	25,333,014
Capital assets - net	-	-	-	-	-
<b>Total Noncurrent Assets</b>	<b>88,658,067</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,658,067</b>
<b>TOTAL ASSETS</b>	<b>\$ 766,800,902</b>	<b>\$ 459,120</b>	<b>\$ 4,918,464</b>	<b>\$ 6,518,253</b>	<b>\$ 778,696,739</b>
<b>LIABILITIES AND FUND EQUITY</b>					
<b>Liabilities</b>					
Accounts payable	\$ 48,456,632	\$ 3,427	\$ 6,333	\$ 21,370	\$ 48,487,762
Advances from grantors and students	196,849,272	10,712	4,912,131	6,495,983	208,268,098
Due to other funds	7,022,180	-	-	-	7,022,180
Amounts held in trust for others	-	-	-	-	-
<b>Total Liabilities</b>	<b>252,328,084</b>	<b>14,139</b>	<b>4,918,464</b>	<b>6,517,353</b>	<b>263,778,040</b>
<b>Fund Equity</b>					
Fund balances:					
Reserved for debt service	83,335,160	-	-	-	83,335,160
Reserved for special purposes	256,140,421	444,981	-	900	256,586,302
Unreserved:					
Undesignated	174,997,237	-	-	-	174,997,237
<b>Total Fund Equity</b>	<b>514,472,818</b>	<b>444,981</b>	<b>-</b>	<b>900</b>	<b>514,918,699</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 766,800,902</b>	<b>\$ 459,120</b>	<b>\$ 4,918,464</b>	<b>\$ 6,518,253</b>	<b>\$ 778,696,739</b>

See the accompanying notes to the other supplementary information.

**Kern Community College District**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES,**  
**AND CHANGES IN FUND EQUITY – DISTRICT FUNDS**  
**INCLUDED IN THE REPORTING ENTITY**

Year Ended June 30, 2023	General Fund	Bond Interest and Redemption Fund	Other Debt Service Fund	Child Development Fund	Balance Forward
<b>Operating Revenues</b>					
Tuition and fees	\$ 32,093,556	\$ -	\$ -	\$ -	\$ 32,093,556
Less: Scholarship discount and allowance	22,495,564	-	-	-	22,495,564
<b>Net Tuition and Fees</b>	9,597,992	-	-	-	9,597,992
Grants and contracts - noncapital:					
Federal	41,649,735	-	-	782,017	42,431,752
State	67,213,320	-	-	1,695,954	68,909,274
Local	1,247,987	-	-	-	1,247,987
Auxiliary enterprise sales and charges	4,667	-	-	-	4,667
Other operating revenues	155,515	-	-	-	155,515
<b>Total Operating Revenues</b>	119,869,216	-	-	2,477,971	122,347,187
<b>Operating Expenditures/Expenses</b>					
Salaries	136,142,105	-	-	1,628,226	137,770,331
Employee benefits	64,606,774	-	-	1,042,443	65,649,217
Supplies, materials, and other operating expenditures	51,623,635	93,919	2,625,419	282,910	54,625,883
Capital outlay	22,006,384	-	-	105,560	22,111,944
Utilities	6,069,162	-	-	52,321	6,121,483
Depreciation	24,837	-	-	-	24,837
Payments to students	204,295	-	-	-	204,295
<b>Total Operating Expenditures/Expenses</b>	280,677,192	93,919	2,625,419	3,111,460	286,507,990
<b>Operating Income (Loss)</b>	(160,807,976)	(93,919)	(2,625,419)	(633,489)	(164,160,803)
<b>Nonoperating Revenues (Expenditures)</b>					
State apportionments - noncapital	130,342,395	-	-	-	130,342,395
Education protection account revenues	12,703,367	-	-	-	12,703,367
Local property taxes - noncapital	70,804,737	23,588	-	-	70,828,325
State taxes and other revenues - noncapital	9,322,167	-	-	-	9,322,167
Investment income - noncapital	6,222,931	-	-	-	6,222,931
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid disbursements	(14,589,079)	-	-	-	(14,589,079)
Other nonoperating revenues/expenditures	154,169	2,620,502	-	205,044	2,979,715
<b>Total Nonoperating Revenues (Expenditures)</b>	214,960,687	2,644,090	-	205,044	217,809,821
<b>Income (Loss) Before Other Revenues and Expenditures/Expenses</b>	54,152,711	2,550,171	(2,625,419)	(428,445)	53,649,018
<b>Other Revenues and Expenditures</b>					
Local property taxes and revenues - capital	-	37,567,751	-	-	37,567,751
Investment income - capital	-	755,290	(67,100)	-	688,190
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	54,152,711	40,873,212	(2,692,519)	(428,445)	91,904,959
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	2,209,660	18,788,155	9,158,777	584,551	30,741,143
Operating transfers out	(12,379,297)	-	-	(71,372)	(12,450,669)
Debt service	(6,075,095)	(44,046,911)	-	-	(50,122,006)
<b>Total Other Financing Sources (Uses)</b>	(16,244,732)	(25,258,756)	9,158,777	513,179	(31,831,532)
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	37,907,979	15,614,456	6,466,258	84,734	60,073,427
<b>Fund Equity - Beginning of Year</b>	137,089,258	48,085,790	13,168,656	38,897	198,382,601
<b>Fund Equity - End of Year</b>	\$ 174,997,237	\$ 63,700,246	\$ 19,634,914	\$ 123,631	\$ 258,456,028

See the accompanying notes to the other supplementary information.

**Kern Community College District**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES,**  
**AND CHANGES IN FUND EQUITY – DISTRICT FUNDS**  
**INCLUDED IN THE REPORTING ENTITY**  
**(Continued)**

Year Ended June 30, 2023	Balance Brought Forward	Other Special Revenue Fund	Capital Outlay Projects Fund	Bookstore Fund	Balance Forward
<b>Operating Revenues</b>					
Tuition and fees	\$ 32,093,556	\$ -	\$ -	\$ -	\$ 32,093,556
Less: Scholarship discount and allowance	22,495,564	-	-	-	22,495,564
<b>Net Tuition and Fees</b>	9,597,992	-	-	-	9,597,992
Grants and contracts - noncapital:					
Federal	42,431,752	-	-	-	42,431,752
State	68,909,274	-	83,877,508	-	152,786,782
Local	1,247,987	-	-	-	1,247,987
Auxiliary enterprise sales and charges	4,667	-	-	-	4,667
Other operating revenues	155,515	-	-	-	155,515
<b>Total Operating Revenues</b>	122,347,187	-	83,877,508	-	206,224,695
<b>Operating Expenditures/Expenses</b>					
Salaries	137,770,331	-	792,392	-	138,562,723
Employee benefits	65,649,217	-	474,347	-	66,123,564
Supplies, materials, and other operating expenditures	54,625,883	-	6,899,229	-	61,525,112
Capital outlay	22,111,944	-	64,417,444	-	86,529,388
Utilities	6,121,483	-	18,134	-	6,139,617
Depreciation	24,837	-	-	-	24,837
Payments to students	204,295	-	-	-	204,295
<b>Total Operating Expenditures/Expenses</b>	286,507,990	-	72,601,546	-	359,109,536
<b>Operating Income (Loss)</b>	(164,160,803)	-	11,275,962	-	(152,884,841)
<b>Nonoperating Revenues (Expenditures)</b>					
State apportionments - noncapital	130,342,395	-	-	-	130,342,395
Education protection account revenues	12,703,367	-	-	-	12,703,367
Local property taxes - noncapital	70,828,325	-	-	-	70,828,325
State taxes and other revenues - noncapital	9,322,167	-	-	-	9,322,167
Investment income - noncapital	6,222,931	-	-	-	6,222,931
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid disbursements	(14,589,079)	-	-	-	(14,589,079)
Other nonoperating revenues/expenditures	2,979,715	-	450,000	-	3,429,715
<b>Total Nonoperating Revenues (Expenditures)</b>	217,809,821	-	450,000	-	218,259,821
<b>Income (Loss) Before Other Revenues and Expenditures/Expenses</b>	53,649,018	-	11,725,962	-	65,374,980
<b>Other Revenues and Expenditures</b>					
Local property taxes and revenues - capital	37,567,751	-	-	-	37,567,751
Investment income - capital	688,190	-	3,344,581	-	4,032,771
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	91,904,959	-	15,070,543	-	106,975,502
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	30,741,143	-	51,587,747	-	82,328,890
Operating transfers out	(12,450,669)	-	(70,299,759)	-	(82,750,428)
Debt service	(50,122,006)	-	-	-	(50,122,006)
<b>Total Other Financing Sources (Uses)</b>	(31,831,532)	-	200,076,143	-	168,244,611
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	60,073,427	-	215,146,686	-	275,220,113
<b>Fund Equity - Beginning of Year</b>	198,382,601	-	39,344,397	-	237,726,998
<b>Fund Equity - End of Year</b>	\$ 258,456,028	\$ -	\$ 254,491,083	\$ -	\$ 512,947,111

See the accompanying notes to the other supplementary information.

**Kern Community College District**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES,**  
**AND CHANGES IN FUND EQUITY – DISTRICT FUNDS**  
**INCLUDED IN THE REPORTING ENTITY**  
**(Continued)**

Year Ended June 30, 2023	Balance Brought Forward	Cafeteria Fund	Associated Students Trust Fund	Student Representation Fee Trust Fund	Balance Forward
<b>Operating Revenues</b>					
Tuition and fees	\$ 32,093,556	\$ -	\$ 458,581	\$ 18,680	\$ 32,570,817
Less: Scholarship discount and allowance	22,495,564	-	-	-	22,495,564
<b>Net Tuition and Fees</b>	9,597,992	-	458,581	18,680	10,075,253
Grants and contracts - noncapital:					
Federal	42,431,752	-	-	-	42,431,752
State	152,786,782	-	-	-	152,786,782
Local	1,247,987	5,122	-	-	1,253,109
Auxiliary enterprise sales and charges	4,667	1,692,992	-	-	1,697,659
Other operating revenues	155,515	-	-	-	155,515
<b>Total Operating Revenues</b>	206,224,695	1,698,114	458,581	18,680	208,400,070
<b>Operating Expenditures/Expenses</b>					
Salaries	138,562,723	805,792	52,528	7,784	139,428,827
Employee benefits	66,123,564	512,807	13,931	83	66,650,385
Supplies, materials, and other operating expenditures	61,525,112	1,482,845	179,434	20,254	63,207,645
Capital outlay	86,529,388	-	-	-	86,529,388
Utilities	6,139,617	60,101	90	-	6,199,808
Depreciation	24,837	-	-	-	24,837
Payments to students	204,295	-	-	-	204,295
<b>Total Operating Expenditures/Expenses</b>	359,109,536	2,861,545	245,983	28,121	362,245,185
<b>Operating Income (Loss)</b>	(152,884,841)	(1,163,431)	212,598	(9,441)	(153,845,115)
<b>Nonoperating Revenues (Expenditures)</b>					
State apportionments - noncapital	130,342,395	-	-	-	130,342,395
Education protection account revenues	12,703,367	-	-	-	12,703,367
Local property taxes - noncapital	70,828,325	-	-	-	70,828,325
State taxes and other revenues - noncapital	9,322,167	-	-	-	9,322,167
Investment income - noncapital	6,222,931	-	-	-	6,222,931
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid disbursements	(14,589,079)	-	-	-	(14,589,079)
Other nonoperating revenues/expenditures	3,429,715	1,074,698	12,833	4	4,517,250
<b>Total Nonoperating Revenues (Expenditures)</b>	218,259,821	1,074,698	12,833	4	219,347,356
<b>Income (Loss) Before Other Revenues and Expenditures/Expenses</b>	65,374,980	(88,733)	225,431	(9,437)	65,502,241
<b>Other Revenues and Expenditures</b>					
Local property taxes and revenues - capital	37,567,751	-	-	-	37,567,751
Investment income - capital	4,032,771	-	67	-	4,032,838
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	106,975,502	(88,733)	225,498	(9,437)	107,102,830
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	82,328,890	-	-	-	82,328,890
Operating transfers out	(82,750,428)	-	-	-	(82,750,428)
Debt service	(50,122,006)	-	-	-	(50,122,006)
<b>Total Other Financing Sources (Uses)</b>	168,244,611	-	-	-	168,244,611
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	275,220,113	(88,733)	225,498	(9,437)	275,347,441
<b>Fund Equity - Beginning of Year</b>	237,726,998	612,031	617,754	168,594	239,125,377
<b>Fund Equity - End of Year</b>	\$ 512,947,111	\$ 523,298	\$ 843,252	\$ 159,157	\$ 514,472,818

See the accompanying notes to the other supplementary information.

**Kern Community College District**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES/EXPENSES,**  
**AND CHANGES IN FUND EQUITY – DISTRICT FUNDS**  
**INCLUDED IN THE REPORTING ENTITY**  
**(Continued)**

Year Ended June 30, 2023	Balance Brought Forward	Student Body Center Fee Trust Fund	Student Financial Aid Fund	Other Trust Fund	Total
<b>Operating Revenues</b>					
Tuition and fees	\$ 32,570,817	\$ 88,317	\$ -	\$ -	\$ 32,659,134
Less: Scholarship discount and allowance	22,495,564	-	-	-	22,495,564
<b>Net Tuition and Fees</b>	<b>10,075,253</b>	<b>88,317</b>	<b>-</b>	<b>-</b>	<b>10,163,570</b>
Grants and contracts - noncapital:					
Federal	42,431,752	-	-	-	42,431,752
State	152,786,782	-	-	-	152,786,782
Local	1,253,109	5	10,000	24,022	1,287,136
Auxiliary enterprise sales and charges	1,697,659	-	-	-	1,697,659
Other operating revenues	155,515	-	-	-	155,515
<b>Total Operating Revenues</b>	<b>208,400,070</b>	<b>88,322</b>	<b>10,000</b>	<b>24,022</b>	<b>208,522,414</b>
<b>Operating Expenditures/Expenses</b>					
Salaries	139,428,827	119,283	-	109,954	139,658,064
Employee benefits	66,650,385	41,402	-	71,234	66,763,021
Supplies, materials, and other operating expenditures	63,207,645	9,979	-	29,710	63,247,334
Capital outlay	86,529,388	4,518	-	-	86,533,906
Utilities	6,199,808	-	-	-	6,199,808
Depreciation	24,837	-	-	-	24,837
Payments to students	204,295	-	-	14,732	219,027
<b>Total Operating Expenditures/Expenses</b>	<b>362,245,185</b>	<b>175,182</b>	<b>-</b>	<b>225,630</b>	<b>362,645,997</b>
<b>Operating Income (Loss)</b>	<b>(153,845,115)</b>	<b>(86,860)</b>	<b>10,000</b>	<b>(201,608)</b>	<b>(154,123,583)</b>
<b>Nonoperating Revenues (Expenditures)</b>					
State apportionments - noncapital	130,342,395	-	-	-	130,342,395
Education protection account revenues	12,703,367	-	-	-	12,703,367
Local property taxes	70,828,325	-	-	-	70,828,325
State taxes and other revenues - noncapital	9,322,167	-	-	-	9,322,167
Investment income - noncapital	6,222,931	-	-	-	6,222,931
Financial aid revenues - federal	-	-	53,969,362	2,291,399	56,260,761
Financial aid revenues - state	-	-	84,989	17,818,436	17,903,425
Financial aid disbursements	(14,589,079)	-	(54,485,889)	(19,907,358)	(88,982,326)
Other nonoperating revenues/expenditures	4,517,250	115,407	-	(869)	4,631,788
<b>Total Nonoperating Revenues (Expenditures)</b>	<b>219,347,356</b>	<b>115,407</b>	<b>(431,538)</b>	<b>201,608</b>	<b>219,232,833</b>
<b>Income (Loss) Before Other Revenues and Expenditures/Expenses</b>	<b>65,502,241</b>	<b>28,547</b>	<b>(421,538)</b>	<b>-</b>	<b>65,109,250</b>
<b>Other Revenues and Expenditures</b>					
Local property taxes and revenues - capital	37,567,751	-	-	-	37,567,751
Investment income - capital	4,032,838	-	-	-	4,032,838
<b>Excess of Revenues Over (Under) Expenditures/Expenses</b>	<b>107,102,830</b>	<b>28,547</b>	<b>(421,538)</b>	<b>-</b>	<b>106,709,839</b>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	82,328,890	-	434,893	-	82,763,783
Operating transfers out	(82,750,428)	-	(13,355)	-	(82,763,783)
Debt service	(50,122,006)	-	-	-	(50,122,006)
<b>Total Other Financing Sources (Uses)</b>	<b>168,244,611</b>	<b>-</b>	<b>421,538</b>	<b>-</b>	<b>168,666,149</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses</b>	<b>275,347,441</b>	<b>28,547</b>	<b>-</b>	<b>-</b>	<b>275,375,988</b>
<b>Fund Equity - Beginning of Year</b>	<b>239,125,377</b>	<b>416,434</b>	<b>-</b>	<b>900</b>	<b>239,542,711</b>
<b>Fund Equity - End of Year</b>	<b>\$ 514,472,818</b>	<b>\$ 444,981</b>	<b>\$ -</b>	<b>\$ 900</b>	<b>\$ 514,918,699</b>

See the accompanying notes to the other supplementary information.

**Kern Community College District**  
**RECONCILIATION OF FUND EQUITY TO NET POSITION**

June 30, 2023

<b>Total Fund Equity - District Funds Included in the Reporting Entity</b>	\$ 514,918,699
Assets recorded within the GASB 35 Statement of Net Position not included in the District fund financial statements:	
Depreciable and leased assets	\$475,489,744
Accumulated depreciation and amortization	(172,694,258)
<b>Subtotal</b>	<b>302,795,486</b>
Nondepreciable capital assets	278,203,382
Deferred outflows related to OPEB	23,272,007
Deferred outflows related to pensions	51,916,452
Deferred loss on refunding, net	4,955,868
Liabilities recorded within the GASB 35 Statement of Net Position not recorded in the District fund financial statements:	
Accounts payable:	
Interest payable	(7,029,440)
Retentions payable	(7,078,611)
Net other postemployment benefits asset	4,712,430
Pension liabilities	(169,319,473)
Compensated absences	(5,444,516)
Other long-term liabilities	(627,894,652)
Deferred inflows related to OPEB	(17,553,418)
Deferred inflows related to pensions	(17,076,303)
<b>Net Position Reported Within the GASB 35 Statement of Net Position</b>	<b>\$ 329,377,911</b>

*See the accompanying notes to the other supplementary information.*

# Kern Community College District

## RECONCILIATION OF CHANGE IN FUND EQUITY TO CHANGE IN NET POSITION

Year Ended June 30, 2023

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<b>Total Net Change in Fund Equity - District Funds Included in the Reporting Entity</b>	<b>\$ 275,375,988</b>
Compensated absence expense reduction reported within the GASB 35 Statements	(248,886)
Capital outlay expense not reported within the GASB 35 Statements	70,006,020
Depreciation & amortization expense reported within the GASB 35 Statements	(11,002,529)
Principal payments on debt not reported within the GASB 35 Statements	31,207,569
Bond proceeds from debt not reported within the GASB 35 Statements	(218,788,155)
Increase in interest expense for capital asset related debt reported within the GASB 35 Statements	(2,935,089)
Change in bond premium cost, net of discounts, reported within the GASB 35 Statements	2,002,882
Change in deferred loss on refunding reported within the GASB 35 Statements	(443,777)
Change in lease liability related to GASB 87	1,029,938
Change in pension expense related to GASB 68	888,799
Change in OPEB expense related to GASB 75	(1,030,170)
<b>Net Change in Net Position Reported Within the GASB 35 Statement of Revenues, Expenses, and Changes in Net Position</b>	<b>\$ 146,062,590</b>

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*See the accompanying notes to the other supplementary information.*

**1. PURPOSE OF SCHEDULES**

**Schedule of Workload Measures for State General Apportionment Annual Attendance**

The Schedule of Workload Measures for State General Apportionment Annualized Attendance as of June 30, 2023, represents the basis of apportionment of the District's annual source of funding.

**Schedule of Expenditures of Federal Awards**

This schedule includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

Expenditures reported on this schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Schedule of Expenditures of State Awards**

This schedule includes the state activity of the District under categorical programs of the state of California for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of the *California Community Colleges Contracted District Audit Manual 2022-23*.

Expenses reported on this schedule are reported on the accrual basis of accounting.

**Reconciliation of Annual Financial and Budget Report (CCFS-311) With District Audited Financial Statements**

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District accounting records.

**Reconciliation of 50% Law Calculation**

This schedule provides the information necessary to reconcile the 50% law calculation as reported on the Form CCFS-311 to the audited financial statements.

**Reconciliation of Education Protection Account Expenditures**

This schedule provides the information necessary to reconcile the Education Protection Account Expenditures reported on the Form CCFS-311 to the audited financial statements.



# Kern Community College District

## NOTES TO THE OTHER SUPPLEMENTARY INFORMATION

(Continued)

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### **Reconciliation of Fund Equity to Net Position and Reconciliation of Change in Fund Equity to Change in Net Position**

These schedules provide the information necessary to reconcile the supplemental combining financial schedules to the audited financial statements.

## **2. COMBINING FINANCIAL STATEMENTS SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting*** The accompanying Combining Balance Sheet – District Funds Included in the Reporting Entity, Combining Schedule of Revenues, Expenditures/Expenses, and Changes in Fund Equity – District Funds Included in the Reporting Entity are presented on the modified accrual basis of accounting with the exception of the Bookstore and Cafeteria Funds, which are presented on the accrual basis of accounting consistent with the presentation in the entity-wide financial statements.

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property taxes available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Property taxes, franchise taxes, licenses, interest revenue, and charges for services are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

The District reports advances from grantors and students on its combining balance sheet. Advances from grantors and students arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Advances from grantors and students also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for advances from grantors and students is removed and revenue is recognized.

## **3. LOAN PROGRAMS**

The District is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program. Accordingly, the value of these outstanding loans is not reflected in the District's financial statements. It is not practical to determine the balance of loans outstanding to students of the District under this program as of June 30, 2023.

## **OTHER REPORTS SECTION**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Kern Community College District  
Bakersfield, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the business-type activities and the discretely presented component unit of Kern Community College District (the District) as of and for the year ended June 30, 2023; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated March 4, 2024.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent, or detect, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

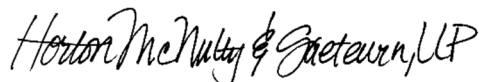
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***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



March 4, 2024  
Chico, California

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Trustees  
Kern Community College District  
Bakersfield, California

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Kern Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

(Continued)

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provision of contracts or grant agreements applicable to the District's federal programs.

***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

(Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

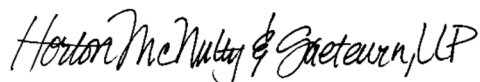
**Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance, and the results of that testing, based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



March 4, 2024  
Chico, California

## **INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER STATE COMPLIANCE**

To the Board of Trustees  
Kern Community College District  
Bakersfield, California

### **Report on Compliance**

#### ***Opinion on State Compliance***

We have audited the Kern Community College District's (the District) compliance with the types of state compliance requirements described in the *California Community Colleges Contracted District Audit Manual 2022-23*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2023. The applicable state compliance requirements are identified in the table below.

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above that are applicable to the District for the year ended June 30, 2023.

#### ***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *California Community Colleges Contracted District Audit Manual 2022-23*, published by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the *California Community Colleges Contracted District Audit Manual 2022-23*, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.



## **INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER STATE COMPLIANCE**

(Continued)

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SCFF Data management control environment  
SCFF Supplemental Allocation Metrics  
SCFF Success Allocation Metrics  
Salaries of classroom instructors (50 percent law)  
Apportionment for activities funded from other sources  
Student centered funding formula base allocation: FTES  
Residency determination for credit courses  
Students actively enrolled  
Dual enrollment (CCAP)  
Scheduled maintenance program  
Gann limit calculation  
Apprenticeship related and supplemental instruction (RSI) funds  
Disabled student programs and services (DSPS)  
Propositions 1D and 51 state bonded funds  
Education protection account funds  
Student representation fee  
State fiscal recovery fund  
COVID-19 response block grant expenditures

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### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's government programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *California Community Colleges Contracted District Audit Manual 2022-23*, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the government program as a whole.

## **INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER STATE COMPLIANCE**

(Continued)

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *California Community Colleges Contracted District Audit Manual 2022-23*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *California Community Colleges Contracted District Audit Manual 2022-23*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

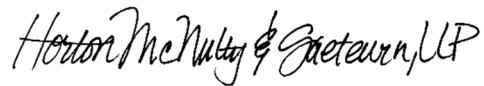
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

(Continued)

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *California Community Colleges Contracted District Audit Manual 2022-23*. Accordingly, this report is not suitable for any other purpose.



March 4, 2024  
Chico, California

## **FINDINGS AND QUESTIONED COSTS SECTION**

**SECTION I**  
**SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Is any noncompliance material to financial statements noted?	No

**FEDERAL AWARDS**

Internal control over major programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	
Assistance Listing Number    Program Name	
84.425                            Education Stabilization	
Various                          Student Financial Aid Cluster	
Threshold for distinguishing types A and B programs:	\$2,961,633
Auditee qualified as low-risk auditee?	Yes

**STATE AWARDS**

Compliance over state programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for state programs:	Unmodified

**Kern Community College District**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
June 30, 2023  
(Continued)

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**SECTION II FINDINGS**  
**FINANCIAL STATEMENTS AUDIT**

None.

**SECTION III FINDINGS**  
**FEDERAL AWARDS AUDIT**

None.

**SECTION IV FINDINGS**  
**STATE AWARDS AUDIT**

None.

**Kern Community College District**

**CORRECTIVE ACTION PLAN**

June 30, 2023

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Not applicable: there are no current-year findings related to federal awards.

**Kern Community College District**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
June 30, 2023

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None.