

Kern Community College District

Bakersfield, California

**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS**

June 30, 2021



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 Financial Statements

We have audited the accompanying financial statements of the business-type activities of Kern Community College District (the District), as of and for the year ended June 30, 2021; and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2021; and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 8 and the required supplementary information on pages 53 to 60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 62 to 82, including the schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations (CFR) 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 64 to 82 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

INDEPENDENT AUDITORS' REPORT

(Continued)

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, 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.



January 25, 2022
Chico, California

FINANCIAL SECTION

Kern Community College District

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021, 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.

As discussed in note 1 to the basic financial statements, the District implemented the provisions of Governmental Accounting Standards Board (GASB) GASB Statement No. 84, *Fiduciary Activities*, as amended by GASB Statement No. 92, *Omnibus 2020*, for the fiscal year ended June 30, 2021. The summarized comparative information presented in this management's discussion and analysis for the year ended June 30, 2020, has not been restated to reflect student activity expense accounting as required by the GASB Statement No. 84, as amended by GASB Statement No. 92. Information was not available for such restatement. Therefore, certain accounts fluctuate significantly between fiscal years 2019-20 and 2020-21 due to information for the two years not being comparable.

DISTRICT BACKGROUND

The California Community College system is comprised of 116 colleges and is the largest system of higher education in the nation. The 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 2020-21 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 2020-21 is the third 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)

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.

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, 2021 and 2020 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 \$130.7 million. This change is largely due to an increase of \$56.2 million in non-depreciable construction-in-progress projects, an increase in accounts receivable of \$26.7 million and a decrease in deferred outflows of \$6.7 million.

The District's total liabilities and deferred inflows increased \$75.1million. This increase is primarily due to a net decrease in pension and OPEB benefit liabilities of \$28.3 offset by an increase in long-term debt of \$86.9 million, which was the result of the District issuing Bond Anticipation Notes (BANs).

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

June 30	2021	2020	Change
Assets			
Current assets:			
Cash and cash equivalents	\$ 163,160,804	\$ 189,556,578	\$ (26,395,774)
Accounts receivable - net	53,087,047	26,717,309	26,369,738
Prepaid expenses	1,491,242	1,457,901	33,341
Inventories	21,321	21,321	-
Total Current Assets	217,760,414	217,753,109	7,305
Noncurrent assets:			
Restricted cash and cash equivalents	107,990,904	40,804,327	67,186,577
Restricted investments	11,836,868	12,223,821	(386,953)
Nondepreciable capital assets	168,587,737	112,303,373	56,284,364
Depreciable capital assets - net	253,797,780	239,472,981	14,324,799
Total Noncurrent Assets	542,213,289	404,804,502	137,408,787
Total Assets	759,973,703	622,557,611	137,416,092
Deferred Outflows of Resources	86,809,179	93,533,793	(6,724,614)
Liabilities			
Current liabilities:			
Accounts payable	35,143,589	29,270,662	5,872,927
Advances from grantors and students	25,538,902	22,514,587	3,024,315
Compensated absences - current portion	1,447,126	1,459,076	(11,950)
Long-term debt - current portion	32,178,444	33,396,532	(1,218,088)
Amounts held in trust for others	-	-	*
Total Current Liabilities	94,308,061	86,640,857	* 7,667,204
Noncurrent liabilities:			
Compensated absences - noncurrent portion	3,368,860	2,611,681	757,179
Net other postemployment benefits (OPEB) liability	5,222,862	52,371,608	(47,148,746)
Net pension liabilities	193,409,288	174,572,410	18,836,878
Long-term debt - noncurrent portion	411,360,158	324,420,658	86,939,500
Total Noncurrent Liabilities	613,361,168	553,976,357	59,384,811
Total Liabilities	707,669,229	640,617,214	67,052,015
Deferred Inflows of Resources	19,082,792	11,026,182	8,056,610
Net Position			
Net investment in capital assets	108,742,424	98,314,349	10,428,075
Restricted - expendable	54,459,116	53,024,929	*
Unrestricted	(43,170,679)	(86,891,270)	43,720,591
Total Net Position	\$ 120,030,861	\$ 64,448,008	* \$ 55,582,853

* As restated for implementation of GASB Statement No. 84, as amended by GASB Statement No. 92.

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 \$55.6 million, increasing from \$64.4 million to \$120 million. This increase was primarily due to the increases and decreases in revenues and expenditures as described below.

Overall, the District's revenues exceeded expenditures resulting in an increase in net position of \$55.6 million. This is an increase of \$33 million compared to fiscal year 2020.

Operating revenues increased \$11 million due to an increase in federal grants related to the COVID-19 Higher Education Emergency Relief Fund (HEERF). Operating expenditures decreased \$33.9 million from the prior year. This change was primarily due to a decrease in the OPEB valuation of \$30 million and other cost savings due to COVID-19 hybrid operations. Nonoperating revenues and expenses decreased \$13.1 million as result of the prior year Student Center Funding Formula (SCFF) apportionment deferral adjustment of \$13 million.

Years Ended June 30	2021	2020	Change	% Change
Operating revenues	\$ 69,775,529	\$ 58,784,800	\$ 10,990,729	18.7%
Operating expenses	207,074,856	241,008,946	(33,934,090)	-14.1%
Operating Loss	(137,299,327)	(182,224,146)	44,924,819	24.7%
Nonoperating revenues and expenses	167,683,721	180,826,943	(13,143,222)	-7.3%
Income (Loss) Before Other Revenue and Expenses	30,384,394	(1,397,203)	31,781,597	2274.7%
Other revenue and expenses	25,198,459	23,965,738	1,232,721	5.1%
Change in Net Position	\$ 55,582,853	\$ 22,568,535	\$ 33,014,318	-146.3%

Years Ended June 30	2021	2020	Change	% Change
Cash received from operations	\$ 45,942,707	\$ 49,991,632	\$ (4,048,925)	-8.1%
Cash expended for operations	(208,435,605)	(211,591,733)	3,156,128	1.5%
Net Cash Used in Operating Activities	(162,492,898)	(161,600,101)	(892,797)	-0.6%
Net cash provided by noncapital financing activities	166,763,464	177,671,843	(10,908,379)	-6.1%
Net cash provided by (used in) capital and related financing activities	34,725,621	(54,917,764)	89,643,385	-163.2%
Net cash provided by investing activities	1,794,616	1,341,703	452,913	33.8%
Net Change in Cash and Cash Equivalents	40,790,803	(37,504,319)	78,295,122	-208.8%
Cash and Cash Equivalents - Beginning of Year	230,360,905	267,865,224	(37,504,319)	-14.0%
Cash and Cash Equivalents - End of Year	\$ 271,151,708	\$ 230,360,905	\$ 40,790,803	17.7%

Kern Community College District
STATEMENT OF NET POSITION

June 30, 2021

ASSETS

Current Assets

Cash and cash equivalents	\$ 118,386,022
Restricted cash and cash equivalents	44,774,782
Accounts receivable - net	53,087,047
Prepaid expenses	1,491,242
Inventories	21,321

Total Current Assets 217,760,414

Noncurrent Assets

Restricted cash and cash equivalents	107,990,904
Restricted investments	11,836,868
Nondepreciable capital assets	168,587,737
Depreciable capital assets - net	253,797,780

Total Noncurrent Assets 542,213,289

TOTAL ASSETS 759,973,703

Deferred Outflows of Resources

Deferred outflows related to OPEB	25,386,409
Deferred outflows related to pensions	55,579,348
Deferred loss on refunding - net	5,843,422

Total Deferred Outflows of Resources \$ 86,809,179

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

Kern Community College District

STATEMENT OF NET POSITION

(Continued)

June 30, 2021

LIABILITIES**Current Liabilities**

Accounts payable	\$ 32,813,544
Accrued interest on long-term debt	2,330,045
Advances from grantors and students	25,538,902
Compensated absences - current portion	1,447,126
Long-term debt - current portion	32,178,444

Total Current Liabilities 94,308,061**Noncurrent Liabilities**

Compensated absences - noncurrent portion	3,368,860
Net other postemployment (OPEB) liability	5,222,862
Net pension liabilities	193,409,288
Long-term debt - noncurrent portion	411,360,158

Total Noncurrent Liabilities 613,361,168

TOTAL LIABILITIES 707,669,229**Deferred Inflows of Resources**

Deferred inflows related to OPEB	13,402,349
Deferred inflows related to pensions	5,680,443

Total Deferred Inflows of Resources 19,082,792**NET POSITION**

Net investment in capital assets	108,742,424
Restricted - expendable	54,459,116
Unrestricted	(43,170,679)

TOTAL NET POSITION \$ 120,030,861

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, 2021

Operating Revenues	
Tuition and fees	\$ 30,868,576
Less: Scholarship discounts and allowances	21,681,889
Net Tuition and Fees	9,186,687
Grants and contracts - noncapital:	
Federal	19,587,516
State	39,908,797
Local	1,038,942
Auxiliary enterprise sales and charges	4,724
Other operating revenue	48,863
Total Operating Revenues	69,775,529
Operating Expenses	
Salaries	120,955,829
Employee benefits	37,273,507
Supplies, materials, and other operating expenses	37,115,944
Utilities	3,112,951
Depreciation	8,586,625
Payments to students	30,000
Total Operating Expenses	207,074,856
Operating Loss	\$ (137,299,327)

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, 2021

Nonoperating Revenues (Expenses)	
State apportionments - noncapital	\$ 71,641,518
Education protection account revenues - noncapital	35,664,682
Local property taxes - noncapital	61,538,056
State taxes and other revenues - noncapital	6,428,036
Investment income - noncapital	1,407,657
Financial aid revenues - federal	53,489,602
Financial aid revenues - state	11,890,068
Financial aid disbursements	(77,706,828)
Other nonoperating revenues (expenses) - noncapital	3,330,930
Total Nonoperating Revenues (Expenses)	167,683,721
Income (Loss) Before Other Revenues and Expenses	30,384,394
Other Revenues, Expenses, Gains, or Losses	
Local property taxes and revenues - capital	36,409,104
Investment income - capital	1,487,230
Interest expense - capital asset-related debt	(12,697,875)
Total Other Revenues, Expenses, Gains, or Losses	25,198,459
Change in Net Position	55,582,853
Net Position - as Previously Reported	63,113,053
Cumulative effect of change in accounting principle	1,334,955
Net Position - as Restated	64,448,008
Net Position - End of Year	\$ 120,030,861

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

Kern Community College District
STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ (13,566,743)
Federal grants and contracts	14,653,519
State grants and contracts	45,068,700
Local grants and contracts	(1,012,351)
Payments to/on behalf of employees	(119,368,782)
Payments for benefits	(50,647,276)
Payments for scholarships and grants	(30,000)
Payments to suppliers	(35,276,596)
Payments for utilities	(3,112,951)
Auxiliary enterprise sales and charges	4,724
Other receipts	794,858

NET CASH USED IN OPERATING ACTIVITIES (162,492,898)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments - noncapital	71,641,518
Education protection account revenues	35,664,682
Local property taxes	61,538,056
Financial aid revenues - federal	53,489,602
Financial aid revenues - state	11,890,068
Financial aid disbursements	(77,706,828)
State taxes and other revenues	6,915,436
Other receipts (payments)	3,330,930

NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES 166,763,464

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Local property taxes - capital	36,409,104
Purchases of capital assets	(75,095,556)
Interest paid on capital debt	(11,961,354)
Interest on investments - capital	1,487,230
Bond proceeds received	123,081,726
Principal paid on capital debt	(39,195,529)

NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES \$ 34,725,621

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

Kern Community College District

STATEMENT OF CASH FLOWS

(Continued)

Year Ended June 30, 2021

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of investments	\$ 3,586,860
Purchase of investments	(3,199,908)
Interest on investments - noncapital	1,407,664

NET CASH PROVIDED BY INVESTING ACTIVITIES 1,794,616**Net Change in Cash and Cash Equivalents** 40,790,803**Cash and Cash Equivalents - Beginning of Year** 230,360,905

Cash and Cash Equivalents - End of Year \$ 271,151,708

COMPONENTS OF CASH AND CASH EQUIVALENTS

Cash and cash equivalents	\$ 118,386,022
Restricted cash and cash equivalents - current	44,774,782
Restricted cash and cash equivalents - noncurrent	107,990,904

TOTAL CASH AND CASH EQUIVALENTS \$ 271,151,708

RECONCILIATION OF OPERATING LOSS TO NET**CASH USED IN OPERATING ACTIVITIES**

Operating loss	\$ (137,299,327)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Allowance for doubtful accounts	1,773,029
Depreciation	8,586,625
Changes in:	
Accounts receivable	(28,630,167)
Prepaid expenses	(33,341)
Deferred outflows of resources	6,256,659
Accounts payable	3,339,345
Advances from grantors and students	3,024,316
Compensated absences	745,229
Net other postemployment benefit liability	(47,148,746)
Net pension liabilities	18,836,878
Deferred inflows of resources	8,056,602

NET CASH USED IN OPERATING ACTIVITIES \$ (162,492,898)

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

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

June 30, 2021	OPEB Trust
ASSETS	
Cash and investments	\$ 53
Interest receivable	220,461
Investments at fair value	76,230,208
TOTAL ASSETS	76,450,722
LIABILITIES	
Benefits payable	361,504
NET POSITION RESTRICTED FOR POSTEMPLOYMENT	
BENEFITS OTHER THAN PENSIONS	\$ 76,089,218

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

Kern Community College District

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY COMPONENT UNIT

	OPEB Trust
Year Ended June 30, 2021	
<hr/>	
ADDITIONS TO NET POSITION ATTRIBUTED TO	
Employer contributions	\$ 1,749,411
Investment Income	
Net appreciation in fair value of investments	9,217,706
Interest and dividends	1,529,400
Investment expenses	(267,550)
Net Investment Income	10,479,556
TOTAL ADDITIONS	12,228,967
<hr/>	
DEDUCTIONS FROM NET POSITION ATTRIBUTED TO	
Benefits paid	5,294,625
Net Change	6,934,342
<hr/>	
Net Position Restricted for Postemployment Benefits Other Than Pensions - as Previously Reported	-
Cumulative effect of change in accounting principle	69,154,876
Net Position Restricted for Postemployment Benefits Other Than Pensions - as Restated	69,154,876
<hr/>	
Net Position Restricted for Postemployment Benefits Other Than Pensions - End of Year	\$ 76,089,218

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. Additional information is provided in the next section of this note 1 to these financial statements.

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.

Implementation of New Accounting Standards

Governmental Accounting Standards Board Statements No. 84 and 92 The District adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, as amended by GASB Statement No. 92, *Omnibus 2020*, for the fiscal year ended June 30, 2021. This statement provides guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. It establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. The statement has been applied retroactively to all periods presented. Accordingly, the District's financial statements have been presented in accordance with the guidance from this statement as follows:

- The Associated Students Trust Fund, Student Representation Fee Trust Fund, and Student Body Center Fee Trust Fund, reported previously as fiduciary trust funds and included in the District's Statement of Net Position, do not meet the new fiduciary criteria and are now reported as special revenue funds. Amounts previously reported as Amounts Held in Trust For Others is now reported as fund balance in these funds. Fund balances of the governmental funds and net position of the governmental activities, as of July 1, 2020, have been restated by \$1,334,955.
- The Kern Community College Public Retirement System (OPEB Trust) under this new standard is considered a fiduciary component unit due to the District's financial burden to make contributions to the trust. Therefore the OPEB Trust is now reported as a fiduciary component unit beginning July 1, 2020. Net position restricted for postemployment benefits other than pensions as of July 1, 2020, has been restated by \$69,154,876.

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.

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

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.

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.

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 \$10,220,673 for the year ended June 30, 2021.

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.

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

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.

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.

Contracting Public Agencies	Term	Facilities	Prepaid Amount
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 \$2,234,443 for the year ended June 30, 2021.

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

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)

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.

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)

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 as of June 30, 2021, was \$1,827,485.

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

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The cash and cash equivalents are as follows:

June 30, 2021

Cash and cash equivalents	\$ 118,386,022
Restricted cash and cash equivalents	152,765,686
Total Cash and Cash Equivalents	\$ 271,151,708

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

June 30, 2021

Cash in County Treasury	\$ 268,807,618
Cash on hand and in banks	2,175,024
Cash held by trustees	169,066
Total Cash and Cash Equivalents	\$ 271,151,708

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, 2021, 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, \$607,882 of the bank balances at June 30, 2021, are insured.

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

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)

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, 2021:

- 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, 2021	Level 1	Level 2
County treasury pool	\$ -	\$ 268,807,618
Investments in LAIF	-	960,744
Bank clearing account	-	-
Certificates of deposit	2,426,390	-
Money market	3,019,874	-
Municipal bonds	-	1,903,269
Corporate bonds and notes:		
Communication	-	-
Energy	-	389,554
Financial services	-	1,261,268
Technology	-	-
Other	-	251,342
U.S. Government agency securities	1,624,427	-
Total Investments	\$ 7,070,691	\$ 273,573,795

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 63% 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, 2021	Fair Value	Investment Maturities		
		Less Than One Year	One to Five Years	More Than Five Years
Investment in LAIF	\$ 960,744	\$ 960,744	\$ -	\$ -
Bank clearing account	-	-	-	-
Certificates of deposit	2,426,390	238,001	2,188,389	-
Municipal bonds	1,903,269	-	1,595,530	307,739
Money market	3,019,874	3,019,874	-	-
Corporate bonds and notes	1,902,164	-	1,902,164	-
U.S. Government agency securities	1,624,427	-	1,624,427	-
Total Investments	\$ 11,836,868	\$ 4,218,619	\$ 7,310,510	\$ 307,739

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, 2021	Fair Value	Investment Ratings						
		AAA	AA+	AA	AA-	A+	A	Unrated
Investment in LAIF	\$ 960,744	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 960,744
Bank clearing account	-	-	-	-	-	-	-	-
Certificates of deposit	2,426,390	2,426,390	-	-	-	-	-	-
Municipal bonds	1,903,269	775,296	365,053	657,664	105,256	-	-	-
Money market	3,019,874	3,019,874	-	-	-	-	-	-
Corporate bonds and notes	1,902,164	-	-	254,377	135,176	753,648	758,963	-
U.S. Government agency securities	1,624,427	1,624,427	-	-	-	-	-	-
Total Investments	\$11,836,868	\$ 7,845,987	\$ 365,053	\$ 912,041	\$ 240,432	\$ 753,648	\$ 758,963	\$ 960,744

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% of the District's investments are in Federal National Mortgage Association and Federal Home Loan Bank, which are U.S. government-sponsored enterprises.

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

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.

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, 2021

Tuition and fees	\$ 47,885,106
Less: Allowance for doubtful accounts	10,220,673
Tuition and Fees - Net	37,664,433
Federal grants and contracts	8,145,810
State grants and contracts	4,345,131
Local grants and contracts	975,290
State taxes and other revenues	1,253,752
Other	702,631
Total	\$ 53,087,047

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

4. CAPITAL ASSETS

Capital assets activity is summarized as follows:

June 30, 2021	Beginning Balance	Additions	Deductions	Transfers	Ending Balance
Nondepreciable Capital Assets					
Land	\$ 19,277,546	\$ -	\$ -	\$ -	\$ 19,277,546
Construction in progress	93,025,827	77,715,460	-	(21,431,096)	149,310,191
Total Nondepreciable Capital Assets	\$ 112,303,373	\$ 77,715,460	\$ -	\$ (21,431,096)	\$ 168,587,737
Depreciable Capital Assets					
Site improvements	\$ 8,198,420	\$ -	\$ -	\$ -	\$ 8,198,420
Joint use facilities agreements	7,448,375	-	-	-	7,448,375
Buildings and improvements	316,013,306	80,231	-	21,216,607	337,310,144
Equipment	26,238,562	1,344,638	-	214,490	27,797,690
Computer equipment	20,491,522	55,458	-	-	20,546,980
Vehicles	4,015,684	-	-	-	4,015,684
Total Depreciable Capital Assets	382,405,869	1,480,327	-	21,431,097	405,317,293
Less: Accumulated depreciation	142,932,888	8,586,625	-	-	151,519,513
Total Depreciable Assets - Net	\$ 239,472,981	\$ (7,106,298)	\$ -	\$ 21,431,097	\$ 253,797,780

5. ACCOUNTS PAYABLE

Accounts payable consisted of the following:

June 30, 2021	
Accrued payroll and related liabilities	\$ 8,785,847
Construction payables	14,203,403
Other	9,824,294
Total	\$ 32,813,544

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

6. 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, 2021, \$53,111,303 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.

7. LONG-TERM LIABILITIES

The long-term liability activity is as follows:

June 30, 2021	Beginning Balance	Accretion/ Additions	Reductions	Ending Balance	Current Portion
Certificates of participation Limited obligation	\$ 25,406,722	\$ -	\$ 1,500,358	\$ 23,906,364	\$ 1,350,000
improvement bonds	5,062,000	-	194,000	4,868,000	211,000
General obligation improvement bonds	248,160,164	73,851,604	38,049,605	283,962,163	29,045,000
CEC loans - direct borrowing	3,548,304	-	312,532	3,235,772	317,444
Bond anticipation notes	-	53,111,303	-	53,111,303	-
Other postemployment benefit bonds	75,640,000	-	1,185,000	74,455,000	1,255,000
Subtotal	357,817,190	126,962,907	41,241,495	443,538,602	32,178,444
Compensated absences	4,070,757	745,229	-	4,815,986	1,447,126
Net OPEB (asset) liability	52,371,608	-	47,148,746	5,222,862	-
Net pension liabilities	174,572,410	18,836,878	-	193,409,288	-
Total Long-Term Liabilities	\$ 588,831,965	\$ 146,545,014	\$ 88,390,241	\$ 646,986,738	\$ 33,625,570

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

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

June 30, 2021

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%. \$ 21,340,000

Unamortized premium on certificates of participation 2,566,364

CERTIFICATES OF PARTICIPATION - NET 23,906,364

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%. 4,868,000

LIMITED OBLIGATION IMPROVEMENT BONDS 4,868,000

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%. 985,772

Energy Conservation Assistance Loan with a principal amount of \$3,000,000. Final maturity is in 2036, with an interest rate of 0.00%. 2,250,000

CEC LOANS - DIRECT BORROWING 3,235,772

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. 53,111,303

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%. 74,455,000

Balance Forward \$ 159,576,439

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

June 30, 2021

Balance Brought Forward	\$ 159,576,439
GENERAL OBLIGATION IMPROVEMENT BONDS	
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%.	4,637,363
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%.	2,262,736
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%.	8,455,155
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%.	71,241,794
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%.	1,770,000
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%.	59,010,000
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%.	56,355,000
Bonds issued in the original amount of \$71,230,000, including current interest with final maturity in 2024. Interest rates range from 3.00% to 5.00%.	10,805,000
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%.	58,500,000
Subtotal	273,037,048
Unamortized premium on general obligation improvement bonds	10,925,115
GENERAL OBLIGATION IMPROVEMENT BONDS - NET	283,962,163
Subtotal	443,538,602
Less: Current portion	32,178,444
Total Long-Term Liabilities - Noncurrent Portion	\$ 411,360,158

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

Accretion

General obligation bonds as of June 30, 2021, have been increased by \$47,989,693 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	Bonds			Bond	
	Principal	Interest	Total	Premium	Total
2022	\$ 32,396,130	\$ 12,150,715	\$ 44,546,845	\$ 1,959,505	\$ 46,506,350
2023	31,120,121	16,661,688	47,781,809	2,002,882	49,784,691
2024	85,140,133	17,008,962	102,149,095	819,791	102,968,886
2025	9,933,706	15,075,978	25,009,684	430,525	25,440,209
2026	11,121,143	15,095,982	26,217,125	585,606	26,802,731
2027-2031	55,642,195	80,628,590	136,270,785	3,343,091	139,613,876
2032-2036	75,064,000	25,668,781	100,732,781	2,724,356	103,457,137
2037-2041	31,005,000	16,120,924	47,125,924	878,922	48,004,846
2042-2046	41,065,000	7,945,257	49,010,257	-	49,010,257
2047	9,570,000	387,541	9,957,541	746,803	10,704,344
Total	\$ 382,057,428	\$ 206,744,418	588,801,846	13,491,481	602,293,327
Less: Interest (excluding accretion of \$47,989,693)			(158,754,725)	-	(158,754,725)
Net Principal			\$ 430,047,121	\$ 13,491,481	\$ 443,538,602

8. OPERATING LEASES

The District leases office and classroom facilities and other equipment under noncancelable operating leases. Total costs for such leases for the year ended June 30, 2021, were \$1,101,836.

The future minimum lease payments are as follows:

Years Ending June 30	
2022	\$ 1,765,971
2023	1,731,726
2024	1,704,986
2025	1,669,391
Total	\$ 6,872,074

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

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, 2021	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS State Teachers' Retirement Plan	\$ 113,383,530	\$ 40,081,831	\$ 4,615,940	\$ 17,338,950
CalPERS School Employer Pool	80,025,758	15,497,517	1,064,503	15,666,005
Total	\$ 193,409,288	\$ 55,579,348	\$ 5,680,443	\$ 33,004,955

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.

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.

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

- **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 2020-21 was 16.15% of annual payroll. The District's contributions to CalSTRS for the fiscal year ended June 30, 2021, were \$9,793,738.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2021, 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, 2021

District's proportionate share of the net pension liability	\$ 113,383,530
State's proportionate share of the net pension liability associated with the District	58,448,750
Total	\$ 171,832,280

The District's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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, 2021, the District's proportion was .117%.

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

State Teachers' Retirement Law also requires the state to contribute 10.328% of the members' creditable earnings from the fiscal year ending in the prior calendar year. *California Education Code*, Section 22950.6 appropriated an additional \$2,246,000,000 from the state's General Fund for the 2018–19 fiscal year to be transferred to the Teachers' Retirement Fund to reduce school employers' contributions and unfunded liabilities for the 2019-20 and 2020-21 fiscal years. For the year ended June 30, 2021, the District recognized pension expense of \$1,827,485 and revenue of \$1,827,485 for support provided by the state. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows Resources
Changes of assumptions	\$ 11,054,494	\$ -
Net difference between projected and actual earnings on pension plan investments	2,692,638	-
Differences between expected and actual experience	200,070	3,195,576
Changes in proportion and differences between District contributions and proportionate share of contributions	16,340,891	1,420,364
District contributions subsequent to the measurement date	9,793,738	-
Total	\$ 40,081,831	\$ 4,615,940

The \$9,793,738 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, 2022. 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	
2022	\$ 4,712,132
2023	6,971,509
2024	7,347,693
2025	4,171,181
2026	1,495,231
Thereafter	974,407
Total	\$ 25,672,153

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

Actuarial Assumptions The total pension liability in the June 30, 2019, actuarial valuation for CalSTRS was determined using the following actuarial assumptions and applied to all periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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, 2019, 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)

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, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
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%
Total	100%	

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 rate increases pursuant to Chapter 47, Statutes of 2014 (AB 1469). 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, 2021	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	\$ 171,306,720	\$ 113,383,530	\$ 65,559,780

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

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.

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 7.00% of their salary. Classic employees are required to contribute 7.00% of their salary. The required employer contribution rate for the 2020-21 fiscal year was 20.70%. The District's contributions to CalPERS for the fiscal year ended June 30, 2021, were \$6,774,167.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2021, the District reported a net pension liability of \$80,025,758 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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, 2021, the District's proportion was .2608%.

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

For the year ended June 30, 2021, the District recognized pension expense of \$15,666,005. *California Government Code*, Section 20825.2 appropriated \$904,000,000 from the state’s General Fund for fiscal year 2018–19 to be transferred to the Public Employees’ Retirement Fund, to reduce school employers’ contributions and unfunded liabilities for the 2019-20 through 2021-22 fiscal years. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Resources	Deferred Inflows Resources
Difference between expected and actual experience	\$ 3,969,032	\$ -
Net difference between projected and actual earnings on pension plan investments	1,665,882	-
Changes in assumptions	293,458	-
Changes in proportion and differences between District contributions and proportionate share of contributions	2,794,978	1,064,503
District contributions subsequent to the measurement date	6,774,167	-
Total	\$ 15,497,517	\$ 1,064,503

The \$6,774,167 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, 2021. 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	
2022	\$ 3,358,566
2023	2,113,746
2023	1,390,067
2024	796,468
Total	\$ 7,658,847

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

Actuarial Assumptions The total pension liability in the June 30, 2019, actuarial valuation for CalPERS was determined using the following actuarial assumptions applied to all periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Investment rate of return	7.15%

Post-retirement mortality rates are based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90% of Scale MP 2016 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, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 1997, through June 30, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

The tables below reflect long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Asset Class	Assumed Asset Allocation	Real Rate of Return	
		Years 1 - 10	Years 11+
Global equity	50%	4.80%	5.98%
Fixed income	28%	1.00%	2.62%
Inflation assets	0%	0.77%	1.81%
Private equity	8%	6.30%	7.23%
Real estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

Discount Rate The discount rate used to measure the total pension liability was 7.15%. 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.

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 7.15%, 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 (6.15%) or one percentage point higher (8.15%) than the current rate:

June 30, 2021	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	\$ 115,051,620	\$ 80,025,758	\$ 50,956,050

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

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, 2021

Inactive Plan members or beneficiaries currently receiving benefit payments	1,057
Active Plan members	421
Total	1,478

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

The District's net OPEB liability for the Plan is measured as the total OPEB liability, less the Plan's fiduciary net position. The net OPEB liability of the Plan is measured as of June 30, 2020, using an annual actuarial valuation as of June 30, 2020. The June 30, 2021, total OPEB liability was based on the actuarial methods and assumptions as shown below.

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

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2020
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return/discount rate	5.00% ⁽¹⁾
Salary increases	2.75%
Consumer price inflation	2.75%
Healthcare cost trend rate	4.00%

(1) Net of investment expenses.

Mortality rates were based on the following tables that were based on the employee's classification.

Employee Type	Mortality Tables
Certificated	2020 CalSTRS Mortality (1)
Classified	2017 CalPERS Retiree Mortality for All Employees (2)
Miscellaneous	2017 CalPERS 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 Retiree Mortality for All 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 Active Mortality for Miscellaneous and Schools 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.

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

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of the following experience studies:

Table	Experience Study
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.

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, 2021, are summarized in the following table:

Asset Class	Percentage of Portfolio	Long-Term Expected Real Rate of Return
US large cap	29%	7.795%
US small cap	13%	7.795%
Foreign stock	9%	7.795%
Other fixed income	49%	3.250%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.0%. 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 reflects a municipal bond rate based on the Bond Buyer 20 Index at June 30, 2020. 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)

Changes in the Net OPEB Liability

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

Year Ended June 30, 2021	
Total OPEB Liability	
Service cost	\$ 3,097,345
Interest	4,806,623
Benefit payments - including refunds of employee contributions	(4,974,510)
Difference between expected and actual experience	(2,628,186)
Experience (gains)/losses	(6,203,264)
Changes in benefit terms	(39,222,004)
Changes in assumptions	(2,916,511)
Other **	2,492,630
Net Change in Total OPEB Liability	(45,547,877)
Total OPEB Liability - Beginning of Year	119,925,615
Total OPEB Liability - End of Year (a)	74,377,738
Plan Fiduciary Net Position	
Contributions - employer	1,983,767
Net investment income	4,020,326
Benefit payments - including refunds of employee contributions	(4,974,510)
Other *	571,286
Net Change in Plan Fiduciary Net Position	1,600,869
Plan Fiduciary Net Position - Beginning of Year	67,554,007
Plan Fiduciary Net Position - End of Year (b)	69,154,876
Plan Net OPEB Liability - End of Year ((a) - (b))	\$ 5,222,862
Plan fiduciary net position as a percentage of the total OPEB liability	92.98%
Covered-employee payroll	\$ 26,672,863
District's net OPEB liability as a percentage of covered-employee payroll	19.58%

** Amount represents net change in total OPEB liability related to the 2020 audited Plan statements.

* Amount represents net change in plan fiduciary net position related to the 2020 audited Plan statements.

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

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

The following presents the District's net OPEB liability calculated using the discount rate of 5.00%, as well as the District's net OPEB liability 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, 2021	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net OPEB liability	\$ 11,877,307	\$ 5,222,862	\$ (578,564)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the District's net OPEB liability calculated using the healthcare cost trend rate of 4.00%, as well as the District's net OPEB liability 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, 2021	1% Decrease (3.00%)	Health Cost Trend Rates (4.00%)	1% Increase (5.00%)
Net OPEB liability	\$ (1,356,662)	\$ 5,222,862	\$ 12,828,187

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$30,435,649. At June 30, 2021, 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	\$ 11,821,737	\$ 10,101,865
Net difference between projected and actual earnings on Plan investments	-	704,469
Change in assumptions	13,564,672	2,596,015
Total	\$ 25,386,409	\$ 13,402,349

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

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	
2022	\$ 1,648,087
2023	1,677,339
2024	1,905,773
2025	1,972,549
2026	2,061,478
Thereafter	2,718,834
Total	\$ 11,984,060

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.

COVID-19

The novel coronavirus, COVID-19, was declared a worldwide pandemic by the World Health Organization on March 11, 2020. The ongoing pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly-evolving situation. The impact of the pandemic on the District's operations and financial performance will depend on future developments, including government mandates and duration of the pandemic, all of which are uncertain and difficult to predict. As a result, it is not currently possible to assess the overall impact of COVID-19 on the District's future. However, if the pandemic continues, the disease could have a material adverse effect on the District's results of operations, financial condition, and cash flows. Management is monitoring the situation on a daily basis in order to mitigate the potential impact of COVID-19 on the District's operations and financial performance.

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

CONSTRUCTION COMMITMENTS

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

June 30, 2021

Bakersfield College Administrative Services	\$ 4,388,395
Bakersfield College Student Center/ABC Building	1,815,487
Bakersfield College Combined Gym and Fieldhouse	41,571,403
Bakersfield College Science & Engineering Building	20,686,815
Bakersfield College Welcome Center	4,700,983
Cerro Coso Maintenance & Operating Facilities	1,501,221
Other	485,034
Total	\$ 75,149,338

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, 2021.

13. FUTURE GASB IMPLEMENTATION

In June 2017, GASB issued Statement No. 87, *Leases*. This statement improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The District's management has not yet determined the impact that the implementation of this standard, which is required on July 1, 2021, 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 AND RELATED RATIOS

Years Ended June 30	2021	2020*	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 3,097,345	\$ 2,902,790	\$ 1,421,507	\$ 1,383,462	\$ 1,346,435
Interest	4,806,623	4,937,130	5,109,304	5,101,500	5,147,159
Benefit payments - including refunds of employee contributions	(4,974,510)	(5,330,228)	(7,711,134)	(6,687,968)	(7,895,232)
Difference between expected and actual experience	(8,831,450)	(2,322,345)	16,888,197	-	-
Changes of benefit terms	(39,222,004)	-	-	-	-
Changes of assumptions	(2,916,511)	2,305,283	16,743,497	-	-
Net Change in Total OPEB Liability	(48,040,507)	2,492,630	32,451,371	(203,006)	(1,401,638)
Total OPEB Liability - Beginning of Year	122,418,245	119,925,615	87,474,244	87,677,250	89,078,888
Total OPEB Liability - End of Year (a)	74,377,738	122,418,245	119,925,615	87,474,244	87,677,250
Plan Fiduciary Net Position					
Contributions - employer	1,983,767	1,856,633	-	1,298,477	-
Net investment income	4,020,326	3,942,100	3,984,165	4,058,277	2,514,945
Benefit payments - including refunds of employee contributions	(4,974,510)	(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	-
Net Change in Plan Fiduciary Net Position	1,029,583	571,286	(2,823,836)	(81,596)	(5,380,827)
Plan Fiduciary Net Position - Beginning of Year	68,125,293	67,554,007	70,377,843	70,459,439	75,840,266
Plan Fiduciary Net Position - End of Year (b)	69,154,876	68,125,293	67,554,007	70,377,843	70,459,439
Plan Net OPEB Liability (asset) - End of Year ((a) - (b))	\$ 5,222,862	\$ 54,292,952	\$ 52,371,608	\$ 17,096,401	\$ 17,217,811
Plan fiduciary net position as a percentage of the total OPEB liability	92.98%	55.65%	56.33%	80.46%	80.36%
Covered-employee payroll	\$ 26,672,863	\$ 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	19.58%	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	2021	2020*	2019	2018	2017
Contractually determined contribution	\$ 4,974,510	\$ 5,330,228	\$ 7,711,134	\$ 6,687,968	\$ 7,895,232
Contributions in relation to the contractually determined contribution	(6,958,277)	(7,186,861)	(7,711,134)	(7,986,445)	(7,895,232)
Contribution Deficiency (Excess)	\$ (1,983,767)	\$ (1,856,633)	\$ -	\$ (1,298,477)	\$ -
Covered-employee payroll	\$ 26,672,863	\$ 30,302,533	\$ 32,545,999	\$ 29,935,251	\$ 27,870,768
Contributions as a percentage of covered-employee payroll	18.65%	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	2021	2020*	2019	2018	2017
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	2021	2020
District's proportion of the net pension liability (asset)	0.117%	0.110%
District's proportionate share of the net pension liability (asset)	\$ 113,383,530	\$ 99,347,600
State's proportionate share of the net pension liability (asset) associated with the District	58,448,750	54,201,186
Total	\$ 171,832,280	\$ 153,548,786
District's covered-employee payroll	\$ 63,887,854	\$ 57,583,108
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	177.47%	172.53%
Plan fiduciary net position as a percentage of the total pension liability	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
Total	\$ 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	2021	2020
Contractually required contribution	\$ 9,793,738	\$ 10,924,823
Contributions in relation to the contractually required contribution	(9,793,738)	(10,924,823)
Contribution Deficiency (Excess)	\$ -	\$ -
District's covered-employee payroll	\$ 63,887,854	\$ 57,583,108
Contributions as a percentage of covered-employee payroll	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)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
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	2021	2020
District's proportion of the net pension liability (asset)	0.2608%	0.2581%
District's proportionate share of the net pension liability (asset)	\$ 80,025,758	\$ 75,224,810
District's covered-employee payroll	\$ 33,740,809	\$ 32,079,443
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	237.18%	234.50%
Plan fiduciary net position as a percentage of the total pension liability	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	2021	2020
Contractually required contribution	\$ 6,774,167	\$ 6,654,025
Contributions in relation to the contractually required contribution	(6,774,167)	(6,654,025)
Contribution Deficiency (Excess)	\$ -	\$ -
District's covered-employee payroll	\$ 33,740,809	\$ 32,079,443
Contributions as a percentage of covered-employee payroll	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)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
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 AND RELATED RATIOS

Changes in Benefit Terms

For the measurement period ended June 30, 2020, the District modified employee benefit coverage from credible to noncredible. The District continues to provide health insurance benefits to its active and retired employees through the Self-Insured Schools of California (SISC), Joint Powers Authority.

Changes in Assumptions

For the measurement period ended June 30, 2020, the discount rate was increased from 4.00% to 5.00% to reflect rates of retirement, termination, and mortality to align with those currently being used by statewide pension systems.

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, 2020.

California Public Employees' Retirement System

There were no significant changes of benefit terms during the measurement period ended June 30, 2020.

3. CHANGES OF ASSUMPTIONS

California State Teachers' Retirement System

On January 31, 2020, the CalSTRS board adopted new actuarial assumptions based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2018. These assumptions were reflected in the valuation dated June 30, 2019.

California Public Employees' Retirement System

There were no significant changes of assumptions during the measurement period ended June 30, 2020.

OTHER SUPPLEMENTARY INFORMATION SECTION

Kern Community College District

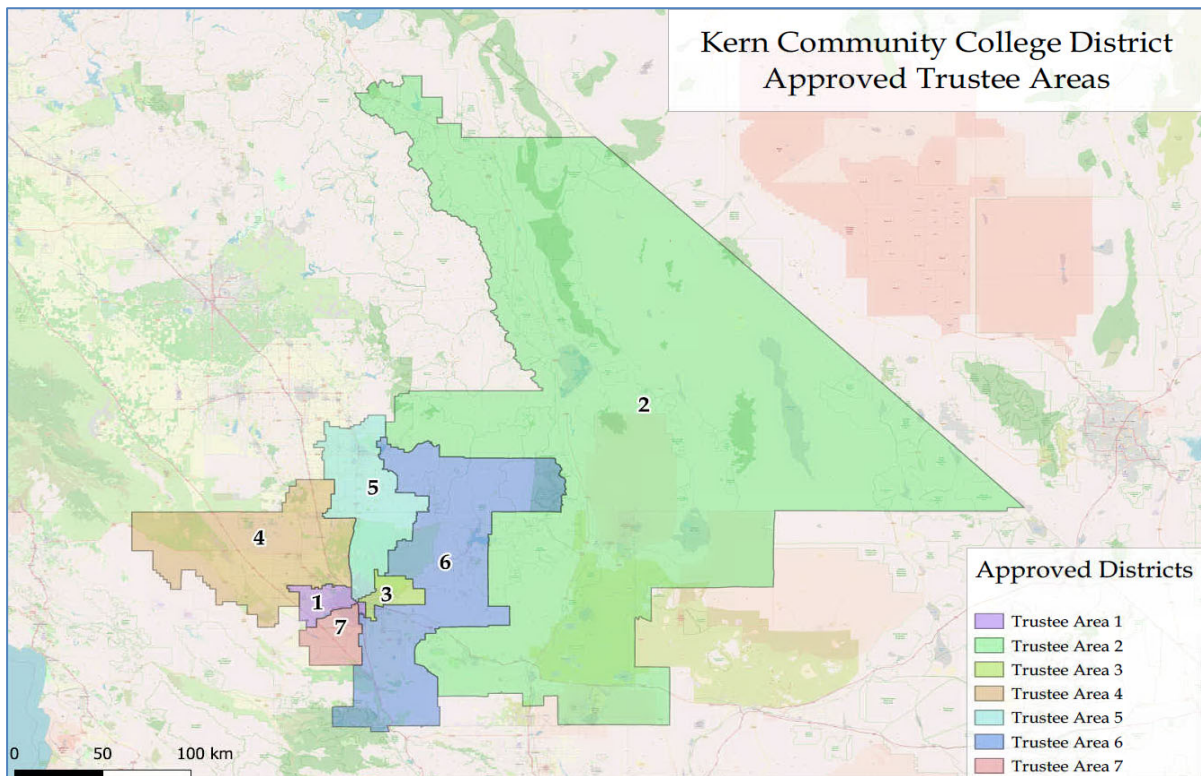
ORGANIZATION STRUCTURE

June 30, 2021

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. Kyle W. Carter	Vice President	1	2022
Ms. Nan Gomez-Heitzeberg	Clerk	3	2022
Mrs. Kay Meek	Member	7	2024
Mr. Jack Connell	Member	2	2022
Yovani Jiminez	Member	6	2024
Mr. John Corkins	Member	5	2022



Kern Community College District

ORGANIZATION STRUCTURE

(Continued)

June 30, 2021

ADMINISTRATION

Mr. Thomas J. Burke
Chancellor

Ms. Arlitha Williams-Harmon
Interim Chief Financial Officer

Mr. Gary Moser
Chief Information Officer

Ms. Dena Rhoades
Interim Director, Human Resources

Mr. John Means
Vice Chancellor, Educational Services

Mr. Christopher Hine
General Counsel

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, 2021

The full-time equivalent resident students (FTES) eligible for 2020-21 state apportionment reported to the state of California are summarized below:

	Reported Data	Audit Adjustments	Revised Data
Summer Intersession (Summer 2020 Only)			
Noncredit	12.20	-	12.20
Credit	2,995.77	-	2,995.77
Summer Intersession (Summer 2021 - Prior to July 1, 2021)			
Noncredit	0.26	-	0.26
Credit	117.94	-	117.94
Primary Terms (Exclusive of Summer Intersession)			
Census Procedure Courses:			
Weekly Census Contact Hours	8,839.20	-	8,839.20
Daily Census Contact Hours	1,096.11	-	1,096.11
Actual Hours of Attendance Procedure Courses:			
Noncredit	6.88	-	6.88
Credit	1,042.24	-	1,042.24
Alternative Attendance Accounting Procedure:			
Weekly Census Contact Hours	5,938.06	-	5,938.06
Daily Census Contact Hours	2,618.18	-	2,618.18
Noncredit Independent Study/Distance Education Courses	125.65	-	125.65
Total FTES	22,792.49	-	22,792.49
Subtotal Credit FTES	22,647.50	-	22,647.50
Subtotal Noncredit FTES	144.99	-	144.99
SUPPLEMENTARY INFORMATION (Subset of Above Information)			
IN-SERVICE TRAINING COURSES (FTES)	581.93	-	581.93
Basic Skills Courses and Immigrant Education			
Noncredit	74.36	-	74.36
Credit	90.36	-	90.36
Centers FTES			
Noncredit	174.44	-	174.44
Credit	16,583.34	-	16,583.34

See the accompanying notes to the other supplementary information.

Kern Community College District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass Through/ Grantor Number	Federal Assistance Listing Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department of Education			
Child Care Food Program	04352-CACFP-15-CC-CS	10.555	\$ 72,495
Schools and Roads		10.666	9,258
Total Passed Through California Department of Education			81,753
Rural Community Development Initiative	CA 751-A16	10.446	30,279
TOTAL U.S. DEPARTMENT OF AGRICULTURE			112,032
U.S. DEPARTMENT OF THE INTERIOR			
Minerals Leasing Act		15.437	540,436
U.S. DEPARTMENT OF LABOR			
WIA Adult Programs	PA2706	17.258	345,294
Job Corps Experimental Projects and Technical Assistance	JC34690	17.287	105,571
TOTAL U.S. DEPARTMENT OF LABOR			450,865
U.S. DEPARTMENT OF TRANSPORTATION			
Highway Training and Education	693JJ32145131,2,3,4,5,7	20.215	27,489
U.S. DEPARTMENT OF THE TREASURY			
Passed Through Chancellor's Office			
Coronavirus Relief Fund	COVID-19	21.019	742,248
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Vocational Rehabilitation for Disabled Veterans		64.116	8,208
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Work-Study Program		84.033	624,284
Federal Pell Grant Program		84.063	41,355,295
Federal Supplemental Education Opportunity Grant		84.007	1,143,693
Federal Direct Student Loans		84.268	1,580,081
Total Student Financial Assistance Cluster			44,703,353
Balance Forward			\$ 46,584,631

See the accompanying notes to the other supplementary information.

Kern Community College District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass Through/ Grantor Number	Federal Assistance Listing Number	Federal Expenditures
Balance Brought Forward			\$ 46,584,631
CARES Act Higher Education Emergency Relief Fund - Student Aid	COVID-19	84.425E	10,510,854
CARES Act Higher Education Emergency Relief Fund - Minority Serving Institutions	COVID-19	84.425L	2,556,626
CARES Act Higher Education Emergency Relief Fund - Institutional Portion	COVID-19	84.425F	10,399,979
Total CARES Act Higher Education Emergency Relief Fund			23,467,459
Title III - Higher Education Institutional Aid	P031S150010, P031S170017	84.031	722,880
TRIO Student Support Services	PO42A201285	84.042	154,518
Child Care Access Means Parents in School	P335A190342	84.335	212,995
Project Workability Bakersfield		84.243	123,917
Passed Through Chancellor's Office			
Career and Technical Education - Basic Grants to States	19-112-023, 19-C01-023	84.048	1,118,645
Title V - Higher Education Institutional Aid	GRA-2960	84.031	29,228
TOTAL U.S. DEPARTMENT OF EDUCATION			70,532,995
NATIONAL SCIENCE FOUNDATION			
Education and Human Resources	AE-255995-17	47.076	35,989
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Education			
General Center - Child Care	CCTR-9053	93.596	208,593
Headstart	09HP0036/01	93.600	152,663
Total Passed Through California Department of Education			361,256
Passed Through Chancellor's Office			
Temporary assistance for needy families		93.558	111,711
Child, Family, and Community Services - Foster Care - Title IV-E	279-2019	93.658	153,891
Total Passed Through the Chancellor's Office			265,602
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			626,858
Total Expenditures of Federal Awards			\$ 73,077,120

See the accompanying notes to the other supplementary information.

Kern Community College District
SCHEDULE OF EXPENDITURES OF STATE AWARDS
Year Ended June 30, 2021

	Program Revenues			
	Cash Received	Accounts Receivable	Deferred Revenue	Total
Extended Opportunity Programs and Services	\$ 3,147,968	\$ -	\$ (132,304)	\$ 3,015,664
CalGrants	6,476,209	(244,975)	(1,891)	6,229,343
Disabled Student Programs and Services	1,834,643	17,035	(248,098)	1,603,580
CalWORKS	745,914	-	(129,910)	616,004
Project Care	487,782	-	(47,080)	440,702
BFAP	1,086,316	-	2,404	1,088,720
CTE Collaborative Projects	1,484,506	-	669,266	2,153,772
CAFYES	1,077,407	65,385	(38,949)	1,103,843
Hunger Free Campus	27,228	(18,857)	43,482	51,853
Veteran's Resource Ctr	278,706	-	(223,365)	55,341
Campus Safety & Sexual Assault	-	10,267	11,104	21,371
CA Completion Grant	4,480,214	(33,741)	(390,422)	4,056,051
CARES Block Grant	1,293,176	(122,483)	(303,366)	867,327
Strong Workforce Program	5,880,815	(1,082,024)	(370,436)	4,428,355
Student Equity and Achievement	931,168	9,359,984	547,693	10,838,845
California College Promise	1,149,449	-	102,603	1,252,052
Other State Grants	4,871,932	1,168,846	923,187	6,963,965
All other categorical	3,737,115	(139,870)	(3,023,406)	573,839
Total State Programs	\$ 38,990,548	\$ 8,979,567	\$ (2,609,488)	\$ 45,360,627

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, 2021

	General Fund	Bond Interest and Redemption Fund	Other Debt Service Fund	Child Development Fund	Balance Forward
June 30, 2021 - Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 126,852,971	\$ 42,905,866	\$ 9,241,519	\$ 23,127	\$ 179,023,483
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	-	3,000	-	-	3,000
Reclassification of amounts held for others	-	-	-	-	-
Rounding	1	(1)	-	1	1
Net Adjustments and Reclassifications	1	2,999	-	1	3,001
June 30, 2021 - District Accounting Records Fund Balance	\$ 126,852,972	\$ 42,908,865	\$ 9,241,519	\$ 23,128	\$ 179,026,484

	Balance Brought Forward	Other Special Revenue Fund	Capital Outlay Projects Fund	Bookstore Fund	Balance Forward
June 30, 2021 - Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 179,023,483	\$ -	\$ 102,938,798	\$ -	\$ 281,962,281
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	3,000	-	-	-	3,000
Reclassification of amounts held for others	-	-	-	-	-
Rounding	1	-	1	-	2
Net Adjustments and Reclassifications	3,001	-	1	-	3,002
June 30, 2021 - District Accounting Records Fund Balance	\$ 179,026,484	\$ -	\$ 102,938,799	\$ -	\$ 281,965,283

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, 2021

(Continued)

	Balance Brought Forward	Cafeteria Fund	Associated Students Trust Fund	Student Representation Fee Trust Fund	Balance Forward
June 30, 2021 - Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 281,962,281	\$ (64,571)	\$ 583,365	\$ 179,353	\$ 282,660,428
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	3,000	-	-	-	3,000
Reclassification of amounts held for others	-	-	-	-	-
Rounding	2	-	(1)	1	2
Net Adjustments and Reclassifications	3,002	-	(1)	1	3,002
June 30, 2021 - District Accounting Records Fund Balance	\$ 281,965,283	\$ (64,571)	\$ 583,364	\$ 179,354	\$ 282,663,430

	Balance Brought Forward	Student Body Center Fee Trust Fund	Student Financial Aid Fund	Other Trust Fund	Total
June 30, 2021 - Annual Financial and Budget Report (CCFS-311) Fund Balance	\$ 282,660,428	\$ 474,991	\$ -	\$ 900	\$ 283,136,319
Adjustment and reclassifications increasing (decreasing) the fund balance:					
District adjustments	3,000	24,196	-	-	27,196
Reclassification of amounts held for others	-	-	-	-	-
Rounding	2	-	-	-	2
Net Adjustments and Reclassifications	3,002	24,196	-	-	27,198
June 30, 2021 - District Accounting Records Fund Balance	\$ 282,663,430	\$ 499,187	\$ -	\$ 900	\$ 283,163,517

See the accompanying notes to the other supplementary information.

Kern Community College District
RECONCILIATION OF 50% LAW CALCULATION
 June 30, 2021

	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
ACADEMIC SALARIES							
Instructional Salaries							
Contract or regular	1100	\$ 39,630,687	\$ -	\$ 39,630,687	\$ 39,674,816	\$ -	\$ 39,674,816
Other	1300	15,924,918	-	15,924,918	15,938,718	-	15,938,718
Total Instructional Salaries		55,555,605	-	55,555,605	55,613,534	-	55,613,534
Noninstructional Salaries							
Contract or regular	1200	-	-	-	10,867,100	-	10,867,100
Other	1400	-	-	-	804,860	-	804,860
Total Noninstructional Salaries		-	-	-	11,671,960	-	11,671,960
TOTAL ACADEMIC SALARIES		55,555,605	-	55,555,605	67,285,494	-	67,285,494
CLASSIFIED SALARIES							
Noninstructional Salaries							
Regular status	2100	-	-	-	22,673,720	-	22,673,720
Other	2300	-	-	-	574,436	-	574,436
Total Noninstructional Salaries		-	-	-	23,248,156	-	23,248,156
Instructional Aides							
Regular status	2200	819,842	-	819,842	819,842	-	819,842
Other	2400	2,083,405	-	2,083,405	2,083,405	-	2,083,405
Total Instructional Aides		2,903,247	-	2,903,247	2,903,247	-	2,903,247
TOTAL CLASSIFIED SALARIES		2,903,247	-	2,903,247	26,151,403	-	26,151,403
Other							
Employee benefits	3000	22,858,825	-	22,858,825	40,376,094	-	40,376,094
Supplies and materials	4000	-	-	-	1,119,004	-	1,119,004
Other operating expenses	5000	-	-	-	18,221,592	-	18,221,592
Equipment replacement	6420	-	-	-	-	-	-
Total Other		22,858,825	-	22,858,825	59,716,690	-	59,716,690
Total Expenditures Prior to Exclusions		\$ 81,317,677	\$ -	\$ 81,317,677	\$ 153,153,587	\$ -	\$ 153,153,587

See the accompanying notes to the other supplementary information.

Kern Community College District
RECONCILIATION OF 50% LAW CALCULATION
 June 30, 2021
 (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
EXCLUSIONS							
Activities to Exclude							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	\$ 5,384,630	\$ -	\$ 5,384,630	\$ -	\$ -	\$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	454	-	454
Noninstructional Staff Retirees' Benefits and Retirement Incentives	6740	-	-	-	542,172	-	542,172
Total Instructional Salaries		5,384,630	-	5,384,630	542,626	-	542,626
Objects to Exclude							
Rents and leases	5060	-	-	-	1,878,633	-	1,878,633
Lottery expenditures:							
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Subtotal		-	-	-	1,878,633	-	1,878,633
Supplies and materials:							
Software	4100	-	-	-	-	-	-
Books, magazines, and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	27,795	-	27,795
Noninstructional supplies and materials	4400	-	-	-	274,969	-	274,969
Total Supplies and Materials		-	-	-	302,764	-	302,764
Other operating expenses and services	5000	-	-	-	2,533,209	-	2,533,209
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Subtotal		-	-	-	2,533,209	-	2,533,209
Equipment	6400	-	-	-	-	-	-
Equipment - additional	6410	-	-	-	315,266	-	315,266
Equipment - replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	315,266	-	315,266
Total Capital Outlay		-	-	-	315,266	-	315,266
Other outgo	7000	-	-	-	-	-	-
TOTAL EXCLUSIONS		5,384,630	-	5,384,630	5,572,498	-	5,572,498
Total for ECS 84362 - 50% Law		\$ 75,933,047	\$ -	\$ 75,933,047	\$ 147,581,089	\$ -	\$ 147,581,089
Percentage of CEE (Instructional Salary Cost/Total CEE)		51.45%	0.00%	51.45%			
50% of Current Expense of Education					\$ 73,790,540	\$ -	\$ 73,790,540

See the accompanying notes to the other supplementary information.

Kern Community College District
 RECONCILIATION OF EDUCATION PROTECTION
 ACCOUNT EXPENDITURES
 June 30, 2021

	Object Code	Salaries and Benefits (1000-3000)	Operating Expenses (4000-5000)	Capital Outlay (6000)	Total
EPA Proceeds	8630			\$	35,664,682
Activity Classification					
Instructional activities	0100-5900	\$ 33,292,233	\$ -	\$ -	33,292,233
Total Expenditures for EPA		\$ -	\$ -	\$ -	33,292,233
Total Revenue Less Expenditures				\$	2,372,449

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, 2021	General Fund	Bond Interest and Redemption Fund	Other Debt Service Fund	Child Development Fund	Balance Forward
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 106,114,167	\$ -	\$ 1,923,624	\$ (488,120)	\$ 107,549,671
Restricted cash and cash equivalents - current	-	-	-	-	-
Accounts receivable - net	50,210,235	414,048	36,168	696,345	51,356,796
Prepaid expenses	1,479,512	-	-	-	1,479,512
Inventories	-	-	-	-	-
Due from other funds	4,699,153	-	-	-	4,699,153
Total Current Assets	162,503,067	414,048	1,959,792	208,225	165,085,132
Noncurrent Assets					
Restricted cash and cash equivalents - noncurrent	-	42,498,326	-	-	42,498,326
Restricted investments	-	-	11,836,868	-	11,836,868
Capital assets - net	282,707	-	-	-	282,707
Total Noncurrent Assets	282,707	42,498,326	11,836,868	-	54,617,901
TOTAL ASSETS	\$ 162,785,774	\$ 42,912,374	\$ 13,796,660	\$ 208,225	\$ 219,703,033
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 15,222,379	\$ 3,509	\$ -	\$ 53,098	\$ 15,278,986
Advances from grantors and students	20,710,423	-	-	131,999	20,842,422
Due to other funds	-	-	4,555,141	-	4,555,141
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	35,932,802	3,509	4,555,141	185,097	40,676,549
Fund Equity					
Fund balances:					
Reserved for debt service	-	42,908,865	9,241,519	-	52,150,384
Reserved for special purposes	-	-	-	23,128	23,128
Unreserved:					
Undesignated	126,852,972	-	-	-	126,852,972
Total Fund Equity	126,852,972	42,908,865	9,241,519	23,128	179,026,484
TOTAL LIABILITIES AND FUND EQUITY	\$ 162,785,774	\$ 42,912,374	\$ 13,796,660	\$ 208,225	\$ 219,703,033

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, 2021	Balance Brought Forward	Other Special Revenue Fund	Capital Outlay Projects Fund	Bookstore Fund	Balance Forward
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 107,549,671	\$ -	\$ 55,170,612	\$ -	\$ 162,720,283
Restricted cash and cash equivalents - current	-	-	61,170,000	-	61,170,000
Accounts receivable - net	51,356,796	-	244,126	-	51,600,922
Prepaid expenses	1,479,512	-	9,387	-	1,488,899
Inventories	-	-	-	-	-
Due from other funds	4,699,153	-	-	-	4,699,153
Total Current Assets	165,085,132	-	116,594,125	-	281,679,257
Noncurrent Assets					
Restricted cash and cash equivalents - noncurrent	42,498,326	-	-	-	42,498,326
Restricted investments	11,836,868	-	-	-	11,836,868
Capital assets - net	282,707	-	-	-	282,707
Total Noncurrent Assets	54,617,901	-	-	-	54,617,901
TOTAL ASSETS	\$ 219,703,033	\$ -	\$ 116,594,125	\$ -	\$ 336,297,158
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 15,278,986	\$ -	\$ 13,640,792	\$ -	\$ 28,919,778
Advances from grantors and students	20,842,422	-	-	-	20,842,422
Due to other funds	4,555,141	-	14,534	-	4,569,675
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	40,676,549	-	13,655,326	-	54,331,875
Fund Equity					
Fund balances:					
Reserved for debt service	52,150,384	-	-	-	52,150,384
Reserved for special purposes	23,128	-	102,938,799	-	102,961,927
Unreserved:					
Undesignated	126,852,972	-	-	-	126,852,972
Total Fund Equity	179,026,484	-	102,938,799	-	281,965,283
TOTAL LIABILITIES AND FUND EQUITY	\$ 219,703,033	\$ -	\$ 116,594,125	\$ -	\$ 336,297,158

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, 2021	Balance Brought Forward	Cafeteria Fund	Associated Students Trust Fund	Student Representation Fee Trust Fund	Balance Forward
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 162,720,283	\$ 50,596	\$ 103,844	\$ -	\$ 162,874,723
Restricted cash and cash equivalents - current	61,170,000	-	585,980	180,941	61,936,921
Accounts receivable - net	51,600,922	5,102	66,265	-	51,672,289
Prepaid expenses	1,488,899	-	840	280	1,490,019
Inventories	-	21,321	-	-	21,321
Due from other funds	4,699,153	-	-	-	4,699,153
Total Current Assets	281,679,257	77,019	756,929	181,221	282,694,426
Noncurrent Assets					
Restricted cash and cash equivalents - noncurrent	42,498,326	1,400	-	-	42,499,726
Restricted investments	11,836,868	-	-	-	11,836,868
Capital assets - net	282,707	-	-	-	282,707
Total Noncurrent Assets	54,617,901	1,400	-	-	54,619,301
TOTAL ASSETS	\$ 336,297,158	\$ 78,419	\$ 756,929	\$ 181,221	\$ 337,313,727
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 28,919,778	\$ 8,823	\$ 172,437	\$ -	\$ 29,101,038
Advances from grantors and students	20,842,422	4,689	1,128	1,867	20,850,106
Due to other funds	4,569,675	129,478	-	-	4,699,153
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	54,331,875	142,990	173,565	1,867	54,650,297
Fund Equity					
Fund balances:					
Reserved for debt service	52,150,384	-	-	-	52,150,384
Reserved for special purposes	102,961,927	(64,571)	583,364	179,354	103,660,074
Unreserved:					
Undesignated	126,852,972	-	-	-	126,852,972
Total Fund Equity	281,965,283	(64,571)	583,364	179,354	282,663,430
TOTAL LIABILITIES AND FUND EQUITY	\$ 336,297,158	\$ 78,419	\$ 756,929	\$ 181,221	\$ 337,313,727

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, 2021	Balance Brought Forward	Student Body Center Fee Trust Fund	Student Financial Aid Fund	Other Trust Fund	Total
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 162,874,723	\$ -	\$ 1,698,707	\$ 1,621,027	\$ 166,194,457
Restricted cash and cash equivalents - current	61,936,921	520,605	-	-	62,457,526
Accounts receivable - net	51,672,289	-	961,030	453,727	53,087,046
Prepaid expenses	1,490,019	-	-	1,223	1,491,242
Inventories	21,321	-	-	-	21,321
Due from other funds	4,699,153	-	-	-	4,699,153
Total Current Assets	282,694,426	520,605	2,659,737	2,075,977	287,950,745
Noncurrent Assets					
Restricted cash and cash equivalents - noncurrent	42,499,726	-	-	-	42,499,726
Restricted investments	11,836,868	-	-	-	11,836,868
Capital assets - net	282,707	-	-	-	282,707
Total Noncurrent Assets	54,619,301	-	-	-	54,619,301
TOTAL ASSETS	\$ 337,313,727	\$ 520,605	\$ 2,659,737	\$ 2,075,977	\$ 342,570,046
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 29,101,038	\$ 3,569	\$ -	\$ 63,867	\$ 29,168,474
Advances from grantors and students	20,850,106	17,849	2,659,737	2,011,210	25,538,902
Due to other funds	4,699,153	-	-	-	4,699,153
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	54,650,297	21,418	2,659,737	2,075,077	59,406,529
Fund Equity					
Fund balances:					
Reserved for debt service	52,150,384	-	-	-	52,150,384
Reserved for special purposes	103,660,074	499,187	-	900	104,160,161
Unreserved:					
Undesignated	126,852,972	-	-	-	126,852,972
Total Fund Equity	282,663,430	499,187	-	900	283,163,517
TOTAL LIABILITIES AND FUND EQUITY	\$ 337,313,727	\$ 520,605	\$ 2,659,737	\$ 2,075,977	\$ 342,570,046

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, 2021	General Fund	Bond Interest and Redemption Fund	Other Debt Service Fund	Child Development Fund	Balance Forward
Operating Revenues					
Tuition and fees	\$ 30,467,949	\$ -	\$ -	\$ -	\$ 30,467,949
Less: Scholarship discount and allowance	21,681,889	-	-	-	21,681,889
Net Tuition and Fees	8,786,060	-	-	-	8,786,060
Grants and contracts - noncapital:					
Federal	18,940,750	-	-	646,746	19,587,496
State	36,719,588	-	-	2,137,209	38,856,797
Local	1,036,183	-	-	21	1,036,204
Auxiliary enterprise sales and charges	907	-	-	-	907
Other operating revenues	26,264	-	-	22,599	48,863
Total Operating Revenues	65,509,752	-	-	2,806,575	68,316,327
Operating Expenditures/Expenses					
Salaries	116,938,510	-	-	1,678,965	118,617,475
Employee benefits	49,447,964	-	-	1,017,917	50,465,881
Supplies, materials, and other operating expenditures	26,254,648	90,469	2,595,797	187,645	29,128,559
Capital outlay	7,794,366	-	-	7,640	7,802,006
Utilities	3,069,516	-	-	42,957	3,112,473
Depreciation	24,837	-	-	-	24,837
Payments to students	30,000	-	-	-	30,000
Total Operating Expenditures/Expenses	203,559,841	90,469	2,595,797	2,935,124	209,181,231
Operating Income (Loss)	(138,050,089)	(90,469)	(2,595,797)	(128,549)	(140,864,904)
Nonoperating Revenues (Expenditures)					
State apportionments - noncapital	71,641,518	-	-	-	71,641,518
Education protection account revenues	35,664,682	-	-	-	35,664,682
Local property taxes - noncapital	61,513,919	24,137	-	-	61,538,056
State taxes and other revenues - noncapital	6,408,110	19,926	-	-	6,428,036
Investment income - noncapital	1,407,657	-	-	-	1,407,657
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid disbursements	(12,266,638)	-	-	-	(12,266,638)
Other nonoperating revenues/expenditures	2,091,831	2,592,850	-	55,367	4,740,048
Total Nonoperating Revenues (Expenditures)	166,461,079	2,636,913	-	55,367	169,153,359
Income (Loss) Before Other Revenues and Expenditures/Expenses	28,410,990	2,546,444	(2,595,797)	(73,182)	28,288,455
Other Revenues and Expenditures					
Local property taxes and revenues - capital	-	36,409,104	-	-	36,409,104
Investment income - capital	-	710,509	26,877	-	737,386
Excess of Revenues Over (Under) Expenditures/Expenses	28,410,990	39,666,057	(2,568,920)	(73,182)	65,434,945
Other Financing Sources (Uses)					
Bond proceeds	-	-	-	-	-
Cost of bond issuance	-	-	-	-	-
Operating transfers in	1,586,067	5,973,027	636,955	47,763	8,243,812
Operating transfers out	(2,593,542)	-	-	-	(2,593,542)
Debt service	(6,076,739)	(45,080,144)	-	-	(51,156,883)
Total Other Financing Sources (Uses)	(7,084,214)	(39,107,117)	636,955	47,763	(45,506,613)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	21,326,776	558,940	(1,931,965)	(25,419)	19,928,332
Fund Equity - as Previously Reported	105,526,196	42,349,925	11,173,484	48,547	159,098,152
Cumulative effect of change in accounting principle	-	-	-	-	-
Fund Equity - as Restated	105,526,196	42,349,925	11,173,484	48,547	159,098,152
Fund Equity - End of Year	\$ 126,852,972	\$ 42,908,865	\$ 9,241,519	\$ 23,128	\$ 179,026,484

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, 2021	Balance Brought Forward	Other Special Revenue Fund	Capital Outlay Projects Fund	Bookstore Fund	Balance Forward
Operating Revenues					
Tuition and fees	\$ 30,467,949	\$ -	\$ -	\$ -	\$ 30,467,949
Less: Scholarship discount and allowance	21,681,889	-	-	-	21,681,889
Net Tuition and Fees	8,786,060	-	-	-	8,786,060
Grants and contracts - noncapital:					
Federal	19,587,496	-	-	-	19,587,496
State	38,856,797	-	1,052,000	-	39,908,797
Local	1,036,204	-	(63)	-	1,036,141
Auxiliary enterprise sales and charges	907	-	-	-	907
Other operating revenues	48,863	-	-	-	48,863
Total Operating Revenues	68,316,327	-	1,051,937	-	69,368,264
Operating Expenditures/Expenses					
Salaries	118,617,475	-	821,128	-	119,438,603
Employee benefits	50,465,881	-	381,171	-	50,847,052
Supplies, materials, and other operating expenditures	29,128,559	-	10,175,901	-	39,304,460
Capital outlay	7,802,006	-	69,554,297	-	77,356,303
Utilities	3,112,473	-	466	-	3,112,939
Depreciation	24,837	-	-	-	24,837
Payments to students	30,000	-	-	-	30,000
Total Operating Expenditures/Expenses	209,181,231	-	80,932,963	-	290,114,194
Operating Income (Loss)	(140,864,904)	-	(79,881,026)	-	(220,745,930)
Nonoperating Revenues (Expenditures)					
State apportionments - noncapital	71,641,518	-	-	-	71,641,518
Education protection account revenues	35,664,682	-	-	-	35,664,682
Local property taxes - noncapital	61,538,056	-	-	-	61,538,056
State taxes and other revenues - noncapital	6,428,036	-	-	-	6,428,036
Investment income - noncapital	1,407,657	-	-	-	1,407,657
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid disbursements	(12,266,638)	-	-	-	(12,266,638)
Other nonoperating revenues/expenditures	4,740,048	-	364,556	-	5,104,604
Total Nonoperating Revenues (Expenditures)	169,153,359	-	364,556	-	169,517,915
Income (Loss) Before Other Revenues and Expenditures/Expenses	28,288,455	-	(79,516,470)	-	(51,228,015)
Other Revenues and Expenditures					
Local property taxes and revenues - capital	36,409,104	-	-	-	36,409,104
Investment income - capital	737,386	-	749,785	-	1,487,171
Excess of Revenues Over (Under) Expenditures/Expenses	65,434,945	-	(78,766,685)	-	(13,331,740)
Other Financing Sources (Uses)					
Bond proceeds	-	-	123,081,726	-	123,081,726
Operating transfers in	8,243,812	-	250,259	-	8,494,071
Operating transfers out	(2,593,542)	-	(5,973,027)	-	(8,566,569)
Debt service	(51,156,883)	-	-	-	(51,156,883)
Total Other Financing Sources (Uses)	(45,506,613)	-	117,358,958	-	71,852,345
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	19,928,332	-	38,592,273	-	58,520,605
Fund Equity - as Previously Reported	159,098,152	-	64,346,526	-	223,444,678
Cumulative effect of change in accounting principle	-	-	-	-	-
Fund Equity - as Restated	159,098,152	-	64,346,526	-	223,444,678
Fund Equity - End of Year	\$ 179,026,484	\$ -	\$ 102,938,799	\$ -	\$ 281,965,283

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, 2021	Balance Brought Forward	Cafeteria Fund	Associated Students Trust Fund	Student Representation Fee Trust Fund	Balance Forward
Operating Revenues					
Tuition and fees	\$ 30,467,949	\$ -	\$ 298,259	\$ 65,790	\$ 30,831,998
Less: Scholarship discount and allowance	21,681,889	-	-	-	21,681,889
Net Tuition and Fees	8,786,060	-	298,259	65,790	9,150,109
Grants and contracts - noncapital:					
Federal	19,587,496	-	-	-	19,587,496
State	39,908,797	-	-	-	39,908,797
Local	1,036,141	-	-	-	1,036,141
Auxiliary enterprise sales and charges	907	3,817	-	-	4,724
Other operating revenues	48,863	-	-	-	48,863
Total Operating Revenues	69,368,264	3,817	298,259	65,790	69,736,130
Operating Expenditures/Expenses					
Salaries	119,438,603	487,382	38,997	-	119,964,982
Employee benefits	50,847,052	344,283	10,791	-	51,202,126
Supplies, materials, and other operating expenditures	39,304,460	18,107	105,353	47,274	39,475,194
Capital outlay	77,356,303	-	947	-	77,357,250
Utilities	3,112,939	12	-	-	3,112,951
Depreciation	24,837	-	-	-	24,837
Payments to students	30,000	-	-	-	30,000
Total Operating Expenditures/Expenses	290,114,194	849,784	156,088	47,274	291,167,340
Operating Income (Loss)	(220,745,930)	(845,967)	142,171	18,516	(221,431,210)
Nonoperating Revenues (Expenditures)					
State apportionments - noncapital	71,641,518	-	-	-	71,641,518
Education protection account revenues	35,664,682	-	-	-	35,664,682
Local property taxes - noncapital	61,538,056	-	-	-	61,538,056
State taxes and other revenues - noncapital	6,428,036	-	-	-	6,428,036
Investment income - noncapital	1,407,657	-	-	-	1,407,657
Financial aid revenues - federal	-	-	-	-	-
Financial aid revenues - state	-	-	-	-	-
Financial aid disbursements	(12,266,638)	-	-	-	(12,266,638)
Other nonoperating revenues/expenditures	5,104,604	781,396	17,248	(2,635)	5,900,613
Total Nonoperating Revenues (Expenditures)	169,517,915	781,396	17,248	(2,635)	170,313,924
Income (Loss) Before Other Revenues and Expenditures/Expenses	(51,228,015)	(64,571)	159,419	15,881	(51,117,286)
Other Revenues and Expenditures					
Local property taxes and revenues - capital	36,409,104	-	-	-	36,409,104
Investment income - capital	1,487,171	-	61	-	1,487,232
Excess of Revenues Over (Under) Expenditures/Expenses	(13,331,740)	(64,571)	159,480	15,881	(13,220,950)
Other Financing Sources (Uses)					
Bond proceeds	123,081,726	-	-	-	123,081,726
Operating transfers in	8,494,071	-	103,567	-	8,597,638
Operating transfers out	(8,566,569)	-	(233,434)	-	(8,800,003)
Debt service	(51,156,883)	-	-	-	(51,156,883)
Total Other Financing Sources (Uses)	71,852,345	-	(129,867)	-	71,722,478
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	58,520,605	(64,571)	29,613	15,881	58,501,528
Fund Equity - Beginning of Year	223,444,678	-	-	-	223,444,678
Cumulative effect of change in accounting principle	-	-	553,751	163,473	717,224
Fund Equity - as Restated	223,444,678	-	553,751	163,473	224,161,902
Fund Equity - End of Year	\$ 281,965,283	\$ (64,571)	\$ 583,364	\$ 179,354	\$ 282,663,430

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, 2021	Balance Brought Forward	Student Body Center Fee Trust Fund	Student Financial Aid Fund	Other Trust Fund	Total
Operating Revenues					
Tuition and fees	\$ 30,831,998	\$ 36,574	\$ -	\$ -	\$ 30,868,572
Less: Scholarship discount and allowance	21,681,889	-	-	-	21,681,889
Net Tuition and Fees	9,150,109	36,574	-	-	9,186,683
Grants and contracts - noncapital:					
Federal	19,587,496	-	-	20	19,587,516
State	39,908,797	-	-	-	39,908,797
Local	1,036,141	-	-	2,805	1,038,946
Auxiliary enterprise sales and charges	4,724	-	-	-	4,724
Other operating revenues	48,863	-	-	-	48,863
Total Operating Revenues	69,736,130	36,574	-	2,825	69,775,529
Operating Expenditures/Expenses					
Salaries	119,964,982	138,112	-	107,506	120,210,600
Employee benefits	51,202,126	32,815	-	37,165	51,272,106
Supplies, materials, and other operating expenditures	39,475,194	7,356	-	-	39,482,550
Capital outlay	77,357,250	-	-	-	77,357,250
Utilities	3,112,951	-	-	-	3,112,951
Depreciation	24,837	-	-	-	24,837
Payments to students	30,000	-	-	-	30,000
Total Operating Expenditures/Expenses	291,167,340	178,283	-	144,671	291,490,294
Operating Income (Loss)	(221,431,210)	(141,709)	-	(141,846)	(221,714,765)
Nonoperating Revenues (Expenditures)					
State apportionments - noncapital	71,641,518	-	-	-	71,641,518
Education protection account revenues	35,664,682	-	-	-	35,664,682
Local property taxes	61,538,056	-	-	-	61,538,056
State taxes and other revenues - noncapital	6,428,036	-	-	-	6,428,036
Investment income - noncapital	1,407,657	-	-	-	1,407,657
Financial aid revenues - federal	-	-	51,909,541	1,580,061	53,489,602
Financial aid revenues - state	-	-	172,150	11,717,918	11,890,068
Financial aid disbursements	(12,266,638)	-	(52,284,057)	(13,156,133)	(77,706,828)
Other nonoperating revenues/expenditures	5,900,613	23,165	-	-	5,923,778
Total Nonoperating Revenues (Expenditures)	170,313,924	23,165	(202,366)	141,846	170,276,569
Income (Loss) Before Other Revenues and Expenditures/Expenses	(51,117,286)	(118,544)	(202,366)	-	(51,438,196)
Other Revenues and Expenditures					
Local property taxes and revenues - capital	36,409,104	-	-	-	36,409,104
Investment income - capital	1,487,232	-	-	-	1,487,232
Excess of Revenues Over (Under) Expenditures/Expenses	(13,220,950)	(118,544)	(202,366)	-	(13,541,860)
Other Financing Sources (Uses)					
Bond proceeds	123,081,726	-	-	-	123,081,726
Operating transfers in	8,597,638	-	202,366	-	8,800,004
Operating transfers out	(8,800,003)	-	-	-	(8,800,003)
Debt service	(51,156,883)	-	-	-	(51,156,883)
Total Other Financing Sources (Uses)	71,722,478	-	202,366	-	71,924,844
Excess of Revenues and Other Financing Sources Over (Under) Expenditures/Expenses and Other Financing Uses	58,501,528	(118,544)	-	-	58,382,984
Fund Equity - as Previously Reported	223,444,678	-	-	900	223,445,578
Cumulative effect of change in accounting principle	717,224	617,731	-	-	1,334,955
Fund Equity - as Restated	224,161,902	617,731	-	900	224,780,533
Fund Equity - End of Year	\$ 282,663,430	\$ 499,187	\$ -	\$ 900	\$ 283,163,517

See the accompanying notes to the other supplementary information.

Kern Community College District
RECONCILIATION OF FUND EQUITY TO NET POSITION

June 30, 2021

Total Fund Equity - District Funds Included in the Reporting Entity	\$ 283,163,517
Assets recorded within the GASB 35 Statement of Net Position not included in the District fund financial statements:	
Depreciable capital assets	\$404,431,363
Accumulated depreciation	(150,916,290)
Subtotal	253,515,073
Nondepreciable capital assets	168,587,737
Deferred outflows related to OPEB	25,386,409
Deferred outflows related to pensions	55,579,348
Deferred loss on refunding, net	5,843,422
Liabilities recorded within the GASB 35 Statement of Net Position not recorded in the District fund financial statements:	
Accounts payable:	
Interest payable	(2,330,045)
Retentions payable	(3,645,070)
Net other postemployment benefits liability	(5,222,862)
Pension liabilities	(193,409,288)
Compensated absences	(4,815,986)
Other long-term liabilities	(443,538,602)
Deferred inflows related to OPEB	(13,402,349)
Deferred inflows related to pensions	(5,680,443)
Net Position Reported Within the GASB 35 Statement of Net Position	\$ 120,030,861

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, 2021

Total Net Change in Fund Equity - District Funds Included in the Reporting Entity	\$ 58,382,984
Compensated absence expense reduction reported within the GASB 35 Statements	(745,229)
Capital outlay expense not reported within the GASB 35 Statements	77,131,011
Depreciation expense reported within the GASB 35 Statements	(8,561,788)
Principal payments on debt not reported within the GASB 35 Statements	39,195,529
Bond proceeds from debt not reported within the GASB 35 Statements	(123,081,726)
Increase in interest expense for capital asset related debt reported within the GASB 35 Statements	(2,503,015)
Change in bond premium cost, net of discounts, reported within the GASB 35 Statements	2,234,443
Change in deferred loss on refunding reported within the GASB 35 Statements	(467,955)
Change in pension expense related to GASB 68	(16,437,050)
Change in OPEB expense related to GASB 75	30,435,649
Net Change in Net Position Reported Within the GASB 35 Statement of Revenues, Expenses, and Changes in Net Position	\$ 55,582,853

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, 2021, 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, 2021. 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, 2021. The information in this schedule is presented in accordance with the requirements of the *California Community Colleges Contracted District Audit Manual 2020-21*.

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)

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, 2021.

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, the financial statements of the business-type activities of Kern Community College District (the District) as of and for the year ended June 30, 2021; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated January 25, 2022.

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 opinion 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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

(Continued)

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.



January 25, 2022
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

We have audited Kern Community College District's (the District) compliance with the types of compliance requirements described 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, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

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

(Continued)

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of 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, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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.

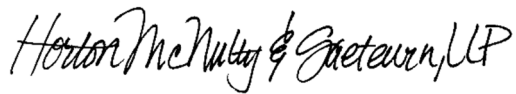
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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

(Continued)

Purpose of This Report

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.



January 25, 2022
Chico, California

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

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 2020-21*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2021. The applicable state compliance requirements are identified in the table below.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the District's management.

Auditors' Responsibility

Our responsibility is to express an opinion on the District's compliance with the state laws and regulations based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 2020-21*, published by the California Community Colleges Chancellor's Office. Those standards and the *California Community Colleges Contracted District Audit Manual 2020-21* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on compliance with the state laws and regulations described in the schedule below occurred. An audit includes examining, on a test basis, evidence supporting the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide legal determination of the District's compliance with those requirements.

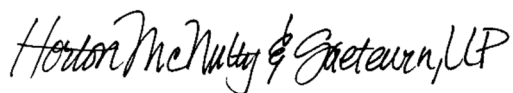
INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

(Continued)

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 and Non-CCAP)
Scheduled maintenance program
Gann limit calculation
Open enrollment
Apprenticeship related and supplemental instruction (RSI) funds
Disabled student programs and services (DSPS)
To be arranged hours (TBA)
Proposition 1D and 51 state bonded funds
Education protection account funds
COVID-19 response block grant expenditures

Opinion on State Compliance

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, 2021.



January 25, 2022
Chico, California

FINDINGS AND QUESTIONED COSTS SECTION

Kern Community College District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 June 30, 2021

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	
84.425E CARES Act Higher Education Emergency Relief Fund - Student Aid	
84.425L CARES Act Higher Education Emergency Relief Fund - Minority Serving Institutions	
84.425F CARES Act Higher Education Emergency Relief Fund - Institutional Portion	
Threshold for distinguishing types A and B programs:	\$2,192,314
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, 2021
(Continued)

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, 2021

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

Kern Community College District
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2021

None.