

**Kern Community College District
Proposition 39 and Measure J
General Obligation Bonds
Bakersfield, California**

FINANCIAL AND PERFORMANCE AUDITS

June 30, 2024



Kern Community College District
Proposition 39 and Measure J General Obligation Bonds

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FINANCIAL AUDIT SECTION

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Citizens' Bond Oversight Committee
Kern Community College District
Bakersfield, California

Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Measure J Fund for the Proposition 39 General Obligation Bonds of the Safety, Repair, and Improvement District (the Bonds) of the Kern Community College District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bonds of the District as of June 30, 2024, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in note 1, the financial statements present only the Bonds and do not purport to, and do not, present fairly the financial position of the District, as of June 30, 2024, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

INDEPENDENT AUDITORS' REPORT

(Continued)

Responsibilities of Management 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' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

(Continued)

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Bonds. The accompanying supplementary information on pages 16 to 19, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

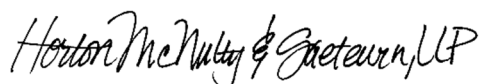
Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 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 16 to 19 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2025, 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 the District's 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of Proposition 39, as incorporated in the California Constitution, Article 13A, we have also issued our performance audit report dated March 17, 2025, on our consideration of the Bonds' compliance with the requirements of Proposition 39. That report is an integral part of the Bonds for the year ended June 30, 2024, and should be considered in assessing the results of our financial audit.



March 17, 2025
Chico, California

FINANCIAL SECTION

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
BALANCE SHEET

June 30, 2024

ASSETS

Cash and investments	\$ 190,649,117
Accounts receivable	1,716,084
Prepaid expenses	13,200

TOTAL ASSETS \$ 192,378,401

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable	\$ 8,509,127
Due to other funds	375

TOTAL LIABILITIES 8,509,502

Fund Balance

Restricted	183,868,899
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TOTAL LIABILITIES AND FUND BALANCE \$ 192,378,401

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

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE

Year Ended June 30, 2024

Revenues	
Interest income	\$ 6,744,018
Expenditures	
Supplies and materials	1,273
Rents and repairs	32,819
Professional and consulting	11,693,121
Salaries and benefits	1,452,399
General administration	21,960
Plant services	1,556
Other expenses and services	502,938
Capital outlay	56,164,030
Total Expenditures	69,870,096
Deficiency of Revenues Over Expenditures	(63,126,078)
Other Financing Sources (Uses)	
Proceeds from sale of bonds	147,067,621
Intrafund transfers in	29,822,237
Intrafund transfers out	(72,700,803)
Total Other Financing Sources (Uses)	104,189,055
Net Change in Fund Balance	41,062,977
Fund Balance - Beginning of Year	142,805,922
Fund Balance - End of Year	\$ 183,868,899

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

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

The 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 currently operates three colleges located in Bakersfield, Porterville, and Ridgecrest, California, and satellite campuses in outlying areas.

The Kern Community College Safety, Repair, and Improvement District (SRID) was formed following a public hearing on August 1, 2002, pursuant to *California Education Code* and proceedings taken by the District. Measure J was placed on the ballot for November 8, 2016, and the electors of the SRID voted on whether \$502,821,000 in bonds should be issued on behalf of the District. Proposition 39 required a 55% supermajority for approval. More than 55% of the electors voting on the propositions voted in favor of such issuance.

The 2016 A General Obligation Bonds were the first series of bonds issued under the authorization. The net proceeds of the 2016 A Bonds of \$40,225,000 will be used to finance the improvement, renovation, construction, and equipping of the District sites within the Facilities Improvement District No. 1, which includes Kern, San Bernardino, and Tulare Counties, California, and pay for costs of issuing bonds.

On August 23, 2018, the District issued the General Obligation Bonds, Election 2016, Series B in the amount of \$71,230,000 at a premium of \$7,117,643. The District paid \$250,000 of issuance costs from the proceeds. Bond proceeds will be used for the projects noted above.

On November 10, 2020, the District issued General Obligation Bonds, Election 2016, Series C in the amount of \$64,000,000 at a premium of \$6,083,543. The District paid \$320,517 of issuance costs from the proceeds. Bond proceeds will be used for the projects noted above.

On November 22, 2022, the District issued General Obligation Bonds, Election 2016, Series D in the amount of \$200,000,000 at a premium of \$18,788,155. The District paid \$698,770 of issuance costs from the proceeds. Bond proceeds will be used for the projects noted above.

On July 6, 2023, The District issued General Obligation Bonds, Election 2016, Series E in the amount of \$127,365,000 at a premium of \$18,502,374. The District paid \$552,889 of issuance costs from the proceeds. Bond proceeds will be used for the projects noted above.

These financial statements present only the Measure J fund of the SRID (the Bonds). These financial statements do not include financial information of the remainder of the District's funds, which accounting principles generally accepted in the United States of America require to be presented with the financial statements of the District.

The board of supervisors for Kern County are empowered and obligated to levy property taxes, without limitation as to rate or amount (except for certain property which is taxable at limited rates), for payment of principal and maturity value of, and interest on, the bonds.

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP, and used by the District, are discussed below.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus In the fund financial statements, governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheets. The operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as the measure of available spendable financial resources at the end of the period.

Basis of Accounting In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within one year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government funds. By state law, the District’s Governing Board must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District’s Governing Board satisfied these requirements.

The budget is revised by the District’s Governing Board during the year to give consideration to unanticipated income and expenditures.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures legally cannot exceed appropriations by major object account.

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Balance Classifications

The governmental fund financial statements present fund balance classifications that comprise a hierarchy based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts can be spent. Amounts for which constraints have been placed on the use of the resources either: (a) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation are considered restricted. The fund balance of the Measure J Fund for the Proposition 39 General Obligation Bonds of the SRID is therefore classified as restricted.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Investments

In accordance with *California Education Code*, Section 41001, the District maintains substantially all of its cash in the Kern County Treasury (the County) as part of the common investment pool. The County is restricted by *California Government Code*, Section 53635 pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. The fair value of the District's investment in the pool is based on the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code*, Section 27130. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds; any investment losses are proportionately shared by all funds in the pool.

Accounts Receivable

Accounts receivable represent amounts due from private persons, firms, or corporations based on contractual agreements or amounts billed, but not received, as of June 30, 2024. At June 30, 2024, no allowance for doubtful accounts was deemed necessary.

Balance Due To/From Other Funds

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds.

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Prepaid Expenses

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

Capital Assets and Long-Term Debt

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with the Measure J Fund for the Proposition 39 General Obligation Bonds of the SRID are determined by their measurement focus. The fund is accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. The reported fund balance is considered a measure of “available spendable resources”. Thus, the capital assets and long-term liabilities associated with the Measure J Fund for the Proposition 39 General Obligation Bonds of the SRID are accounted for in the basic financial statements of the District.

Interfund Transfers

Permanent reallocation of resources between funds of the District are classified as interfund transfers.

2. CASH AND INVESTMENTS

The following is a summary of cash and investments:

June 30, 2024

Investments that Are Not Securities (1)

County treasurer's investment pool	\$ 190,649,117
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(1) Investments That Are Not Securities A “security” is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

All cash and investments are restricted to expenditures for purposes authorized in the ballot measure.

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Investment Credit Risk

California Government Code, Section 53601, limits investments in commercial paper to “prime” quality of the highest ranking, or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. The District does not have an investment policy that would further limit investment choices. The District’s investment in the County investment pool is unrated.

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, 2024:

- County treasurer’s investment pool of \$190,649,117 is 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).

Treasury Pool investments are accounted for in accordance with the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, which requires governmental entities to report certain investments at fair value in the balance sheet and the statement of net position and recognize the corresponding change in value of investments in the year in which the change occurred. The value of the participant’s shares in the Treasury Pool that may be withdrawn is determined on an amortized cost basis, which is different from the fair value of the participant’s position in the Treasury Pool. The fair value fluctuates with interest rates, and increasing rates could cause the value to decline below original cost; however, Kern County management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude Kern County from having to sell investments below original cost for that purpose.

Concentration of Credit Risk – Investments

California Government Code, Section 53635, places the following concentration limits on the County investment pool:

No more than 40% may be invested in eligible commercial paper and no more than 10% may be invested in the outstanding commercial paper of any single issuer.

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

California Government Code, Section 53601, places the following concentration limits on the District's investments:

No more than 10% may be invested in the securities of any one issuer, except the obligations of the U.S. government, U.S. government agencies, and U.S. government-sponsored enterprises and where otherwise noted; no more than 10% may be invested in any one mutual fund; no more than 25% may be invested in commercial paper; no more than 40% may be invested in bankers' acceptances and no more than 30% may be invested in bankers' acceptances of any one commercial bank; no more than 30% may be invested in negotiable certificates of deposit; no more than 20% may be invested in reverse repurchase agreements; no more than 30% may be invested in medium-term notes; no more than 20% may be invested in mortgage passthrough and related securities; and no more than 30% may be invested in certain unsecured, unsubordinated obligations.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

June 30, 2024

Interest	\$ 1,716,084
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4. INTRAFUND TRANSFERS AND BALANCES DUE TO/FROM OTHER FUNDS

Balances Due To/From Other Funds

Balances due to/from other funds in the fund financial statements are as follows:

Due From Other Funds	Due to Other Funds	
General	Measure J	\$ 375

The specific purposes of the interfund balance is as follows:

The General Fund interfund receivable from the Measure J Fund to reimburse the General Fund for expenditures paid from the General Fund on behalf of the Measure J Fund.

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Intrafund Transfers

Intrafund transfers consist of operating transfers between accounts or subfunds within a fund. Subfunds receiving resources to subfunds through which the resources are to be expended.

Intrafund Transfer Out	Intrafund Transfer In	
Measure J - MJ100	Capital Outlay - DJ100	\$ (54,198,429)
Measure J - MJ100	Capital Outlay - BF001	(14,392,018)
Measure J - MJ100	Capital Outlay - BF001	(4,110,356)
Measure J - MJ10B	Measure J - MJ100	152,948
Measure J - MJ10B	Measure J - MJ100	29,669,289
Total		\$ (42,878,566)

Transfers are used for the following:

To move revenues from the account or subfund that statute or budget requires to collect them to the account or subfund that statute or budget requires to expend them; and

To use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The specific purpose of the interfund transfers that do not occur on a routine basis are as follows:

To move 2016 GO Bond Series E proceeds to fund 2016 Series E and BAN refunding escrow deposits.

To move 2016 GO Bond Series E proceeds to fund the taxable interest fund.

To move 2016 GO Bond Series E proceeds to fund the tax-exempt capitalized interest fund.

To move property tax revenues collected after payment of outstanding BANs to Measure J Fund.

To return cash balance of funds moved to fund payoff of BANs.

No transfers are inconsistent with the activities of the funds making the transfer.

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

5. ACCOUNTS PAYABLE

Accounts payable consisted of the following:

<u>June 30, 2024</u>	
Vendors	\$ 8,509,127

6. FUND BALANCE COMPONENTS

Fund balance is composed of the following:

<u>June 30, 2024</u>	
Restricted	
Restricted for capital projects	\$ 183,868,899

7. CONSTRUCTION PROJECT COMMITMENTS

Construction project commitments are as follows:

<u>June 30, 2024</u>	Remaining Construction Commitments
Bakersfield College Arvin Educational Center	\$ 3,625,458
Bakersfield College combined gym and fieldhouse	6,321,404
Bakersfield College language arts remodel	85,209
Bakersfield College science & engineering building	55,435
Bakersfield College swing space	4,037
Cerro Coso College PE parking renovation	1,098,393
Cerro Coso College physical outdoor complex renovation	6,877,685
Porterville College baseball & softball fields	6,010,518
Porterville College classroom modernization	3,590
Porterville College College Avenue realignment	2,045,376
Total	\$ 26,127,105

SUPPLEMENTARY INFORMATION SECTION

Kern Community College District

Proposition 39 and Measure J General Obligation Bonds

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended June 30, 2024	Budget	Actual	Variance With Budget
Revenues			
Interest income	\$ -	\$ 6,744,018	\$ 6,744,018
Total Revenues	-	6,744,018	6,744,018
Expenditures			
Supplies and materials	1,980	1,273	707
Rents and repairs	34,200	32,819	1,381
Professional and consulting	62,251,562	11,693,121	50,558,441
Salaries and benefits	1,815,248	1,452,399	362,849
General administration	78,495	21,960	56,535
Plant services	5,940	1,556	4,384
Other expenses and services	742,992	502,938	240,054
Capital outlay	189,653,268	56,164,030	133,489,238
Total Expenditures	254,583,685	69,870,096	184,713,589
Excess (Deficiency) of Revenues Over Expenditures	(254,583,685)	(63,126,078)	191,457,607
Other Financing Sources (Uses)			
Proceeds from sale of bonds	-	147,067,621	147,067,621
Intrafund transfers in	-	29,822,237	29,822,237
Intrafund transfers out	-	(72,700,803)	(72,700,803)
Total Other Financing Sources (Uses)	-	104,189,055	104,189,055
Net Change in Fund Balance	\$ (254,583,685)	\$ 41,062,977	\$ 295,646,662

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
 SCHEDULE OF LONG-TERM OBLIGATIONS
 June 30, 2024

GENERAL OBLIGATION BONDS ISSUED AUGUST 2018

On August 23, 2018, \$71,230,000 of general obligation bonds were sold under Measure J Proposition 39 by the Safety, Repair, and Improvement District which provides that proceeds of the bonds will generally be used for the acquisition, construction, furnishing, and equipping of Kern Community College District (the District) facilities. Interest rates range from 3.00% to 5.00%. The bonds matured August 1, 2023.

The outstanding general obligation bonds payable at June 30, 2024, are:

Issue Date	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2023	Redeemed Current Year	Outstanding June 30, 2024
2019	3.00% - 5.00%	2023	\$ 71,230,000	\$ 20,755,000	\$ 20,755,000	\$ -

See the accompanying note to the supplementary information.

The bonds were issued at a premium of \$7,117,643 with issuance costs of \$250,000. The proceeds of the bond premium, less issuance costs, and the repayment of debt related to the Proposition 39 General Obligation Bonds of the Safety, Repair, and Improvement District are accounted for in the District's Measure J Fund, which is part of the District's basic financial statements.

GENERAL OBLIGATION BONDS ISSUED NOVEMBER 2020

On November 10, 2020, \$64,000,000 of general obligation bonds were sold under Measure J Proposition 39 by the Safety, Repair, and Improvement District which provides that proceeds of the bonds will generally be used for the acquisition, construction, furnishing, and equipping of Kern Community College District (the District) facilities. Interest rates range from .40% to 4.00%. The bonds mature August 1, 2046.

The outstanding general obligation bonds payable at June 30, 2024, are:

Issue Date	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2023	Redeemed Current Year	Outstanding June 30, 2024
2020	.40% - 4.00%	2046	\$ 64,000,000	\$ 56,100,000	\$ 1,500,000	\$ 54,600,000

See the accompanying note to the supplementary information.

The bonds were issued at a premium of \$6,083,543 with issuance costs of \$320,517. The proceeds of the bond premium, less issuance costs, and the repayment of debt related to the Proposition 39 General Obligation Bonds of the Safety, Repair, and Improvement District are accounted for in the District's Measure J Fund, which is part of the District's basic financial statements.

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds

SCHEDULE OF LONG-TERM OBLIGATIONS

June 30, 2024

(Continued)

GENERAL OBLIGATION BONDS ISSUED NOVEMBER 2022

On November 22, 2022, \$200,000,000 of general obligation bonds were sold under Measure J Proposition 39 by the Safety, Repair, and Improvement District which provides that proceeds of the bonds will generally be used for the acquisition, construction, furnishing, and equipping of Kern Community College District (the District) facilities. Interest rate is 5.2%. The bonds mature August 1, 2041.

The outstanding general obligation bonds payable at June 30, 2024, are:

Issue Date	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2023	Redeemed Current Year	Outstanding June 30, 2024
2022	5.20%	2041	\$ 200,000,000	\$ 200,000,000	\$ -	\$ 200,000,000

See the accompanying note to the supplementary information.

The bonds were issued at a premium of \$18,788,155 with issuance costs of \$698,770. The proceeds of the bond premium, less issuance costs, and the repayment of debt related to the Proposition 39 General Obligation Bonds of the Safety, Repair, and Improvement District are accounted for in the District's Measure J Fund, which is part of the District's basic financial statements.

GENERAL OBLIGATION BONDS ISSUED JULY 2023

On July 6, 2023, \$127,365,000 of general obligation bonds were sold under Measure J Proposition 39 by the Safety, Repair, and Improvement District which provides that proceeds of the bonds will generally be used for the acquisition, construction, furnishing, and equipping of Kern Community College District (the District) facilities. Interest rate is 5.00%. The bonds mature August 1, 2040.

The outstanding general obligation bonds payable at June 30, 2024, are:

Issue Date	Interest Rate	Maturity Date	Amount of Original Issue	Outstanding July 1, 2023	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2024
2023	5.00%	2040	\$ 127,365,000	\$ -	\$ 127,365,000	\$ 4,095,000	\$ 123,270,000

See the accompanying note to the supplementary information.

The bonds were issued at a premium of \$127,365,000 with issuance costs of \$19,702,621. The proceeds of the bond premium, less issuance costs, are accounted for in the District's Measure J Fund, which is part of the District's basic financial statements.

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
 NOTE TO THE SUPPLEMENTARY INFORMATION
 June 30, 2024

PURPOSE OF SCHEDULE

Schedule of Long-Term Debt Obligations

This schedule summarizes the debt repayment associated with the bond proceeds received through issuance of Proposition 39 General Obligation Bonds.

GENERAL OBLIGATION BONDS ISSUED NOVEMBER 2020

Year Ending June 30	Principal	Interest	Total
2025	\$ -	\$ 1,819,650	\$ 1,819,650
2026	1,065,000	1,798,350	2,863,350
2027	1,165,000	1,753,750	2,918,750
2028	1,270,000	1,705,050	2,975,050
2029	1,380,000	1,652,050	3,032,050
2030-2034	8,780,000	7,296,850	16,076,850
2035-2039	12,435,000	5,300,700	17,735,700
2040-2044	16,465,000	3,093,375	19,558,375
2045-2047	12,040,000	551,400	12,591,400
Total	\$ 54,600,000	\$ 24,971,175	\$ 79,571,175

GENERAL OBLIGATION BONDS ISSUED NOVEMBER 2022

Year Ending June 30	Principal	Interest	Total
2025	\$ 16,105,000	\$ 9,895,888	\$ 26,000,888
2026	12,090,000	9,191,013	21,281,013
2027	6,305,000	8,731,138	15,036,138
2028	6,095,000	8,421,138	14,516,138
2029	6,685,000	8,101,638	14,786,638
2030-2034	43,535,000	34,586,163	78,121,163
2035-2039	65,190,000	20,623,313	85,813,313
2040-2042	43,995,000	3,160,369	47,155,369
Total	\$ 200,000,000	\$ 102,710,660	\$ 302,710,660

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds

NOTE TO THE SUPPLEMENTARY INFORMATION

June 30, 2024

(Continued)

GENERAL OBLIGATION BONDS ISSUED JULY 2023

Year Ending June 30	Principal	Interest	Total
2025	\$ 4,470,000	\$ 6,051,750	\$ 10,521,750
2026	-	5,940,000	5,940,000
2027	4,995,000	5,815,125	10,810,125
2028	3,075,000	5,613,375	8,688,375
2029	5,430,000	5,400,750	10,830,750
2030-2034	34,525,000	22,264,625	56,789,625
2035-2039	49,410,000	11,867,500	61,277,500
2040-2041	21,365,000	996,375	22,361,375
Total	\$ 123,270,000	\$ 63,949,500	\$ 187,219,500

OTHER REPORT 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
Citizens' Bond Oversight Committee
Kern Community College District
Bakersfield, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America, the financial statements of the Measure J Bond Fund for the Proposition 39 General Obligation Bonds of the Safety, Repair, and Improvement District (the Bonds) of Kern Community College District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

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

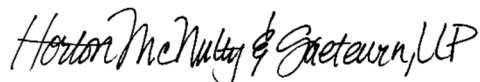
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Report on Compliance and Other Matters

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

Purpose of This Report

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



March 17, 2025
Chico, California

FINDINGS AND RECOMMENDATIONS SECTION

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
SCHEDULE OF AUDIT FINDINGS
June 30, 2024

None.

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2024

None.

PERFORMANCE AUDIT SECTION

INDEPENDENT AUDITORS' REPORT ON PERFORMANCE

To the Board of Trustees
Citizens' Bond Oversight Committee
Kern Community College District
Bakersfield, California

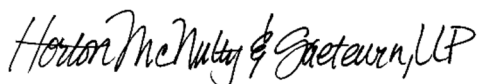
We have audited the Kern Community College District's (the District) compliance with the performance requirements for the Proposition 39 and Measure J General Obligation Bonds of the Safety, Repair, and Improvement District (the Bonds) for the year ended June 30, 2024.

We conducted this performance audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was limited to the objectives listed on page 29 of this report, which includes determining the District's compliance with the performance requirements for the Bonds under the applicable provisions of Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 and 15272–15286 of the *California Education Code* as they apply to the Bonds and the net proceeds thereof. Management is responsible for the District's compliance with those requirements.

Solely to assist us in planning and performing our performance audit, we obtained an understanding of the internal control of the District to determine if internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 and 15272–15286 of the *California Education Code*. Accordingly, we do not express any assurance on internal control.

The results of our tests indicated that, in all significant aspects, the District expended the Bonds for the year ended June 30, 2024, only for the specific projects developed by the District's Board of Trustees, as approved by the voters, in accordance with the requirements of Proposition 39, as specified by Section 1(b)(3)(C) of Article XIII A of the California Constitution and Sections 15264 and 15272–15286 of the *California Education Code*.



Horton McNulty & Saeteurn, LLP

March 17, 2025
Chico, California

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
PERFORMANCE AUDIT

OBJECTIVES

The objectives of our performance audit were to document the expenditures charged to the voter-approved Proposition 39 and Measure J General Obligation Bonds of the Safety, Repair, and Improvement District (the Bonds); determine whether expenditures for the fiscal year ended June 30, 2024, charged to the capital outlay projects fund, have been made in accordance with project budgets and guidelines; note any incongruities or system weaknesses; provide recommendations for improvements; and to provide the District's Board of Trustees and Citizens' Oversight Committee with a performance audit as required under the California Constitution and Proposition 39.

SCOPE OF THE AUDIT

The scope of our performance audit covered the fiscal year ended June 30, 2024. The expenditures included all object and project codes associated with the Bonds' projects. The propriety of expenditures for capital projects and maintenance projects funded through other state or local funding sources were not included within the scope of our audit. Expenditures incurred subsequent to June 30, 2024, were not reviewed or included within the scope of our audit or in this report.

BACKGROUND INFORMATION

In November 2000, the voters of the State of California approved Proposition 39 authorizing the issuance of general obligation bonds by California public school districts and community colleges under certain circumstances and subject to certain conditions.

On November 8, 2016, a general obligation bond proposition (Measure J) of the Safety, Repair, and Improvement District was approved by voters of the Kern Community College District (the District). Measure J authorized the District to issue up to \$502,821,000 of general obligation bonds to be used for the acquisition, construction, furnishing, and equipping of District facilities.

On August 23, 2018, the District issued General Obligation Bonds, Election 2016, Series B, in the amount of \$71,230,000 at a premium of \$7,117,643. The District paid \$250,000 of issuance costs from the proceeds. Bond proceeds will be used for the projects noted above.

On November 10, 2020, the District issued General Obligation Bonds, Election 2016, Series C, in the amount of \$64,000,000 at a premium of \$6,083,543. The District paid \$320,517 of issuance costs from the proceeds. Bond proceeds will be used for the projects noted above.

On November 22, 2022, the District issued General Obligation Bonds, Election 2016, Series D in the amount of \$200,000,000 at a premium of \$18,788,155. The District paid \$698,770 of issuance costs from the proceeds. Bond proceeds will be used for the projects noted above.

On July 6, 2023, The District issued General Obligation Bonds, Election 2016, Series E in the amount of \$127,365,000 at a premium of \$19,702,621. The District paid \$552,889 of issuance costs from the proceeds. Bond proceeds will be used for the projects noted above.

Kern Community College District

Proposition 39 and Measure J General Obligation Bonds

PERFORMANCE AUDIT

(Continued)

Pursuant to the requirements of Proposition 39, and related state legislation, the Board of Trustees of the District established a Citizens' Oversight Committee and appointed its members. The principal purpose of the Citizens' Oversight Committee, as set out in state law, is to inform the public as to the expenditures of the proceeds of the bonds issued pursuant to the Measure J bond authorization. The Citizens' Oversight Committee is required to issue a least one report annually as to its activities and findings. Section 1(b)(3)(c) of Article XIII A of the California Constitution requires the District to conduct an annual independent performance audit to ensure that the proceeds of the bonds deposited into the Measure J Bond Fund have been expended for only the authorized bond projects.

AUDIT METHODOLOGY

The methodologies used in planning and performing the audit include:

- We made inquiries of management regarding internal controls in place to prevent fraud or waste regarding projects, including budgetary controls, ensuring adequate separation of duties exist in the fiscal services department for funds, prevent material misstatement in the financial statements, and the ensuring of expenditures being allocated to the appropriate fund.
- We reviewed policies and procedures and evaluated significant internal controls relevant to the audit objectives.
- We reviewed the District's bond project publicized list of intended projects.
- We compared total project expenditures to budgets to determine if there were any expenditures in excess of appropriation.
- We reviewed documentation, including the District's website, that the Measure J Bond Oversight Committee reviewed project expenditures and issued reports on the results of its activities at least annually.
- We obtained the Measure J Fund general ledger and the project expenditure summary reports and detail prepared by the District for the fiscal year ended June 30, 2024. Within the year audited, we obtained the actual invoices and other supporting documentation for a representative sample of expenditures to ensure compliance with Proposition 39 and Measure J General Obligation Bonds funding. We performed the following procedures:
 - We reviewed invoices for evidence of proper approval in accordance with District policy.
 - We reviewed supporting documentation to ensure that funds were properly expended on the specific projects as outlined in the publicized list. This includes that the funds were expended for the construction, renovation, furnishing, and equipping of school facilities on specified projects included in the Measure J election documents.
 - We reviewed bid documentation to verify that bidding requirements were met, if applicable.
 - We verified that funding was not used for salaries or school administrators or other operating expenditures of the District.

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds

PERFORMANCE AUDIT
(Continued)

RESULTS OF PROCEDURES

The District has currently identified 81 bond projects. The District has incurred total expenditures of \$339,633,882 for the following projects:

Year Ended June 30, 2024	Budget	Expenditures			Status
		Prior	Current	Total	
Bakersfield College					
ABC building/campus student center new building	\$ 20,254,250	\$ 20,032,524	\$ 221,727	\$ 20,254,251	Complete
Administrative services	7,499,595	7,448,832	50,764	7,499,596	Complete
Ag building	60,000,000	2,040,752	7,085,621	9,126,373	In Process
Ag fence improvements	364,527	364,527	-	364,527	Complete
Arvin general education center	29,818,338	9,140,453	15,898,013	25,038,466	In Process
Campus center 3rd floor kitchen	1,600,000	1,491,025	72,513	1,563,538	Complete
Campus signage	229,421	229,421	-	229,421	Complete
Campus-wide interior & exterior signage	50,000	3,750	24,077	27,827	Ongoing
Combined gym and fieldhouse	67,700,000	47,818,591	10,283,101	58,101,692	In Process
Combined gym and fieldhouse - modular swing	150,000	-	69,310	69,310	In Process
Combined gym and fieldhouse - pool equipment and admin buildings	2,475,000	-	58,784	58,784	In Process
Delano LRC (state funding)	13,262,500	9,449,587	3,230,125	12,679,712	Complete
Delano monument, sign, sidewalk, and land	3,000,000	-	55,650	55,650	In Process
Demo, abate, landscape phase 1 - Levinson	-	-	-	-	Cancelled
EVCS charging station	35,500	-	9,181	9,181	Complete
Facilities master plan	429,110	429,110	-	429,110	Complete
Fine arts remodel - local match	-	-	-	-	Cancelled
Humanities	-	-	-	-	Cancelled
Humanities elevator	133,796	133,796	-	133,796	Complete
Infrastructure campus-wide rekeying	-	-	-	-	Cancelled
Infrastructure new parking sports landscape	132,145	56,183	-	56,183	Complete
Balance Forward	\$ 207,134,182	\$ 98,638,551	\$ 37,058,866	\$ 135,697,417	

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds
PERFORMANCE AUDIT
(Continued)

Balance Brought Forward	\$ 207,134,182	\$ 98,638,551	\$ 37,058,866	\$ 135,697,417	
Bakersfield College (Continued)					
Infrastructure new parking & sports field handrail and painting upgrades	56,183	132,145	-	132,145	Complete
Infrastructure	15,000,000	5,795,189	573,840	6,369,029	In Process
Infrastructure solar inverter repairs	-	-	-	-	Cancelled
Lab Tech Bachelor Program	812,000	-	513,067	513,067	In Process
Language arts remodel	1,855,298	315,302	1,156,811	1,472,113	Ongoing
Memorial stadium	14,510,064	14,510,064	-	14,510,064	Complete
Memorial stadium maintenance	1,359,883	1,359,883	-	1,359,883	Complete
Mt Vernon culinary arts	654,216	654,216	-	654,216	Cancelled
Old SE building modernization- pre/post AG building	5,190,000	-	-	-	Not started
Program contingency	6,987,868	-	-	-	Ongoing
Program management expenses	23,858,487	19,515,483	1,178,379	20,693,862	Ongoing
Public safety training building	3,183,287	-	-	-	Not started
Science and engineering	58,378,838	54,264,613	4,114,224	58,378,837	Complete
Science and engineering - phase II	1,000,000	-	138,388	138,388	In Process
Shafter general education center	-	-	-	-	Cancelled
Soccer field	12,000,000	-	-	-	Not started
Student success modernization	36,000,000	92,606	-	92,606	In Process
Surface parking	1,778,020	1,774,100	3,920	1,778,020	Complete
Surface parking repair	3,904,642	3,902,643	-	3,902,643	Complete
Swing space	5,250,000	4,686,479	341,225	5,027,704	In Process
Swing space ag	1,050,000	22,625	1,014,521	1,037,146	Ongoing
Veterans resource center	5,888,570	5,888,571	-	5,888,571	Complete
Welcome center interior & exterior improvements	150,000	-	14,687	14,687	In Process
Welcome center modernization	9,366,541	8,842,890	523,650	9,366,540	Complete
Wireless infrastructure	1,014,198	1,014,198	-	1,014,198	Complete
Balance Forward	\$ 416,382,277	\$ 221,409,558	\$ 46,631,578	\$ 268,041,136	

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds

PERFORMANCE AUDIT

(Continued)

Balance Brought Forward	\$ 416,382,277	\$ 221,409,558	\$ 46,631,578	\$ 268,041,136	
Cerro Coso College					
Art HVAC	700,000	660,878	-	660,878	In Process
College-wide water conservation	350,000	201,917	-	201,917	In Process
East Kern development	33,900	33,900	-	33,900	Cancelled
Fire lanes	50,000	-	-	-	Not started
Main building lecture center update	458,389	458,389	-	458,389	Complete
Maintenance and Operations building and shop update	2,094,170	2,094,170	-	2,094,170	Complete
Safety and security upgrades	-	-	-	-	Cancelled
East wing update	50,000	-	-	-	Not started
Facilities master plan	359,750	359,750	-	359,750	Complete
IWV solar upgrade - inverters	829,413	829,413	-	829,413	Complete
Kern River Valley modernization	32,960	32,960	-	32,960	Complete
Main building renovation	12,429,677	12,429,677	-	12,429,677	Complete
Physical education gym renovation	2,533,550	2,410,180	123,370	2,533,550	Complete
Physical education outdoor complex renovation	20,243,449	1,670,852	11,422,240	13,093,092	In Process
Physical education parking renovation	2,400,000	105,582	1,008,270	1,113,852	In Process
Program contingency	1,322,484	-	-	-	Ongoing
District Office					
Facilities administration	12,314,618	5,436,771	1,515,455	6,952,226	Ongoing
General revenue	222,309	222,309	-	222,309	Ongoing
Measure J debt service	-	6,986,410	540,797	7,527,207	Ongoing
Balance Forward	\$ 472,806,946	\$ 255,342,716	\$ 61,241,710	\$ 316,584,426	

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds

PERFORMANCE AUDIT

(Continued)

Balance Brought Forward	\$ 472,806,946	\$ 255,342,716	\$ 61,241,710	\$ 316,584,426	
Porterville College					
Allied health FPP local match	8,141,327	2,444,902	5,195,285	7,640,187	Complete
Allied health FPP local match - phase II	-	-	-	-	Not started
Baseball & softball fields	7,924,100	392,127	910,967	1,303,094	In Process
Career technology FPP local match	7,952,000	614,713	-	614,713	In Process
Classroom modernization (FFE & flooring)	2,000,000	20,843	80,392	101,235	In Process
College avenue realignment	5,150,000	280,725	2,269,220	2,549,945	In Process
Drought resistant landscape	160,800	240,981	-	240,981	Complete
Gym floor replacement	719,998	359,861	-	359,861	Complete
HVAC upgrades	1,327,168	306,858	62,907	369,765	In Process
Infrastructure	614,713	284,061	-	284,061	Complete
Kitchen plumbing	284,061	978,698	-	978,698	Complete
Land acquisition	1,135,246	1,065,856	-	1,065,856	Complete
Program contingency	471,775	160,800	-	160,800	In Process
Restroom renovation and hazardous material removal	1,271,553	992,391	17,817	1,010,208	Complete
Stadium field upgrade	6,517,000	6,067,983	91,798	6,159,781	Complete
Update facilities master plan	218,000	210,271	-	210,271	Complete
Total	\$ 516,694,687	\$ 269,763,786	\$ 69,870,096	\$ 339,633,882	

Each of the projects has been given a specific project identification number within the District's capital outlay projects fund. Budgets for each project are included in the financial reporting system, and actual expenditures are matched against this budget.

Kern Community College District
Proposition 39 and Measure J General Obligation Bonds

PERFORMANCE AUDIT

(Continued)

CONCLUSION

The results of our tests indicated that, in all significant respects, the District has properly accounted for the expenditures of the Measure J General Obligation Bonds and that such expenditures were made only for the specific projects developed by the District's Board of Trustees and approved by the voters. Further, it was noted that the funds were not used for salaries of school administrators or other operating expenditures. In addition, the results of our tests indicated that, in all significant respects, the District complied with certain provisions of the *California Education Code* requirements for which the purpose of the Citizens' Oversight Committee is established. Our audit does not provide a legal determination on the District's compliance with the specific requirements.

VIEW OF RESPONSIBLE OFFICIAL

District management has reviewed the submitted draft final report for the performance audit dated March 17, 2025, of the Proposition 39 and Measure J General Obligation Bonds. District management agrees with the auditors' conclusion and has no additional comment.