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KERN COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

June 30, 2025

KERN COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Kern Community College District
Bakersfield, California

Report on Audit of Financial Statements

Opinions

We have audited the financial statements of the business-type activities, the fiduciary activities and the discretely presented component units of the Kern Community College District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities, fiduciary activities, and the discretely presented component units of the District, as of June 30, 2025, and the respective changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences* which required a restatement of net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is 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 accompanying supplementary information, 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 February 2, 2026, 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, 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.

 *CWDL, Certified Public Accountants*

San Diego, California
February 2, 2026

**KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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, 2025, and significant changes from the previous year. Management has prepared the financial statements and related note disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related notes of the Kern Community College District, which directly follow this MD&A.

DISTRICT BACKGROUND

The California Community College system is comprised of 116 colleges and is the largest system of higher education in the nation. 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 community.

FINANCIAL HIGHLIGHTS

The State of California's budget in fiscal year 2024-25 continued to provide consistent resources for the state's community college system. The District also experienced continued growth in its funding resources; however, significant uncertainty with the state and District budgets continues to be a concern. 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 2024-25 is the seventh 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.

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 a short-term approach to respond to the downturn in oil producing property values. In November 2022, the District issued series D of Measure J Bonds in the amount of \$200 million. In July 2023, the District issued Series E of Measure J Bonds in the amount of \$127 million.

The MD&A financial statement presentation consists of the comparative statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and accompanying analysis for the June 30, 2025 and 2024 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.

**KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL HIGHLIGHTS, continued

Condensed Statement of Net Position

The preceding schedule has been prepared from the District's Statement of Net Position on page 10 which is presented on the accrual basis of accounting whereby assets are capitalized and depreciated.

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2025	2024	Change
Current assets	\$ 761,322,269	\$ 841,947,585	\$ (80,625,316)
Non-current assets	747,686,436	667,379,152	80,307,284
Deferred outflows of resources	75,886,759	80,495,082	(4,608,323)
Total Assets and Deferred Outflows of Resources	1,584,895,464	1,589,821,819	(4,926,355)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	257,527,080	339,033,073	(81,505,993)
Non-current liabilities	805,293,993	834,374,603	(29,080,610)
Deferred inflows of resources	34,490,607	28,413,714	6,076,893
Total Liabilities and Deferred Inflows of Resources	1,097,311,680	1,201,821,390	(104,509,710)
NET POSITION			
Net investment in capital assets	304,219,789	270,272,970	33,946,819
Restricted	165,325,240	83,648,982	81,676,258
Unrestricted	18,038,755	34,078,477	(16,039,722)
Total Net Position	\$ 487,583,784	\$ 388,000,429	\$ 99,583,355

**KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

FINANCIAL HIGHLIGHTS, continued

Statement of Revenues, Expenses, and Changes in Net Position

The schedule presented below has been prepared from the Statement of Revenues, Expenses, and Changes in Net Position. The results of this year's operations for the District as a whole are reported in the Statement of Revenues, Expenses, and Changes in Net position on page 11.

	2025	2024	Change
OPERATING REVENUES			
Tuition and fees, net	\$ 10,266,701	\$ 10,228,941	\$ 37,760
Grants and contracts	70,909,911	124,160,227	(53,250,316)
Other operating revenue	2,420,487	2,193,273	227,214
Total Operating Revenues	83,597,099	136,582,441	(52,985,342)
OPERATING EXPENSES			
Salaries and employee benefits	237,986,247	228,358,316	9,627,931
Supplies, materials, and other operating expenses	79,847,300	98,946,620	(19,099,320)
Student financial aid	109,097,900	98,977,155	10,120,745
Depreciation and amortization	15,054,695	12,710,624	2,344,071
Total Operating Expenses	441,986,142	438,992,715	2,993,427
Operating Loss	(358,389,043)	(302,410,274)	(55,978,769)
NON-OPERATING REVENUES/(EXPENSES)			
State apportionments, noncapital	205,824,410	140,931,115	64,893,295
Local property taxes, noncapital	78,229,137	75,411,426	2,817,711
Taxes levied for other specific purpose	44,344,152	44,979,879	(635,727)
State taxes and other revenues, noncapital	35,827,647	10,120,465	25,707,182
Federal and State financial aid grants	109,087,398	92,145,217	16,942,181
Interest and investment income/(loss)	19,550,833	14,023,270	5,527,563
Interest expense on capital related debt	(25,192,132)	(27,940,785)	2,748,653
Interest and investment income/(loss) on capital related debt	7,721,669	10,613,387	(2,891,718)
Other non-operating revenues	5,856,867	748,818	5,108,049
Total Non-Operating Revenues/(Expenses)	481,249,981	361,032,792	120,217,189
OTHER REVENUES/(EXPENSES)			
Gain/(loss) on disposal of capital assets	17,656	-	17,656
Change in Net Position	122,878,594	58,622,518	64,256,076
NET POSITION -- BEGINNING OF YEAR	388,000,429	329,377,911	58,622,518
PRIOR PERIOD ADJUSTMENTS (SEE NOTE 12)	(23,295,239)	-	(23,295,239)
NET POSITION -- END OF YEAR	\$ 487,583,784	\$ 388,000,429	\$ 99,583,355

**KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

CHANGES IN CASH POSITION

The Statement of Cash Flows on pages 12 and 13 provides information about the cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing. The primary operating receipts are student tuition and fees. The primary operating expense of the District is the payment of salaries and benefits to staff.

While federal, state and local grants, property taxes, and enrollment fees are the primary source of noncapital related revenue, the GASB accounting standards require that this source of revenue is shown as non-operating revenue as it comes from the general resources of the State and not the primary users of the college's programs and services – the students.

CASH PROVIDED BY/(USED IN)	2025	2024	Change
Operating activities	\$ (416,830,189)	\$ (183,914,903)	\$ (232,915,286)
Noncapital financing activities	434,825,459	219,918,393	214,907,066
Capital and related financing activities	(98,581,870)	(5,536,862)	(93,045,008)
Investing activities	17,362,874	12,853,640	4,509,234
Net Increase/(Decrease) in Cash and Cash Equivalents	(63,223,726)	43,320,268	(106,543,994)
CASH AND CASH EQUIVALENTS -- BEGINNING OF YEAR	727,550,555	684,230,287	43,320,268
CASH AND CASH EQUIVALENTS -- END OF YEAR	\$ 664,326,829	\$ 727,550,555	(63,223,726)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of the 2024-2025 fiscal year, the District had \$928.7 million in a broad range of capital assets, including land, buildings, and furniture, equipment, leased assets, and subscription IT assets. At June 30, 2025, the District's net capital and right-to-use assets were \$727.6 million. Major capital improvement projects are ongoing throughout the college campuses. These projects are primarily funded through the General Obligation Bonds issued by the District. Projects will be accounted for within our construction in progress account until the project is completed at which time the cost will be recorded in the depreciable capital asset categories.

	2025	2024	Change
Capital assets not being depreciated	\$ 292,289,420	\$ 224,437,802	\$ 67,851,618
Capital assets being depreciated	601,685,601	582,573,449	19,112,152
Accumulated depreciation	(192,890,209)	(180,510,587)	(12,379,622)
Right-to-use assets	34,729,987	32,628,624	2,101,363
Accumulated amortization	(8,256,307)	(4,894,294)	(3,362,013)
Total Capital and Right-to-Use Assets	\$ 727,558,492	\$ 654,234,994	\$ 73,323,498

We present more detailed information about our capital and right-to-use assets in Note 5 to the financial statements.

**KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION, continued

Long-Term Liabilities

At the end of the 2024-25 fiscal year, the District had \$838.8 million in long-term liabilities. General obligation bonds made up approximately \$479.1 million. These bonds are repaid semi-annually, utilizing Debt Service Funds, in accordance with the debt service schedules.

In addition to the General Obligation Bonds, the District had long-term liabilities related to limited obligation bonds, OPEB bonds, Certificates of Participation, premiums, compensated absences, leases, subscription-based IT arrangements and pensions.

	2025	2024	Change
General obligation bonds	\$ 479,074,479	\$ 509,344,559	\$ (30,270,080)
Limited obligation bonds	3,911,000	4,178,000	(267,000)
Certificates of participation	15,520,000	17,085,000	(1,565,000)
Other postemployment benefit bonds	68,965,000	70,460,000	(1,495,000)
CEC loans - direct borrowing	1,933,580	2,268,150	(334,570)
Premiums	43,173,920	46,046,754	(2,872,834)
Compensated absences	24,951,599	4,631,742	20,319,857
Lease liability	28,828,076	29,426,336	(598,260)
Subscription-based IT arrangements	409,071	-	409,071
Net pension liability	172,076,965	186,577,333	(14,500,368)
Total Long-term Liabilities	\$ 838,843,690	\$ 870,017,874	\$ (31,174,184)

We present more detailed information about our long-term liabilities in Note 7 to the financial statements.

Aggregate Net OPEB Liability/(Asset) and Aggregate Net Pension Liability

At year-end, the District has an aggregate net other postemployment benefit (OPEB) asset of \$20,127,944 versus \$13,144,158 last year, an increase of \$6,983,786, or 53.1%.

At year-end, the District has an aggregate net pension liability of \$172,076,965 versus \$186,577,333 last year, a decrease of \$14,500,368, or 7.8%.

**KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE KERN COMMUNITY COLLEGE DISTRICT

On June 27, 2025, Governor Newsom signed the Budget Act of 2025. Updated estimates, overruns in healthcare expenses, and tempered revenue expectations resulting from tariff related concerns resulted in a \$12 billion deficit for fiscal year (FY) 2025-26. The 2025 Budget Act tackles this deficit using reserves and special fund transfers along with program reductions, revenue generation, internal borrowing, and deferrals. The State's enacted FY 2025-26 budget of \$321 billion includes a 7.8% (approximately \$23.2 billion) increase from the FY 2024-25 enacted budget and the general fund increases approximately \$16.9 billion or 8% to \$228.4 billion.

The State budget includes 2.30% Cost of Living Adjustment (COLA), 2.35% growth funding spread over fiscal years 2024-25 and 2025-26, and one-time funding includes \$60 million for Student Support Block Grant, \$20 million for emergency financial aid, \$15 million to scale up Credit for Prior Learning, \$12 million to initiate a systemwide Common Data Platform, and \$68.5 million in capital outlay funding to support one (1) continuing project and 29 new projects.

Starting in 2025-26, districts will be funded at their SCFF generated amount or their "floor" (2024-25 funding amount), whichever is higher.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Kern Community College District at 2100 Chester Ave., Bakersfield, CA 93301.

**KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 664,326,829
Investments	28,452,631
Accounts receivable, net	63,592,353
Inventory	61,744
Prepaid expenditures and other assets	4,888,712
Total Current Assets	<u>761,322,269</u>

Non-current Assets:

Net OPEB asset	20,127,944
Right-to-use assets, net	26,473,680
Capital assets, net	701,084,812
Total Non-current Assets	<u>747,686,436</u>

TOTAL ASSETS

1,509,008,705

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to refunding	4,068,316
Deferred outflows related to OPEB	9,238,368
Deferred outflows related to pensions	62,580,075

TOTAL DEFERRED OUTFLOWS OF RESOURCES

75,886,759

LIABILITIES

Current Liabilities:

Accounts payable and accrued expenses	48,873,391
Accrued interest	7,459,286
Unearned revenue	167,644,706
Long-term debt, current portion	33,549,697
Total Current Liabilities	<u>257,527,080</u>

Non-current Liabilities:

Net pension liability	172,076,965
Long-term debt, non-current portion	633,217,028
Total Non-current Liabilities	<u>805,293,993</u>

TOTAL LIABILITIES

1,062,821,073

DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to OPEB	15,778,461
Deferred inflows related to pensions	18,712,146

TOTAL DEFERRED INFLOWS OF RESOURCES

34,490,607

NET POSITION

Net investment in capital assets 304,219,789

Restricted for:

Debt service	82,378,351
Capital projects	70,620,357
Educational programs	11,806,849
Other special purpose	519,683

Unrestricted 18,038,755

TOTAL NET POSITION

\$ 487,583,784

**KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

OPERATING REVENUES

Tuition and fees, gross	\$ 29,521,738
Less: Scholarship discounts and allowances	(19,255,037)
Tuition and fees, net	<u>10,266,701</u>
Grants and contracts, noncapital:	
Federal	10,158,165
State	57,153,350
Local	3,598,396
Auxiliary enterprise sales and charges	<u>2,420,487</u>
TOTAL OPERATING REVENUES	<u>83,597,099</u>

OPERATING EXPENSES

Salaries	166,885,671
Employee benefits	71,100,576
Supplies, materials, and other operating expenses	79,847,300
Student financial aid	109,097,900
Depreciation and amortization	<u>15,054,695</u>
TOTAL OPERATING EXPENSES	<u>441,986,142</u>

OPERATING LOSS

(358,389,043)

NON-OPERATING REVENUES/(EXPENSES)

State apportionments, noncapital	205,824,410
Local property taxes, noncapital	78,229,137
Taxes levied for other specific purpose	44,344,152
State taxes and other revenues, noncapital	35,827,647
Federal and State financial aid grants	109,087,398
Interest and investment income/(loss), noncapital	19,550,833
Interest expense on capital related debt	(25,192,132)
Interest and investment income/(loss) on capital related debt	7,721,669
Other non-operating revenues	<u>5,856,867</u>
TOTAL NON-OPERATING REVENUES/(EXPENSES)	<u>481,249,981</u>

LOSS BEFORE OTHER REVENUES, EXPENSES, GAINS, AND LOSSES

122,860,938

OTHER REVENUES, EXPENSES, GAINS AND LOSSES

Gain/(loss) on disposal of capital assets	17,656
TOTAL OTHER REVENUES, EXPENSES, GAINS, AND LOSSES	<u>17,656</u>

CHANGE IN NET POSITION

122,878,594

NET POSITION -- BEGINNING OF YEAR

388,000,429

PRIOR PERIOD ADJUSTMENTS (SEE NOTE 12)

(23,295,239)

NET POSITION -- END OF YEAR

\$ 487,583,784

**KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 10,266,701
Grants and contracts	12,898,608
Payments to or on behalf of employees	(249,117,849)
Payments to vendors for supplies and services	(84,200,236)
Payment to students	(109,097,900)
Auxiliary enterprise sales and charges	2,420,487
Net Cash Provided by/(Used in) Operating Activities	<u>(416,830,189)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments	205,824,410
Local property taxes	78,229,137
State taxes and other revenues	35,827,647
Federal and State financial aid grants	109,087,398
Other non-operating revenues	5,856,867
Net Cash Provided by/(Used in) Noncapital Financing Activities	<u>434,825,459</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Net sales/(purchases) of capital assets	(88,360,537)
Local property taxes on capital related debt	44,344,152
Interest earned on capital related debt	7,721,669
Principal paid on capital debt	(37,837,738)
Interest paid on capital debt	(24,449,416)
Net Cash Provided by/(Used in) Capital and Related Financing Activities	<u>(98,581,870)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income/(loss)	<u>17,362,874</u>
Net Cash Provided by/(Used in) Investing Activities	<u>17,362,874</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

(63,223,726)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

727,550,555

CASH AND CASH EQUIVALENTS, END OF YEAR

\$ 664,326,829

**KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

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

Operating loss	\$ (358,389,043)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:	
Depreciation and amortization	15,054,695
Changes in Assets, Liabilities, and Deferred Outflows/Inflows of Resources:	
Accounts receivable	9,504,252
Inventory	11,736
Prepaid expenditures and other assets	10,073,561
Net OPEB asset	(6,983,786)
Deferred outflows related to pensions	296,748
Deferred outflows related to OPEB	3,867,799
Accounts payable and accrued expenses	(14,438,233)
Unearned revenue	(67,515,555)
Compensated absences	111,112
Net pension liability	(14,500,368)
Deferred inflows related to pensions	5,188,987
Deferred inflows related to OPEB	887,906
Total Adjustments	<u>(58,441,146)</u>
Net Cash Flows From Operating Activities	<u>\$ (416,830,189)</u>

**KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2025**

	OPEB Trust Fund
ASSETS	
Investments	\$ 87,315,077
Interest receivable	239,112
Other receivable	1,512,023
Total Assets	<u>89,066,212</u>
 NET POSITION	
Restricted for OPEB	89,066,212
Total Net Position	<u>\$ 89,066,212</u>

**KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025**

	OPEB Trust Fund
ADDITIONS	
Employer contributions	\$ 2,461,513
Net change in fair value of investments	5,448,152
Interest and dividends	1,850,660
Total Additions	<u>9,760,325</u>
DEDUCTIONS	
Retiree benefits	2,111,464
Investment expenses	331,604
Total Deductions	<u>2,443,068</u>
CHANGE IN NET POSITION	7,317,257
NET POSITION -- BEGINNING OF YEAR	<u>81,748,955</u>
NET POSITION -- END OF YEAR	<u>\$ 89,066,212</u>

**KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
BAKERSFIELD COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025**

ASSETS

Current Assets

Cash and cash equivalents	\$ 790,672
Prepaid expenses	24,596
Investments - Foundation for California Community Colleges	719,340
Investments - Mutual Funds	<u>69,151,272</u>
Total Current Assets	<u>70,685,880</u>
TOTAL ASSETS	<u>\$ 70,685,880</u>

LIABILITIES

Accounts payable	\$ 745,366
Accounts payable - scholarships	<u>115,737</u>
Total Liabilities	<u>861,103</u>

NET ASSETS

Net assets without donor restrictions	1,816,402
Net assets with donor restrictions	<u>68,008,375</u>
Total Net Assets	<u>69,824,777</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 70,685,880</u>

**KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
BAKERSFIELD COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Eliminating Entries	Total
SUPPORT AND REVENUE				
Contributions	\$ 128,018	\$ 2,851,619	\$ -	\$ 2,979,637
Events	38,225	512,153	-	550,378
Other program revenues	1,113,184	396,434	(1,112,122)	397,496
Investment income/(loss)	120,816	7,070,172	-	7,190,988
Transfers in	72,065	764,811	(836,876)	-
Restrictions satisfied by payments and transfers	(197,781)	197,781	-	-
Total Support and Revenue	1,274,527	11,792,970	(1,948,998)	11,118,499
EXPENSES				
Program Services				
Academic support	-	4,233,672	(1,179,347)	3,054,325
Athletic trust	-	530,845	(50,780)	480,065
Community & alumni engagement	-	127,522	(8,015)	119,507
Scholarships/financial assistance	-	2,198,262	(638,696)	1,559,566
Swap meet	-	-	-	-
Supporting Services				
Fundraising	106,458	-	(30,000)	76,458
General and Administrative	1,027,126	-	(42,160)	984,966
Total Expenses	1,133,584	7,090,301	(1,948,998)	6,274,887
CHANGES IN NET ASSETS	140,943	4,702,669	-	4,843,612
NET ASSETS, BEGINNING OF YEAR	1,675,459	63,305,706	-	64,981,165
NET ASSETS, END OF YEAR	\$ 1,816,402	\$ 68,008,375	\$ -	\$ 69,824,777

**KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
BAKERSFIELD COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 4,843,612
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:	
Unrealized and realized gain/(loss) on investments	(7,190,988)
Change in operating assets and liabilities:	
Accounts and grants receivable	500,000
Prepaid expenses	(570)
Accounts payable	265,042
Accrued liabilities	61,398
Net Cash Provided by/(Used in) by Operating Activities	<u>(1,521,506)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net investment activities	<u>542,125</u>
Net Cash Provided by/(Used in) in Investing Activities	<u>542,125</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(979,381)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,770,053</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 790,672</u>

**KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
CERRO COSO COMMUNITY COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025**

ASSETS

Cash and cash equivalents	\$ 154,123
Accounts receivable	325
Prepaid expenses	7,495
Investments - Foundation for California Community Colleges	175,911
Investments - Mutual Funds	1,601,220
TOTAL ASSETS	\$ 1,939,074

LIABILITIES

Accounts payable	\$ 30,699
Accrued liabilities	268
TOTAL LIABILITIES	30,967

NET ASSETS

Without donor restrictions	86,362
With donor restrictions	1,821,745
TOTAL NET ASSETS	1,908,107
TOTAL LIABILITIES AND NET ASSETS	\$ 1,939,074

**KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
CERRO COSO COMMUNITY COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 29,422	\$ 106,314	\$ 135,736
Fundraising	18,948	77,074	96,022
Other program revenues	8,740	3,051	11,791
Unrealized and realized gain/(loss) on investments	1,364	55,876	57,240
Interest and dividend income	15,632	66,234	81,866
Transfer in	-	16,774	16,774
Restrictions satisfied by payments and transfers	260,256	(260,256)	-
TOTAL SUPPORT AND REVENUE	334,362	65,067	399,429
EXPENSES			
Program Services			
College support foundation	12,590	-	12,590
College support non-foundation	134,125	-	134,125
Endowment scholarships	42,610	-	42,610
Endowment promise scholarships	9,143	-	9,143
Scholarships	28,058	-	28,058
Promise scholarships	26,000	-	26,000
Supporting Services			
General & administrative	74,936	-	74,936
TOTAL EXPENSES	327,462	-	327,462
CHANGES IN NET ASSETS	6,900	65,067	71,967
NET ASSETS, BEGINNING OF YEAR AS REPORTED	79,522	1,756,618	1,836,140
RECLASSIFICATION	(60)	60	-
NET ASSETS, BEGINNING OF YEAR AS RESTATED	79,462	1,756,678	1,836,140
NET ASSETS, END OF YEAR	\$ 86,362	\$ 1,821,745	\$ 1,908,107

**KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
CERRO COSO COMMUNITY COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 71,967
Adjustments to reconcile change in net assets to net cash provide by/(used in) operating	
Unrealized (gain)/loss on investments	(46,958)
Change in operating assets and liabilities	
Prepaid expenses	1,400
Accounts payable	19,452
Accrued liabilities	34
Net Cash Provided by/(Used in) Operating Activities	<u>45,895</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net sales/(purchase) of investments	<u>(92,593)</u>
Net Cash Provided by/(Used in) Investing Activities	<u>(92,593)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(46,698)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>200,821</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 154,123</u>

**KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
PORTERVILLE COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025**

ASSETS

Current Assets

Cash and cash equivalents	\$ 4,076,649
Accounts receivable	3,872
Investments - Foundation for California Community Colleges	368,237
Investments - Mutual Funds	13,043,592
Total Current Assets	<u>17,492,350</u>

Non-Current Assets

Property and equipment, net	<u>32,705</u>
Total Non-Current Assets	<u>32,705</u>
TOTAL ASSETS	<u>\$ 17,525,055</u>

LIABILITIES

Accounts payable	\$ 1,390
Accounts payable - scholarships	25,000
Accrued liabilities	2,580
Total Liabilities	<u>28,970</u>

NET ASSETS

Net assets without donor restrictions	6,125,089
Net assets with donor restrictions	11,370,996
Total Net Assets	<u>17,496,085</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,525,055</u>

**KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
PORTERVILLE COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Eliminating Entries	Total
SUPPORT AND REVENUE				
Contributions	\$ 10,350	\$ 319,272	\$ -	\$ 329,622
Fundraising	491,379	30,139	-	521,518
Unrealized and realized gain/(loss) on investments	507,299	578,087	-	1,085,386
Interest and dividend income	131,414	341,283	-	472,697
Transfers in	2,494,506	132,304	(2,625,810)	1,000
Total Support and Revenue	3,634,948	1,401,085	(2,625,810)	2,410,223
EXPENSES				
Program Services				
College support foundation	-	1,035,348	(32,305)	1,003,043
College support non-foundation	-	29,645	-	29,645
Endowment scholarships	-	1,329,987	(1,249,761)	80,226
Scholarships	-	97,376	-	97,376
Swap meet	-	94,140	(70,539)	23,601
Supporting Services				
General and Administrative	1,806,433	-	(1,273,205)	533,228
Total Expenses	1,806,433	2,586,496	(2,625,810)	1,767,119
CHANGES IN NET ASSETS	1,828,515	(1,185,411)	-	643,104
NET ASSETS, BEGINNING OF YEAR	4,296,574	12,556,407	-	16,852,981
NET ASSETS, END OF YEAR	\$ 6,125,089	\$ 11,370,996	\$ -	\$ 17,496,085

**KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
PORTERVILLE COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 643,104
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:	
Depreciation	3,442
Unrealized and realized gain/(loss) on investments	(1,085,386)
Change in operating assets and liabilities:	
Accounts and grants receivable	63,755
Accounts payable	(966,940)
Accrued liabilities	1,396
Net Cash Provided by/(Used in) by Operating Activities	<u>(1,340,629)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investments purchases/sales, and transfers	<u>2,596,374</u>
Net Cash Provided by/(Used in) in Investing Activities	<u>2,596,374</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,255,745
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,820,904</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,076,649</u>

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 – ORGANIZATION

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. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District follows GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*. This statement amends GASB Statement No. 14, *The Financial Reporting Entity*, to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component units:

- Bakersfield College Foundation
- Cerro Coso Community College Foundation
- Porterville College Foundation
- Kern Community College Public Facilities Corporation
- Kern Community College Public Retirement System

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive government-wide perspective of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows and replaces the fund group perspective previously required. The District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as promulgated by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Accounting, continued

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State financial grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances and other investments for purposes of the Statement of Cash Flows.

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 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.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. 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 \$19,095,838 for the year ended June 30, 2025.

Prepaid Expenditures

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements. The cost of prepaid items is recorded as an expense when consumed rather than when purchased.

Inventories

Inventories consist primarily of paper and office supplies for daily operational needs. Inventories are stated at cost, utilizing the average cost method. The cost is recorded as an expense as the inventory is consumed rather than when purchased.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital and Right-to-Use Assets

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

Depreciation of equipment and vehicles, facilities, and other physical properties is provided using the straight-line method over the estimated useful lives of the respective assets, or in the case of assets acquired under capital leases, the shorter of the lease term or useful life. Costs for construction in progress are capitalized when incurred.

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

The District records the value of intangible right-to-use assets based on the underlying leased asset in accordance with GASB Statement No. 87, *Leases*. The right-to-use intangible asset is amortized each year for the term of the contract or useful life of the underlying asset.

The District records the value of right-to-use subscription IT assets based on the underlying subscription asset in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The right-to-use subscription IT asset is amortized each year for the term of the contract or useful life of the underlying asset.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2025.

Compensated Absences and Load Banking

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the government-wide financial statements.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences and Load Banking, continued

GASB Statement No. 101 requires that liabilities for compensated absences be recognized for [1] leave that has not been used and [2] leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if [a] the leave is attributable to services already rendered, [b] the leave accumulates, and [c] the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified members who retire after January 1, 1999. At retirement, each member will receive a 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. All other bond issuance costs are expensed when incurred.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense until then. The District reports deferred outflows of resources for OPEB and pension related items. The deferred amounts related to OPEB and pension related items are associated with differences between expected and actual earnings on plan investments, changes of assumptions, and other OPEB and pension related changes.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for OPEB and pension related items.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability/(asset), deferred outflows/inflows of resources related to OPEB, and OPEB expense/(benefit), information about the fiduciary net position of the District OPEB Plan and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the District OPEB Plan. For this purpose, the District OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Leases

The District recognizes a lease liability and an intangible right-to-use asset in the government-wide financial statements. The District measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The right-to-use asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the right-to-use asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription-based IT Arrangements

The District recognizes a subscription-based IT arrangement liability and an intangible right-to-use subscription IT asset (subscription IT asset) in the government-wide financial statements. The District measures the subscription-based IT arrangement liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription-based IT arrangement liability is reduced by the principal portion of subscription payments made. The right-to-use subscription IT asset is initially measured as the initial amount of the subscription-based IT arrangement liability, plus certain initial direct costs. Subsequently, the right-to-use subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans 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 in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The aggregate net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Unearned revenue is primarily composed of (1) amounts received for tuition and fees prior to the end of the fiscal year, that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Non-current Liabilities

Non-current liabilities include general obligation bonds, capital leases, compensated absences, compensatory time, load banking, PARS supplemental retirement plan, and the aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide financial statements report \$165,325,240 of restricted net position.

Operating and Non-operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB. Classifications are as follows:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.

Non-operating revenues - Non-operating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB Statements.

Classification of Expenses - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

Operating expenses - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

Non-operating expenses - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of Kern bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bond in November 2014 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarship Discounts and Allowances

Tuition and fee revenue is reported net of scholarships discount and allowances. Fee waivers approved by the California Community College Board of Governors are included within the 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 enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses, and Changes in Net Position. Federal financial assistance programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

The preparation of the 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 financial statements and accompanying notes. Actual results may differ from those estimates, and those differences could be material.

Interfund Activity

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government has been eliminated in the consolidation process of the basic financial statements.

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the primary government have been eliminated in the consolidation process of the basic financial statements.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Adoption of New Accounting Standards

The following GASB Pronouncements were adopted by the District during the year ending June 30, 2025:

Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023.

Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024.

Upcoming (GASB) Pronouncements

The GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. This statement is effective for periods beginning after June 15, 2025.

Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*. This Statement also requires additional disclosures for capital assets held for sale. This statement is effective for periods beginning after June 15, 2025.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Summary of Cash, Cash Equivalents, and Investments

Cash and cash equivalents as of June 30, 2025, consist of the following:

	Primary Government
Cash on hand and in banks	\$ 11,510,739
Cash in county treasury	644,256,475
Fair market value adjustments	8,559,615
Investments	28,452,631
Total Cash and Cash Equivalents	\$ 692,779,460

Policies and Practices

As provided 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, 2025, 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.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	40%	30%
Banker's Acceptance	180 days	25%	10%
Commercial Paper	270 days	30%	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	20% of base	None
Reverse Repurchase Agreements	92 days	30%	None
Medium-Term Corporate Notes	5 years	20%	10%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	None
Mortgage Pass-Through Securities	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

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, 2025:

- 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 2 inputs).
- Corporate bonds are valued using a matrix pricing model (level 2 inputs).

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued

The District’s investments are as follows:

June 30, 2025	Level 1	Level 2
County treasurer's investment pool	\$ -	\$ 652,816,090
Investments in LAIF	-	1,076,576
Certificates of deposit	2,047,640	-
Money market	439,947	-
Municipal bonds	-	8,774,695
Corporate bonds and notes	-	6,272,096
U.S. Government agency securities	9,841,677	-
Total Investments	\$ 12,329,264	\$ 668,939,457

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 market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the Kern County Investment Pool and having the pool purchase a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District maintains an investment of \$652,816,090 with the Kern County Investment Pool with an average weighted maturity of 612 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued

Custodial Credit Risk

Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2025, the District's bank balance was fully insured and/or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2025 consisted of the following:

	Primary Government
Federal grants and contracts	\$ 7,796,347
State grants and contracts	35,648,203
Interest receivable	6,833,017
State taxes and other revenues	2,142,592
Local grants and other sources	3,701,231
Subtotal accounts receivable	<u>56,121,390</u>
Student receivables	26,566,801
Less: Allowance for bad debt	<u>(19,095,838)</u>
Student receivables, net	7,470,963
Total Accounts Receivable, Net	<u>\$ 63,592,353</u>

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 – CAPITAL AND RIGHT-TO-USE ASSETS

Capital and right-to-use asset activity for the District for the year ended June 30, 2025, was as follows:

	Balance				Balance June 30, 2025
	July 1, 2024	Restatement	Additions	Deductions	
Capital Assets Not being Depreciated					
Land	\$ 20,340,401	\$ -	\$ 472,366	\$ -	\$ 20,812,767
Construction-in-progress	204,097,401	-	82,656,057	15,276,805	271,476,653
Total Capital Assets Not Being Depreciated	<u>224,437,802</u>	<u>-</u>	<u>83,128,423</u>	<u>15,276,805</u>	<u>292,289,420</u>
Capital Assets Being Depreciated					
Site improvements	8,198,420	-	13,360	-	8,211,780
Joint use facilities agreements	7,448,375	-	-	-	7,448,375
Buildings and improvements	502,185,545	-	15,885,894	-	518,071,439
Equipment	37,694,701	-	1,772,822	-	39,467,523
Computer equipment	21,912,558	-	742,425	-	22,654,983
Vehicles	5,133,850	-	697,651	-	5,831,501
Total Capital Assets Being Depreciated	<u>582,573,449</u>	<u>-</u>	<u>19,112,152</u>	<u>-</u>	<u>601,685,601</u>
Total Capital Assets	<u>807,011,251</u>	<u>-</u>	<u>102,240,575</u>	<u>15,276,805</u>	<u>893,975,021</u>
Less: Accumulated Depreciation	180,510,587	(402,992)	12,782,614	-	192,890,209
Capital Assets, net	<u>626,500,664</u>	<u>402,992</u>	<u>89,457,961</u>	<u>15,276,805</u>	<u>701,084,812</u>
Right-to-Use Assets					
Leased buildings	32,628,624	(438,650)	305,494	-	32,495,468
Leased equipment	-	-	354,984	-	354,984
Subscription-based IT arrangements	-	1,581,536	297,999	-	1,879,535
Total Right-to-Use Assets	<u>32,628,624</u>	<u>1,142,886</u>	<u>958,477</u>	<u>-</u>	<u>34,729,987</u>
Less: Accumulated Amortization	4,894,294	1,089,932	2,272,081	-	8,256,307
Right-to-Use Assets, net	<u>27,734,330</u>	<u>52,954</u>	<u>(1,313,604)</u>	<u>-</u>	<u>26,473,680</u>
Capital Assets and Right-to-Use Assets, net	<u>\$ 654,234,994</u>	<u>\$ 455,946</u>	<u>\$ 88,144,357</u>	<u>\$ 15,276,805</u>	<u>\$ 727,558,492</u>

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as of June 30, 2025 consisted of the following:

	Primary Government
Accrued payroll and related liabilities	\$ 9,793,776
Construction payables	5,216,136
Other	33,863,479
Total accounts payable and accrued expenses	<u>\$ 48,873,391</u>

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2025 consisted of the following:

	Balance July 1, 2024	Adjustments	Additions/ Accretion	Deductions	Balance June 30, 2025	Due Within One Year
Bonds and Notes Payable						
General obligation bonds	\$ 509,344,559	\$ 261,343	\$ 3,418,577	\$ 33,950,000	\$ 479,074,479	\$ 26,840,000
Limited obligation bonds	4,178,000	-	-	267,000	3,911,000	290,000
Certificates of participation	17,085,000	-	-	1,565,000	15,520,000	1,635,000
Other postemployment benefit bonds	70,460,000	-	-	1,495,000	68,965,000	-
CEC loans - direct borrowing	2,268,150	-	-	334,570	1,933,580	337,644
Premiums	46,046,754	-	-	2,872,834	43,173,920	2,846,471
Total Bonds and Notes Payable	649,382,463	261,343	3,418,577	40,484,404	612,577,979	31,949,115
Other Long-Term Liabilities						
Compensated absences	4,631,742	20,208,745	111,112	-	24,951,599	-
Lease liability	29,426,336	(106,296)	660,478	1,152,442	28,828,076	1,332,848
Subscription-based IT arrangements	-	603,177	297,999	492,105	409,071	267,734
Net OPEB liability/(asset)	(13,144,158)	-	(6,983,786)	-	(20,127,944)	-
Net pension liability	186,577,333	-	-	14,500,368	172,076,965	-
Total Other Long-Term Liabilities	207,491,253	20,705,626	(5,914,197)	16,144,915	206,137,767	1,600,582
Total Long-Term Obligations	\$ 856,873,716	\$ 20,966,969	\$ (2,495,620)	\$ 56,629,319	\$ 818,715,746	\$ 33,549,697

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the bond interest and redemption fund with local property tax revenues. The leases will be paid by the General Fund. The subscription-based IT arrangements will be paid by the General Fund and Restricted General Fund. The compensated absences and load banking liability will be paid by the fund from which the employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt at June 30, 2025 was as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds			Bonds Outstanding June 30, 2025
				Outstanding July 1, 2024	Additions	Redeemed	
12/12/2000	8/1/2025	3.80-5.65%	\$ 7,474,413	\$ 2,032,016	\$ 142,870	\$ 1,065,000	\$ 1,109,886
12/17/2002	8/1/2027	5.55-5.57%	4,022,236	2,766,510	322,908	-	3,089,418
3/7/2003	3/1/2028	6.77-6.78%	75,240,068	10,325,471	711,210	-	11,036,681
9/13/2006	11/1/2030	4.25-5.00%	49,999,533	60,325,562	2,502,932	10,600,000	52,228,494
9/14/2011	8/1/2025	2.00-4.00%	6,985,000	825,000	-	390,000	435,000
7/23/2019	11/1/2034	2.029-3.071%	61,315,000	55,200,000	-	1,320,000	53,880,000
10/20/2020	8/1/2046	4.00%	64,000,000	54,600,000	-	-	54,600,000
11/1/2022	8/1/2042	5.00-5.25%	200,000,000	200,000,000	-	16,105,000	183,895,000
7/21/2023	8/1/2040	5.00-5.40%	127,365,000	123,270,000	-	4,470,000	118,800,000
				\$ 509,344,559	\$ 3,679,920	\$ 33,950,000	\$ 479,074,479

In December 2000, the District issued Election of 2000 General Obligation Bonds, Series 2000A, in the amount of \$7,474,413. The bonds were issued as current interest and capital appreciation bonds. The bonds bear interest rates of 3.80 to 5.65%. At June 30, 2025, the principal balance outstanding was \$1,109,886.

In December 2002, the District issued Election of 2000 General Obligation Bonds, Series 2002A, in the amount of \$3,999,979. The bonds were issued as current interest and capital appreciation bonds. The bonds bear interest rates of 3.55 to 4.75%. At June 30, 2025, the principal balance outstanding was \$3,089,418.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES, continued

General Obligation Bonds, continued

In March 2003, the District issued Election of 2002 General Obligation Bonds, Series 2003A, in the amount of \$75,191,548. The bonds were issued as current interest and capital appreciation bonds. The bonds bear interest rates of 1.10 to 3.65%. At June 30, 2025, the principal balance outstanding was \$11,036,681.

In September 2006, the District issued Election of 2002 General Obligation Bonds, Series 2006, in the amount of \$49,999,533. The bonds were issued as current interest and capital appreciation bonds. The bonds bear interest rates of 4.25 to 5.00%. At June 30, 2025, the principal balance outstanding was \$52,228,494.

In September 2011, the District issued the 2011 General Obligation Refunding Bonds in the amount of \$6,985,000. The bonds were issued as current interest serial bonds. The bonds bear interest rates of 2.00 to 5.50%. The bonds refunded a portion of the Election of 2000 General Obligation Bonds Series 2000A and 2002A. At June 30, 2025, the principal balance outstanding was \$435,000.

In July 2019, the District issued the 2019 General Obligation Refunding Bonds in the amount of \$61,315,000. The bonds were issued as current interest bonds. The bonds bear interest rates of 2.009 to 3.071%. The bonds refunded the outstanding Election of 2002 General Obligation Bonds Series 2013C. At June 30, 2025, the principal balance outstanding was \$53,880,000.

In October 2020, the District issued Election of 2016 General Obligation Bonds, Series C, in the amount of \$64,000,000. The bonds were issued as current interest bonds. The bonds bear interest rates of 0.40 to 4.00%. At June 30, 2025, the principal balance outstanding was \$54,600,000.

In November 2022, the District issued Election of 2016 General Obligation Bonds, Series D, in the amount of \$200,000,000. The bonds were issued as current interest bonds. The bonds bear interest rates of 5.00 to 5.25%. At June 30, 2025, the principal balance outstanding was \$183,895,000.

In June 2023, the District issued Election of 2016 General Obligation Bonds, Series E, in the amount of \$123,270,000. The bonds were issued as current interest bonds. The bonds bear interest rates of 5.00 to 5.40%. At June 30, 2025, the principal balance outstanding was \$118,800,000.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES, continued

Debt Maturity

The General Obligation Bonds matures through 2047 as follows:

Fiscal Year	Principal	Interest	Accreted		Total
			Interest		
2026	\$ 19,357,562	\$ 18,501,537	\$ 7,482,438	\$	45,341,537
2027	18,404,503	17,829,455	8,635,497		44,869,455
2028	15,905,153	17,232,607	14,339,847		47,477,607
2029	17,654,480	16,609,010	5,295,520		39,559,010
2030	20,333,904	15,878,571	8,741,096		44,953,571
2031-2035	144,892,533	63,924,335	9,397,467		218,214,335
2036-2040	136,510,000	31,255,819	-		167,765,819
2041-2045	54,375,000	4,093,606	-		58,468,606
2046-2047	8,200,000	247,800	-		8,447,800
Accretion	43,441,344	-	(43,441,344)		-
Total	\$ 479,074,479	\$ 185,572,740	\$ 10,450,521	\$	675,097,740

Limited Obligation Bonds

In March 2020, the District entered into a lease/purchase agreement between the District and the Kern Community College District Public Facilities Corporation to refinance the Series 2010A Lease Revenue Bonds. The amount of the agreement was \$5,298,000 and matures in 2035. At June 30, 2025, the principal balance outstanding was \$3,911,000.

The Limited Obligation Bonds matures through 2035 as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 290,000	\$ 85,752	\$ 375,752
2027	311,000	79,162	390,162
2028	336,000	72,069	408,069
2029	360,000	64,429	424,429
2030	387,000	56,241	443,241
2031-2035	2,227,000	143,244	2,370,244
Total	\$ 3,911,000	\$ 500,897	\$ 4,411,897

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES, continued

Certificates of Participation

In January 2016, the District issued the 2016 Refunding Certificates of Participation (COP) in the amount of \$27,285,000. The COP was issued to refund the 2008 Certificates of Participation. At June 30, 2025, the principal balance outstanding was \$15,520,000.

The Certificates of Participation mature through 2033 as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 1,635,000	\$ 646,600	\$ 2,281,600
2027	1,720,000	564,850	2,284,850
2028	1,810,000	478,850	2,288,850
2029	1,895,000	388,350	2,283,350
2030	1,990,000	293,600	2,283,600
2031-2033	6,470,000	391,950	6,861,950
Total	\$ 15,520,000	\$ 2,764,200	\$ 18,284,200

Other Postemployment Benefit Bonds

In July 2008, the District issued the 2008 Taxable OPEB (Other Post-Employment Benefit) Bonds, Series A in the amount of \$85,880,000. The bonds bear interest at 6.01%. The bonds were issued to fund the District's post-employment benefits unfunded liability. At June 30, 2025, the principal balance outstanding was \$68,965,000.

The OPEB bonds mature through 2048 as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ -	\$ 4,144,797	\$ 4,144,797
2027	1,585,000	4,049,538	5,634,538
2028	1,680,000	3,948,570	5,628,570
2029	1,780,000	3,841,592	5,621,592
2030	1,890,000	3,728,003	5,618,003
2031-2035	11,295,000	16,682,258	27,977,258
2036-2040	15,135,000	12,623,104	27,758,104
2041-2045	20,270,000	7,185,256	27,455,256
2046-2048	15,330,000	957,093	16,287,093
Total	\$ 68,965,000	\$ 57,160,211	\$ 126,125,211

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES, continued

California Energy Commissions (CEC) Loans

In June 2010, the District was awarded \$2,200,000 of California Energy Commission (CEC) loans to install a solar tracking system at the Bakersfield College campus. The loan bears interest at 3.00%, and payments are made semi-annually on June 22 and December 22 of each year, maturing December 22, 2026.

In September 2014, the District was awarded \$3,000,000 of California Energy Commission (CEC) loans to install renewable energy photovoltaic panels at the Porterville College campus parking lot. The loan bears no interest, and payments are made semi-annually on June 22 and December 22 of each year, maturing June 22, 2036.

The CEC loans mature as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 337,644	\$ 9,880	\$ 347,524
2027	245,936	4,292	250,228
2028	150,000	-	150,000
2029	150,000	-	150,000
2030	150,000	-	150,000
2031-2035	750,000	-	750,000
2036	150,000	-	150,000
Total	<u>\$ 1,933,580</u>	<u>\$ 14,172</u>	<u>\$ 1,947,752</u>

Leases

The District has entered into agreements to lease various buildings and equipment. The District's liability for lease agreements is summarized below:

Lease Category	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Buildings	\$ 29,320,040	\$ 305,494	\$ 1,135,102	\$ 28,490,432
Equipment	-	354,984	17,340	337,644
Total	<u>\$ 29,320,040</u>	<u>\$ 660,478</u>	<u>\$ 1,152,442</u>	<u>\$ 28,828,076</u>

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 – LONG-TERM LIABILITIES, continued

Leases, continued

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2025 are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 1,332,848	\$ 1,092,338	\$ 2,425,186
2027	1,164,029	1,042,092	2,206,121
2028	1,295,122	995,718	2,290,840
2029	1,348,873	945,747	2,294,620
2030	1,472,052	892,283	2,364,335
2031-2035	8,210,292	3,570,161	11,780,453
2036-2040	11,331,554	1,693,027	13,024,581
2041	2,673,306	56,650	2,729,956
Total	\$ 28,828,076	\$ 10,288,016	\$ 39,116,092

Subscriptions-Based IT Arrangements (SBITAs)

The District entered into multiple SBITAs for the use of various software. At June 30, 2025, the District has recognized a right-to-use subscriptions IT assets of \$706,732 net of accumulated amortization and a SBITA liability of \$409,071 related to these agreements. During the fiscal year, the District recorded \$451,234 in amortization expense. The District is required to make annual principal and interest payments through June 30, 2029.

The subscriptions have interest rates that range from 2.40% to 3.16%.

The remaining principal and interest payment requirements for the SBITA obligation debt as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 267,734	\$ 8,188	\$ 275,922
2027	85,664	2,686	88,350
2028	27,397	953	28,350
2029	28,276	74	28,350
Total	\$ 409,071	\$ 11,901	\$ 420,972

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY

For the fiscal year ended June 30, 2025, the District reported an aggregate net OPEB liability/(asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense/(benefit) for the following plans:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ (20,127,944)	\$ 9,238,368	\$ 15,778,461	\$ (2,228,081)

District Plan

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.

Plan Membership

At June 30, 2024, the valuation date, the Plan membership consisted of the following:

Inactive Employees Receiving Benefits	Number of Participants
	379
Active Employees	1,124
	<u>1,503</u>

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 has issued OPEB bonds 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.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued

Net OPEB Liability/(Asset) of the District

The District's net OPEB liability/(asset) of (\$20,127,944) was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of June 30 2024. The components of the net OPEB liability of the District at June 30, 2025, were as follows:

Total OPEB liability	\$ 68,938,268
Plan fiduciary net position	89,066,212
Net OPEB liability/(asset)	<u>\$ (20,127,944)</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 129.20%

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2024
Measurement date	June 30, 2025
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return	5.00%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%

The discount rate was based on the assumed long-term expected rate of return on plan assets.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2021 CalPERS Active Mortality for Miscellaneous and School Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actual experience study as of June 2024.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued

Actuarial Assumptions, continued

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.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Percentage of Portfolio	Assumed Gross Return
US Large Cap	29%	7.25%
US Small Cap	13%	7.25%
All Foreign Stock	9%	7.25%
Other Fixed Income	49%	3.00%
Total	100%	

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued

Discount Rate

The discount rate used to measure the total OPEB liability was 5.00%. The projection of cash flows used to determine the discount rate assumed that the District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance July 1, 2024	\$ 68,604,797	\$ 81,748,955	\$ (13,144,158)
Changes for the year:			
Service cost	1,804,622	-	1,804,622
Interest	3,354,709	-	3,354,709
Employer contributions as benefit payments	-	2,714,396	(2,714,396)
Expected investment income	-	4,831,645	(4,831,645)
Investment gains/(losses)	-	4,928,680	(4,928,680)
Administrative expense	-	(331,604)	331,604
Benefit payments	(4,825,860)	(4,825,860)	-
Net change	333,471	7,317,257	(6,983,786)
Balance June 30, 2025	\$ 68,938,268	\$ 89,066,212	\$ (20,127,944)

There were no changes in the benefit terms since the previous valuation. There were no changes in assumptions since the previous valuation.

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

The following presents the net OPEB liability/(asset) of the District, as well as what the District's net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net OPEB liability/(asset)	\$ (14,584,876)	\$ (20,127,944)	\$ (25,046,576)

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 – AGGREGATE NET OTHER POSTEMPLOYMENT BENEFIT (OPEB) LIABILITY, continued

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability/(asset) of the District, as well as what the District's net OPEB liability/(asset) would be if it were calculated using a healthcare cost trend rate that is one percent lower or higher than the current healthcare cost trend rate:

	1% Decrease (3.00%)	Current Healthcare Cost Trend Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability/(asset)	\$ (26,638,243)	\$ (20,127,944)	\$ (12,587,799)

Deferred Outflows/Inflows of Resources Related to OPEB

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ -	\$ 7,122,604
Differences between expected and actual experience	4,942,942	7,662,322
Change of assumptions	4,295,426	993,535
	<u>\$ 9,238,368</u>	<u>\$ 15,778,461</u>

The deferred outflows of resources related to OPEBs resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/(asset) in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 1,178,799
2027	(1,456,625)
2028	(4,428,361)
2029	(1,587,348)
2030	(561,969)
Thereafter	315,411
Total	<u>\$ (6,540,093)</u>

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers’ Retirement System (CalSTRS) and classified employees are members of the California Public Employees’ Retirement System (CalPERS).

For the fiscal year ended June 30, 2025, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 76,206,653	\$ 31,828,472	\$ 15,457,531	\$ 7,708,646
CalPERS	95,870,312	30,751,603	3,254,615	15,937,909
Total	\$ 172,076,965	\$ 62,580,075	\$ 18,712,146	\$ 23,646,555

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers’ Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers’ Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members’ final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

The parameters for employer and state contribution rates for the DB Program are set by the California Legislature and the Governor and detailed in the Teachers’ Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. The contribution rates for each plan for the year ended June 30, 2025, are presented above and the District’s total contributions were \$16,486,553.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported a 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:

District's proportionate share of the net pension liability	\$ 76,206,653
State's proportionate share of the net pension liability associated with the District	34,964,411
Total	\$ 111,171,064

The net pension liability was measured as of June 30, 2024. 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 and the State, actuarially determined. The District’s proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.113 percent and 0.118 percent, resulting in a net decrease in the proportionate share of 0.005 percent.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions, continued

For the year ended June 30, 2025, the District recognized pension expense of \$7,708,646. In addition, the District recognized pension expense and revenue of \$3,190,985 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	\$ 311,350
Differences between expected and actual experience	8,620,924	3,334,582
Changes in assumptions	333,588	5,204,166
Net changes in proportionate share of net pension liability	6,387,407	6,607,433
District contributions subsequent to the measurement date	16,486,553	-
Total	<u>\$ 31,828,472</u>	<u>\$ 15,457,531</u>

The 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (4,710,011)
2027	6,852,614
2028	(1,435,279)
2029	(1,207,258)
2030	758,109
Thereafter	(373,787)
Total	<u>\$ (115,612)</u>

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007, through June 30, 2022
Actuarial cost method	Entry age normal
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Payroll growth	3.25%
Postretirement benefit increases	2.00%

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP– 2021 Ultimate Projection Scale.

The long-term investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of our 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions, continued

The actuarial investment rate of return assumption was adopted by the board in January 2024 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. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Rate of Return*	Long-term Expected Real Rate of Return**
Public Equity	38%	8.00%	5.25%
Real Estate	15%	6.80%	4.05%
Private Equity	14%	9.50%	6.75%
Fixed Income	14%	5.20%	2.45%
Risk Mitigating Strategies	10%	5.00%	2.25%
Inflation Sensitive	7%	6.40%	3.65%
Cash/Liquidity	2%	2.80%	0.05%
	<u>100%</u>		

*20 to 30 year geometric average.

**Real rates of return are net of assumed 2.75% inflation.

Discount Rate

The discount rate used to measure the total pension liability was 7.10%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases as disclosed in the plan description and contribution information.

Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur 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.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 135,546,699	\$ 76,206,653	\$ 26,655,252

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS School Employee Pool provisions and benefits in effect at June 30, 2025, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	27.05%	27.05%

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the total District contributions were \$16,174,635.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$95,870,312. The net pension liability was measured as of June 30, 2024. 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 college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.110 percent and 0.104 percent, respectively, resulting in a net increase in the proportionate share of 0.006 percent.

For the year ended June 30, 2025, the District recognized pension expense of \$15,937,909. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 3,724,008	\$ -
Differences between expected and actual experience	8,037,324	686,141
Changes in assumptions	2,119,058	-
Net changes in proportionate share of net pension liability	696,578	2,568,474
District contributions subsequent to the measurement date	16,174,635	-
Total	<u>\$ 30,751,603</u>	<u>\$ 3,254,615</u>

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions, continued

The 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 subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 4,048,379
2027	8,186,549
2028	467,784
2029	(1,380,359)
Total	<u>\$ 11,322,353</u>

Actuarial Methods and Assumptions

Total pension liability was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry age normal
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

Actuarial Methods and Assumptions, continued

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.54%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

*An expected inflation of 2.30% used for this period.

**Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers 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 these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 142,416,151	\$ 95,870,312	\$ 57,419,748

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$7,059,942. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

NOTE 10 – 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, 2025.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2025.

**KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 11 – COMMITMENTS AND CONTINGENCIES, continued

Construction Commitments

As of June 30, 2025, the District had the following commitments with respect to the unfinished capital projects:

	<u>Remaining Construction Commitments</u>
Measure G	
Weill Institute Solar	\$ 31,976
District Office 2nd Floor Upgrade & Wayfinding Signage	298,885
Measure J	
Bakersfield College Arvin Education Center	1,805,231
Bakersfield College Agriculture Building	30,652,526
Bakersfield College Combine Gym & Women's Field House	3,903,589
Bakersfield College Infrastructure	8,492,716
Bakersfield College Swing Space Measure J	108,478
Bakersfield College Lab Tech Bachelor	118,975
Bakersfield College Welcome Center Interior & Exterior Improvements	135,313
Bakersfield College Combined Gym & Field House-Pool Equipment Building	5,564,904
Delano Center Campus Monument Sign/Sidewalk & Landscape	2,461,510
Bakersfield College Soccer Field	11,848,075
BC Infrastructure Campus Wide Rekeying	595,626
Bakersfield College Combined Gym & Fieldhouse Pool Administration Building	9,780,962
Cerro Coso College Physical Ed Outdoor-Complex Reno	1,546,125
Porterville College Classroom Modernization	126,453
Porterville College HVAC Upgrades	822,664
Porterville College Baseball & Softball Fields	1,419,703
Porterville College College Ave Re-alignment	422,717
Porterville College Allied Health Phase II	80,631
Total	<u>\$ 80,217,059</u>

**KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2025**

NOTE 12 – PRIOR PERIOD ADJUSTMENTS

Prior year adjustments amounting to \$20,245,724 were identified and adjusted against the beginning net position. The impact to beginning net position on the Primary Government is as follows:

Net Position - Beginning Balance, as previously reported at June 30, 2024	\$ 388,000,429
GASB 101 - Sick leave	(20,208,745)
Right-to-use assets	52,954
Lease liability	106,296
Subscription-based IT arrangements	(603,177)
Fixed assets - accumulated depreciation	402,992
Prior year Regional Strong Workforce funds accrued in current year	(3,049,515)
Prior year adjustment - District identified adjustments	3,956
Net Position - Ending Balance, as restated at June 30, 2024	<u>\$ 364,705,190</u>

NOTE 13 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2025 through February 2, 2026, the date the financial statements were issued. In September 2025, the District issued the Election 2000 General Obligation Bonds, Series 2025A in the amount of \$3,525,000. The bonds bear interest between 4.00 and 5.00%, maturing August 1, 2030.

REQUIRED SUPPLEMENTARY INFORMATION

**KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022	2021
Total OPEB liability					
Service cost	\$ 1,804,622	\$ 1,527,320	\$ 1,486,443	\$ 1,678,390	\$ 3,097,345
Interest	3,354,709	3,310,181	3,306,828	3,642,233	4,806,623
Changes of benefit terms	-	-	-	-	(39,222,004)
Experience (gains)/losses	-	1,291,594	172,786	(6,943,612)	(8,831,450)
Changes of assumptions	-	316,631	-	-	(2,916,511)
Benefit payments	(4,825,860)	(5,694,366)	(4,839,124)	(5,028,245)	(4,974,510)
Net change in total OPEB liability	333,471	751,360	126,933	(6,651,234)	(48,040,507)
Total OPEB liability, beginning of year	68,604,797	67,853,437	67,726,504	74,377,738	122,418,245
Total OPEB liability, end of year (a)	\$ 68,938,268	\$ 68,604,797	\$ 67,853,437	\$ 67,726,504	\$ 74,377,738
Plan fiduciary net position					
Employer contributions	\$ 2,714,396	\$ 2,534,342	\$ 2,133,934	\$ 7,348,151	\$ 1,983,767
Expected investment income	4,831,645	8,387,034	1,957,157	(6,242,763)	-
Investment gains/(losses)	4,928,680	4,250,324	4,081,013	4,624,439	4,020,326
Administrative expense	(331,604)	(294,246)	(273,187)	(350,384)	-
Expected benefit payments	(4,825,860)	(5,694,366)	(4,839,124)	(5,028,245)	(4,974,510)
Other	-	-	-	-	-
Change in plan fiduciary net position	7,317,257	9,183,088	3,059,793	351,198	1,029,583
Fiduciary trust net position, beginning of year	81,748,955	72,565,867	69,506,074	69,154,876	68,125,293
Fiduciary trust net position, end of year (b)	\$ 89,066,212	\$ 81,748,955	\$ 72,565,867	\$ 69,506,074	\$ 69,154,876
Net OPEB liability/(asset), ending (a) - (b)	\$ (20,127,944)	\$ (13,144,158)	\$ (4,712,430)	\$ (1,779,570)	\$ 5,222,862
Covered payroll	\$ 20,315,135	\$ 19,110,925	\$ 24,931,712	\$ 26,639,899	\$ 26,672,863
Plan fiduciary net position as a percentage of the total OPEB liability	129.20%	119.16%	106.95%	102.63%	92.98%
Net OPEB liability/(asset) as a percentage of covered payroll	-99.08%	-68.78%	-18.90%	-6.68%	19.58%
Measurement date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021

Note: In the future, as data becomes available, ten years of information will be presented.

**KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025**

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

* 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

Note: In the future, as data becomes available, ten years of information will be presented.

**KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF INVESTMENT RETURNS – OPEB
FOR THE YEAR ENDED JUNE 30, 2025**

	2025	2024	2023	2022	2021
Annual money-weighted rate or return, net of investment expense	11.53%	11.83%	-2.27%	0.92%	9.96%
Measurement Date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021
	2020	2019	2018	2017	
Annual money-weighted rate or return, net of investment expense	5.88%	6.04%	5.87%	2.62%	
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	

Note: In the future, as data becomes available, ten years of information will be presented.

**KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalSTRS					
District's proportion of the net pension liability	0.113%	0.118%	0.113%	0.116%	0.117%
District's proportionate share of the net pension liability	\$ 76,206,653	\$ 90,119,117	\$ 78,261,922	\$ 52,789,280	\$ 113,383,530
State's proportionate share of the net pension liability associated with the District	34,964,411	43,179,383	39,193,800	26,562,071	58,448,750
Total	\$ 111,171,064	\$ 133,298,500	\$ 117,455,722	\$ 79,351,351	\$ 171,832,280
District's covered - employee payroll	\$ 71,145,047	\$ 58,521,702	\$ 63,513,203	\$ 60,642,341	\$ 63,887,854
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	107%	154%	123%	87%	177%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalSTRS					
District's proportion of the net pension liability	0.110%	0.104%	0.096%	0.100%	0.093%
District's proportionate share of the net pension liability	\$ 99,347,600	\$ 95,583,280	\$ 88,780,800	\$ 80,881,000	\$ 51,765,066
State's proportionate share of the net pension liability associated with the District	54,201,186	54,726,166	52,522,399	46,050,890	33,114,397
Total	\$ 153,548,786	\$ 150,309,446	\$ 141,303,199	\$ 126,931,890	\$ 84,879,463
District's covered - employee payroll	\$ 57,583,108	\$ 53,787,803	\$ 52,489,754	\$ 48,918,192	\$ 46,961,464
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	173%	178%	169%	165%	110%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%

**KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025**

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalPERS					
District's proportion of the net pension liability	0.268%	0.267%	0.265%	0.261%	0.261%
District's proportionate share of the net pension liability	\$ 95,870,312	\$ 96,458,216	\$ 91,057,511	\$ 53,114,147	\$ 80,025,758
District's covered - employee payroll	\$ 47,122,601	\$ 36,670,970	\$ 36,309,136	\$ 32,725,444	\$ 33,740,809
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	203%	263%	251%	162%	237%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalPERS					
District's proportion of the net pension liability	0.258%	0.250%	0.232%	0.222%	0.209%
District's proportionate share of the net pension liability	\$ 75,224,810	\$ 66,639,206	\$ 55,408,396	\$ 43,785,887	\$ 29,375,367
District's covered - employee payroll	\$ 32,079,443	\$ 28,999,884	\$ 29,596,349	\$ 26,643,758	\$ 25,578,008
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	234%	230%	187%	164%	115%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

**KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025**

CalSTRS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 16,486,553	\$ 13,588,704	\$ 11,177,645	\$ 10,746,434	\$ 9,793,738
District's contributions in relation to the statutorily required contribution	16,486,553	13,588,704	11,177,645	10,746,434	9,793,738
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 86,317,031	\$ 71,145,047	\$ 58,521,702	\$ 63,513,203	\$ 60,642,341
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	19.10%	16.92%	16.15%

CalSTRS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 10,924,823	\$ 9,374,530	\$ 7,761,580	\$ 6,603,211	\$ 5,248,922
District's contributions in relation to the statutorily required contribution	10,924,823	9,374,530	7,761,580	6,603,211	5,248,922
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 63,887,854	\$ 57,583,108	\$ 53,787,803	\$ 52,489,754	\$ 48,918,192
District's contributions as a percentage of covered-employee payroll	17.10%	16.28%	14.43%	12.58%	10.73%

**KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025**

CalPERS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 16,174,635	\$ 12,572,310	\$ 9,303,425	\$ 8,318,423	\$ 6,774,167
District's contributions in relation to the statutorily required contribution	16,174,635	12,572,310	9,303,425	8,318,423	6,774,167
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 59,795,323	\$ 47,122,601	\$ 36,670,970	\$ 36,309,136	\$ 32,725,444
District's contributions as a percentage of covered-employee payroll	27.05%	26.68%	25.37%	22.91%	20.70%

CalPERS	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 6,654,025	\$ 5,794,189	\$ 4,503,972	\$ 4,110,341	\$ 3,156,486
District's contributions in relation to the statutorily required contribution	6,654,025	5,794,189	4,503,972	4,110,341	3,156,486
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 33,740,809	\$ 32,079,443	\$ 28,999,884	\$ 29,596,349	\$ 26,643,758
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	15.53%	13.89%	11.85%

**KERN COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability/(asset), including beginning and ending balances and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - There were no changes in assumptions since the previous valuation.

Schedule of Investment Returns – OPEB

This schedule presents information on the annual money-weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the Plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District.

- *Changes in Benefit Terms* - There were no changes in benefit terms since the previous valuations for either CalSTRS or CalPERS.
- *Changes of Assumptions* - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of District Contributions – Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

SUPPLEMENTARY INFORMATION

**KERN COMMUNITY COLLEGE DISTRICT
ORGANIZATIONAL STRUCTURE
JUNE 30, 2025**

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.

GOVERNING BOARD

NAME	OFFICE	Trustee Area	TERM EXPIRES
Mr. John S. Corkins	President	5	2026
Ms. Nan Gomez-Heitzeberg	Vice President	3	2026
Ms. Yovani Jiminez	Clerk	6	2028
Mr. Kyle W. Carter	Trustee	1	2026
Ms. Christina Scrivner	Trustee	2	2026
Mrs. Kay Meek	Trustee	7	2028
Mr. Dan Diaz	Trustee	4	2028

ADMINISTRATION

Mr. Steven Bloomberg <i>Chancellor</i>	
Mrs. Melissa Thornsberry, CGFM, CPMP, CGMP, MSA <i>Chief Financial Officer</i>	Mr. David Barnett <i>Interim Chief Information Officer</i>
Ms. Gina Duran <i>Interim Vice Chancellor, Human Resources</i>	Ms. Heather Ostash <i>Interim Vice Chancellor, Education Services and Student Services</i>

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Bakersfield College Foundation	Cheryl Scott <i>Executive Director</i>	Established 1975. Master Agreement established, October 15, 1992
Cerro Coso Community College Foundation	Kim Metcalf <i>Director of Public Relations and Institutional Advancement</i>	Established 1977. Master Agreement established, August 12, 1992
Porterville College Foundation	Ramona Chiapa <i>Executive Director</i>	Established 1970. Master Agreement established, November 19, 1992

**KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grant Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program</i>			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	P063P231095, P063P238570, P063P235237	\$ 78,370,740
Federal Pell Grant Program Administrative Allowance	84.063	P063Q231095, P063Q238570, P063Q235237	137,193
Federal Direct Student Loans	84.268	P268K241095, P268K248570, P268K245237	3,456,066
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007	P007A230237, P007A230314, P007A230543	1,402,817
Federal Work Study (FWS)	84.033	P033A230237, P033A230314, P033A230543	1,293,594
Subtotal Student Financial Assistance Cluster			<u>84,660,410</u>
TRIO Cluster			
TRIO Student Support Services	84.042A	PO42A201285	309,411
Higher Education Emergency Relief Fund			
CARES Act Higher Education Emergency Relief Fund - Supplemental	84.425S	n/a	(2,000)
STEP-UP to STEM	84.031C	P031C210052	1,054,006
Early College	84.031S	P031S220017	343,500
		P031S200174, P031S200059,	
Title V - Higher Education Institutional Aid	84.031S	P031S240205	1,103,294
GEAR-UP	84.334A	P334A210181	247,829
Child Care Access Means Parents in School	84.335A	P335A230158	413,866
<i>Passed through California Community Colleges Chancellor's Office</i>			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	24-C01-520	1,892,859
<i>Passed through California State University, Bakersfield</i>			
(POP THE CAP) Pathways Of Possibilities for Transforming Higher Education Curriculum Alignment Program	84.116T	P116T230003	84,211
<i>Passed through California Department of Rehabilitation</i>			
Project Workability Bakersfield	84.126	5160-32491	211,671
Total U.S. Department of Education			<u>90,319,057</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct Program</i>			
NRCS - MESA Scholarship	10.902	NR239104XXXXC012	28,371
Schools and Roads	10.665	n/a	36,654
<i>Passed through California Department of Education</i>			
Child and Adult Care Food Program	10.558	04352-CACFP-15-1242-6A	145,355
<i>Passed through California State University, Chico</i>			
Child and Adult Care Food Program	10.561	A22-0055-S033	6,038
Total U.S. Department of Agriculture			<u>216,418</u>
U.S. DEPARTMENT OF COMMERCE			
<i>Passed Through Butte-Glenn CCD</i>			
California Careers Forestry Subaward	11.307	00006888	89,030
<i>Passed through Desert Research Institute</i>			
California Nevada Adaption Program (CNAP)	11.431	NA22OAR4310546	1,793
Total U.S. Department of Commerce			<u>90,823</u>
U.S. DEPARTMENT OF THE INTERIOR			
<i>Direct Program</i>			
Minerals Leasing Act	15.437	n/a	424,941
Total U.S. Department of the Interior			<u>424,941</u>
U.S. DEPARTMENT OF LABOR			
<i>Direct Program</i>			
WIOA Adult Programs	17.258	4872125 / PA2706	99,690
Total U.S. Department of Labor			<u>99,690</u>
Balance Forward			<u>\$ 91,150,929</u>

**KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Grant Number	Total Program Expenditures
Balance Brought Forward			\$ 91,150,929
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Direct Program</i>			
Highway Training and Education	20.215	693JJ32545099, 100, 101, 102, 103; 693JJ32545164, 65	35,000
Total U.S. Department of Transportation			<u>35,000</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed through City of Bakersfield</i>			
Entrepreneurship & Small Business Assistance	21.027	2023-066	488,095
<i>Passed through California Community Colleges Chancellor's Office</i>			
Immediate Action - State Fiscal Recovery Funds (SFRF)	21.027	n/a	372,494
Total U.S. Department of Treasury			<u>860,589</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			
<i>Direct Program</i>			
Space Grant Opportunity for Community College Partnerships	43.008	80NSSC20M0099	4,981
Total National Aeronautics and Space Administration			<u>4,981</u>
NATIONAL SCIENCE FOUNDATION			
<i>Direct Program</i>			
Improving Undergraduate STEM Education	47.076	2150520; 2247976	273,601
Total National Science Foundation			<u>273,601</u>
U.S. DEPARTMENT OF VETERAN AFFAIRS			
<i>Direct Program</i>			
Vocational Rehabilitation for Disabled Veterans	64.116	n/a	(31,061)
Total U.S. Department of Veteran Affairs			<u>(31,061)</u>
U.S. DEPARTMENT OF ENERGY			
<i>Direct Program</i>			
Zero Emission Vehicle Talent Pipeline	81.086	DE-EE0010627	218,111
Solar Homes & Careers for Justice	81.117	DE-EE0010825	100,496
Central CA Industrial Assessment Center (IAC)	81.117	DE-MS0000047	219,611
Total U.S. Department of Energy			<u>538,218</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Direct Program</i>			
Headstart	93.600	n/a	259,712
<i>Passed through California State University, Long Beach</i>			
Public Health Infomatics & Technology Workforce Development	93.355	SG256021100KCCCD	316,244
<i>Passed through California Department of Social Services</i>			
General Child Care and Development Program (CCTR)	93.575	CCTR-4068	13,187
<i>Passed through California Community Colleges Chancellor's Office:</i>			
Temporary Assistance for Needy Families (TANF)	93.558	n/a	145,240
Child, Family, and Community Services - Foster Care - Title IV-E	93.658	n/a	204,982
Total U.S. Department of Health and Human Services			<u>939,365</u>
Total Federal Programs			<u>\$ 93,771,622</u>

**KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025**

	Program Revenues				Program Expenditures
	Cash Received	Accounts Receivable	Deferred Income	Total Revenue	
Adult Education Block Grant	\$ 1,621,093	\$ -	\$ (106,893)	\$ 1,514,200	\$ 1,514,200
BFAP	1,490,639	(2,045)	(19,380)	1,469,214	1,469,214
California College Promise	1,363,550	-	(371,132)	992,418	992,418
CA Completion Grant	12,254,758	-	1,430,097	13,684,855	13,684,855
CalGrants	9,102,368	1,255,718	1,500	10,359,586	10,359,586
CalWORKs	933,357	-	(167,739)	765,618	765,618
CAFYES	1,022,054	-	124,445	1,146,499	1,146,499
California Renewable Energy Center	-	-	2,715,460	2,715,460	2,715,460
COVID Recovery Block Grant	1,116	(1,116)	1,516,783	1,516,783	1,516,783
Project Care	1,046,975	-	158,548	1,205,523	1,205,523
Disabled Student Programs and Services	2,573,529	-	(209,704)	2,363,825	2,363,825
Extended Opportunity Programs and Services	5,107,642	-	855,712	5,963,354	5,963,354
LGBTQ+ Support	269,936	-	(93,240)	176,696	176,696
Regional Consortium	37,930,198	(23,310,727)	53,000,371	67,619,842	67,619,842
SEAP	11,357,100	-	(472,953)	10,884,147	10,884,147
Strong Workforce Program	6,104,923	4,955,721	(7,767,005)	3,293,639	3,293,639
Undocumented Resources Liaisons	296,481	-	(84,580)	211,901	211,901
Veteran's Resource Center	206,256	-	241,871	448,127	448,127
Zero Textbook Costs	1,205,000	-	(726,360)	478,640	478,640
Subtotal	93,886,975	(17,102,449)	50,025,801	126,810,327	126,810,327
Other State Grants	31,876,313	(11,587,127)	1,580,371	21,869,557	21,869,557
All Other Categorical	4,919,800	843,077	3,955,671	9,718,548	9,718,548
Total State Programs	\$ 130,683,088	\$ (27,846,499)	\$ 55,561,843	\$ 158,398,432	\$ 158,398,432

**KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2025**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2024 only)			
1. Noncredit*	65.98	-	65.98
2. Credit	2,936.41	-	2,936.41
B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)			
1. Noncredit*	36.07	-	36.07
2. Credit	335.33	-	335.33
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	9,807.79	-	9,807.79
(b) Daily Census Contact Hours	1,233.11	-	1,233.11
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	159.91	-	159.91
(b) Credit	2,929.80	-	2,929.80
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	7,008.61	-	7,008.61
(b) Daily Census Contact Hours	3,083.03	-	3,083.03
(c) Noncredit Independent Study/Distance Education Courses	25.89	-	25.89
D. Total FTES	27,621.93	-	27,621.93
Supplemental Information (subset of above information)			
E. In-service Training Courses	464.72	-	464.72
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	127.50	-	127.50
2. Credit*	70.11	-	70.11
Total Basic Skills FTES	197.61	-	197.61
<u>CCFS 320 Addendum</u>			
CDCP Noncredit FTES	172.03	-	172.03
Centers FTES			
1. Credit*	12,356.88	-	12,356.88
2. Noncredit*	73.03	-	73.03
Total Centers FTES	12,429.91	-	12,429.91

*Including Career Development and College Preparation (CDCP) FTES

**KERN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 50,499,186	\$ -	\$ 50,499,186	\$ 50,505,006	\$ -	\$ 50,505,006
Other	1300	19,668,490	-	19,668,490	19,690,298	-	19,690,298
Total Instructional Salaries		70,167,676	-	70,167,676	70,195,304	-	70,195,304
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	14,816,944	-	14,816,944
Other	1400	-	-	-	1,611,113	-	1,611,113
Total Non-Instructional Salaries		-	-	-	16,428,057	-	16,428,057
Total Academic Salaries		70,167,676	-	70,167,676	86,623,361	-	86,623,361
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	32,853,565	-	32,853,565
Other	2300	-	-	-	1,757,177	-	1,757,177
Total Non-Instructional Salaries		-	-	-	34,610,742	-	34,610,742
Instructional Aides							
Regular Status	2200	853,241	-	853,241	853,241	-	853,241
Other	2400	4,263,994	-	4,263,994	4,263,994	-	4,263,994
Total Instructional Aides		5,117,235	-	5,117,235	5,117,235	-	5,117,235
Total Classified Salaries		5,117,235	-	5,117,235	39,727,977	-	39,727,977
Employee Benefits	3000	30,459,460	-	30,459,460	60,494,886	-	60,494,886
Supplies and Materials	4000	-	-	-	1,660,648	-	1,660,648
Other Operating Expenses	5000	2,013,815	-	2,013,815	31,224,061	-	31,224,061
Equipment Replacement	6420	-	-	-	1,998	-	1,998
Total Expenditures Prior to Exclusions		107,758,186	-	107,758,186	219,732,931	-	219,732,931
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	1,500,534	-	1,500,534
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	61,400	-	61,400
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	3,002,175	-	3,002,175
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	4,912,746	-	4,912,746
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 9,476,855	\$ -	\$ 9,476,855
Total for ECS 84362, 50% Law		\$ 107,758,186	\$ -	\$ 107,758,186	\$ 210,256,076	\$ -	\$ 210,256,076
Percent of CEE (Instructional Salary Cost/Total CEE)		51.25%	0.00%	51.25%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 105,128,038	\$ -	\$ 105,128,038

**KERN COMMUNITY COLLEGE DISTRICT
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT EXPENDITURES
 FOR THE YEAR ENDED JUNE 30, 2025**

EPA Revenue	\$ 41,739,053
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 41,739,053	\$ -	\$ -	\$ 41,739,053
Total		\$ 41,739,053	\$ -	\$ -	\$ 41,739,053

**KERN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

Total Fund Balance - District Funds Included in the Reporting Entity

General Funds	\$ 244,525,579	
Debt Service Fund	82,378,351	
Capital Project Funds	212,349,973	
Special Revenue Funds	1,734,792	
Auxiliary Funds	(1,454,575)	
Financial Aid Funds	239,466	
Total fund balances as reported in the CCFS-311	539,773,586	\$ 539,773,586

Assets recorded within the statements of net position not included in the District fund financial statements:

Capital assets	893,975,021	
Accumulated depreciation	(192,890,209)	
Right-to-use assets	34,729,987	
Accumulated amortization	(8,256,307)	727,558,492
FMV Cash in County Treasury		8,559,615
Net OPEB Asset		20,127,944
Unmatured Interest		(7,459,286)
Retention Payable		(3,529,029)

Deferred outflows recorded within the statement of net position not included in the District fund financial statements:

Deferred outflow related to refunding	4,068,316	
Deferred outflows related to OPEB	9,238,368	
Deferred outflows related to pensions	62,580,075	75,886,759

Liabilities recorded within the statements of net position not recorded in the District fund financial statements:

General obligation bonds	(479,074,479)	
Limited obligation bonds	(3,911,000)	
Certificates of participation	(15,520,000)	
Other postemployment benefit bonds	(68,965,000)	
CEC loans - direct borrowing	(1,933,580)	
Premiums	(43,173,920)	
Compensated absences	(24,951,599)	
Lease liability	(28,828,076)	
Subscription-based IT arrangements	(409,071)	
Net pension liability	(172,076,965)	(838,843,690)

Deferred inflows recorded within the statement of net position not included in the District fund financial statements:

Deferred inflows related to OPEB	(15,778,461)	
Deferred inflows related to pensions	(18,712,146)	(34,490,607)

Net Assets Reported Within the Statements of Net Position **\$ 487,583,784**

**KERN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

Organizational Structure

This schedule provides information about the District's governing board members, administration members and auxiliary organizations in good standing.

Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. When applicable, 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. No Federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

The District has elected not to use the 10% de minimis cost rate.

Schedule of Expenditures of State Awards

The accompanying Schedule of Expenditures of State Awards includes the state grant activity of the District and is presented on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The information in this schedule is presented to comply with reporting requirements of the California State Chancellor's Office.

Schedule of Workload Measures for State General Apportionment – Annual/Actual Attendance

Full-time equivalent students (FTES) is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis for making apportionments of State funds to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of the ECS 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50% of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

**KERN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES, continued

Details of the Education Protection Account Expenditures

This schedule provides information about the District's EPA revenue and summarizes the expenditures of EPA funds.

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the government-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

OTHER INDEPENDENT AUDITORS' REPORTS



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

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, the fiduciary activities and the discretely presented component units of Kern Community College District (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 2, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control, described in the accompanying schedule of Financial Statement Findings and Recommendations as items 2025-001 through 2025-005, that we considered to be significant deficiencies.

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of Financial Statement Findings and Recommendations. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



San Diego, California
February 2, 2026



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

Board of Trustees
Kern Community College District
Bakersfield, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kern Community College District's (the "District") compliance with the types of compliance requirements described in the *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, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit.

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
February 2, 2026



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
Kern Community College District
Bakersfield, California

Report on State Compliance

Opinion on State Compliance

We have audited Kern Community College District's (the "District") compliance with the types of compliance requirements as identified in the *2024-25 California Community Colleges Chancellor's Office Contracted District Audit Manual*, for the year ended June 30, 2025. The applicable state compliance requirements are identified in the table below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2025.

Basis for Opinion

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 compliance requirements described in the *2024-25 California Community Colleges Chancellor's Office Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the *2024-25 California Community Colleges Chancellor's Office Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements described in the *2024-25 California Community Colleges Chancellor's Office Contracted District Audit Manual*.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* and which are described in the accompanying schedule of findings and questioned costs as findings 2025-006 through 2025-010. Our opinion on each major federal program is not modified with respect to these matters.

The District's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The District's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses

Compliance Requirements Tested

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

- Section 411 – SCFF Data Management Control Environment
- Section 412 – SCFF Supplemental Allocation Metrics
- Section 413 – SCFF Success Allocation Metrics
- Section 421 – Salaries of Classroom Instructors (50 Percent Law)
- Section 423 – Apportionment for Activities Funded From Other Sources
- Section 424 – Student Centered Funding Formula Base Allocation: FTES
- Section 425 – Residency Determination for Credit Courses
- Section 426 – Students Actively Enrolled
- Section 427 – Dual Enrollment (CCAP)
- Section 430 – Scheduled Maintenance Program
- Section 431 – Gann Limit Calculation
- Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Section 475 – Disabled Student Programs and Services (DSPS)
- Section 490 – Propositions 1D and 51 State Bond Funded Projects
- Section 491 – Education Protection Account Funds
- Section 492 – Student Representation Fee
- Section 494 – State Fiscal Recovery Fund
- Section 498 – COVID-19 Recovery Block Grant Expenditures

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *2024-25 California Community Colleges Chancellor's Office Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
February 2, 2026

FINDINGS AND QUESTIONED COSTS SECTION

**KERN COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDITORS' RESULTS
JUNE 30, 2025**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	
Identification of major programs:	<u>No</u>

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
84.063, 84.268, 84.007, 84.033	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 2,813,149</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**KERN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2025**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

FINDING #2025-001: HIRING RECORD KEEPING

Criteria

Federal law requires that every employer who recruits, refers for a fee, or hires an individual for employment in the U.S. must complete Form I-9, Employment Eligibility Verification. This form serves as a critical compliance measure to verify the identity and employment authorization of individuals hired for work in the United States. Employers must complete and retain Form I-9 for each employee.

Condition

During our new hire and payroll test of controls, we reviewed Form I-9s of 36 selected District employees. We noted that 20 out of 36 Form I-9s were not properly completed, specifically, missing first day of employment, missing employee signature, employee signature date is later than the hire date and employer verification signature date is later than 3 business days after first day of employment. Proper completion of I-9 form is critical to ensure compliance with employment eligibility verification requirements.

Effect

Failure to properly complete Form I-9 may expose the District to compliance risks, including potential fines or penalties for non-compliance with federal employment verification regulations. Additionally, improper completion of Form I-9 can lead to legal and financial liabilities if the District is audited by regulatory authorities.

Cause

The identified issues in Form I-9 may be due to a lack of proper oversight, insufficient training, or failure to enforce internal controls over the employee onboarding process.

Recommendation

It is recommended for the District to implement a procedure during the hiring process to ensure I-9s being completed, maintained, and retained by Human Resources. The onboarding process should not be considered complete without this documentation.

Corrective Action Plan

Responsible Department: Human Resources and Payroll

Target Completion: 90 days; ongoing quarterly monitoring thereafter

1. Implement Mandatory I-9 Compliance Workflow

- Human Resources (HR) will explore software options to incorporate a mandatory electronic I-9 checklist into onboarding to ensure each field (hire date, employee signature, employer verification within 3 business days) is completed accurately.

2. Deploy Centralized Tracking and Alerts

- Software will be utilized to implement an I-9 compliance dashboard that will track completion status for all new hires and generate alerts for incomplete or overdue forms.

**KERN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2025**

FINDING #2025-001: HIRING RECORD KEEPING, continued

3. Strengthen Training Requirements

- HR staff and HR hiring managers will complete required annual training on federal I-9 requirements, common errors, and penalties for noncompliance.

4. Conduct Quarterly Internal I-9 Audits

- HR will perform file reviews to identify errors, support early remediation, and maintain audit readiness. Upon completion of the quarterly review, the Vice Chancellor of Human Resources will sign to certify and submit a copy to Payroll and the Associate Vice Chancellor of Accounting.

5. Establish a Formal I-9 Standard Operation Process (SOP)

- The SOP will define responsibilities, timelines, documentation standards, corrective actions, and escalation procedures.

6. Additional Internal Controls

- To support segregation of duties and strengthen internal controls, HR will provide Payroll access to the completed 1-9s for all new hires and Payroll will serve as a secondary check and balance to verify completion.

Monitoring for Sustainability

- Human Resources and Payroll Directors will review quarterly audit results and ensure corrective measures remain in place.

**KERN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2025**

FINDING #2025-002: CASH DISBURSEMENTS – PURCHASE ORDERS APPROVED AFTER INVOICE/SERVICE DATES

Criteria

Best practices in public sector procurement and internal control frameworks (e.g., COSO, Government Finance Officers Association) require that expenditures be pre-approved and encumbered through a formal requisition and PO process prior to committing public funds. Additionally, per California Community Colleges Budget and Accounting Manual (BAM) and standard district fiscal policies, expenditures should be supported by properly authorized purchase orders issued in advance of goods or services being rendered. Post-approval of expenditures undermines budgetary controls and may conflict with board policies.

Condition

During our cash disbursement test of controls, we reviewed purchase orders as evidence of pre-approval of purchases for 25 selected District's warrants. We noted 3 out of 25 where purchase orders (POs) were issued and approved after the corresponding invoice or service date, indicating that goods or services were procured prior to obtaining formal purchasing authorization.

Effect

Failure to obtain pre-approval prior to initiating a purchase increases the risk of unauthorized or unbudgeted expenditures, reduces accountability and transparency in the purchasing process, and weakened internal controls, exposing the District to operational and reputational risks.

Cause

These issues may be attributed to several factors, including the backdating of purchase orders to align with invoice or service dates, delays in processing or recording transactions, and potential system limitations or manual errors in date entry. These issues may result from procedural gaps or insufficient oversight in the procurement process.

Recommendation

It is recommended that the District reinforce its procurement procedures to ensure that purchase orders are generated and approved prior to the initiation of purchases. System controls should be implemented to prevent the entry of POs with dates that conflict with actual procurement timelines, thereby reducing the risk of backdating. Additionally, the District should conduct regular reconciliations to identify and correct any instances of retroactive POs. Providing training for procurement and finance personnel is also essential to promote proper documentation practices and ensure compliance with established financial policies. By implementing these measures, the District can strengthen its financial controls, enhance the accuracy of procurement records, and maintain compliance with applicable policies and regulations.

Corrective Action Plan

Responsible Department: Finance & Administrative Services: Accounting

Target Completion: 60 days

1. Reinforce Pre-Approval Requirements

- A districtwide communication will be sent to reiterate that Purchase Orders (POs) must be approved before goods/services are ordered.

**KERN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2025**

FINDING #2025-002: CASH DISBURSEMENTS – PURCHASE ORDERS APPROVED AFTER INVOICE/SERVICE DATES, continued

2. Implement System Controls

- Assistant Directors of Accounting are responsible for Purchase Order compliance and approvals. Purchase Orders with dates later than invoice, or service dates, will not be approved.

3. Staff Training

- Annual mandatory training will address procurement timelines, risks of unauthorized purchases, and documentation standards.

4. Emergency Exception Protocol

- A formal process requiring justification and management approval for emergency situations will be instituted.

5. Monthly Exception Reporting

- Accounting will generate and review reports showing after-the-fact Direct Pays and follow up with campus leadership, as necessary, for mitigation.

Monitoring for Sustainability

- Accounting will conduct quarterly reviews of PO timelines to verify ongoing compliance.

**KERN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2025**

ITEM #2025-003: CREDIT CARDS – UTILIZATION OF SIGNED CREDIT CARD USER AGREEMENT

Criteria

Best practices for internal control over credit card usage recommend that organizations maintain formalized policies and agreements that clearly define responsibilities, spending limits, and authorization requirements. A formal user agreement serves as an essential document to ensure accountability and compliance.

Condition

During the internal control audit of the District's credit card procedures, we tested 25 credit card purchases and identified 2 out of 25 cardholders do not have signed credit card user agreement. This highlights a gap in the documentation and formalization of the District's credit card usage policies.

Effect

The lack of signed credit card user agreement increases the risk of non-compliance with established purchasing procedures, unauthorized expenditures, and potential financial mismanagement. Without documented acknowledgment, enforcement of credit card policies may be more challenging.

Cause

The District has not always received back the signed agreement from employees.

Recommendation

It is recommended for the District to ensure all employees with credit cards have a formal credit card holder agreement on file and the list is monitored and updated as necessary.

Corrective Action Plan

Responsible Department: Procurement/Purchasing

Target Completion: 30 days

Management Note: Documented processes are well developed and in place. Staffing transitions highlighted the failure to follow the required processes. When identified, training for process reinforcement commenced and will continue to be revisited periodically.

1. Obtain All Missing Agreements

- Procurement/Purchasing will contact cardholders and require signed agreements be submitted within 30 days.

2. Suspend Cards Without Documentation

- Cardholders failing to submit agreements by the deadline will have purchasing privileges suspended.

3. Integrate Agreement into Issuance Workflow

- In accordance with our existing processes, no Cal-Card will be issued or activated without a signed agreement on file.

4. Centralized Repository

- Agreements are stored in a secure digital repository with verification.

**KERN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2025**

ITEM #2025-003: CREDIT CARDS – UTILIZATION OF SIGNED CREDIT CARD USER AGREEMENT, continued

5. User Acknowledgement

- Cardholders are required to complete a re-acknowledgement of credit card policies when reissued.

Monitoring for Sustainability

- Purchasing/Procurement staff will conduct an annual audit of cardholder files and agreement status to be signed off by the manager. Management will notify cardholders and executive leadership of any missing or incomplete credit card user agreements and require submission within 30 days of notification. If not received, privileges will be suspended and/or revoked.

**KERN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2025**

FINDING #2025-004: CASH RECEIPTS – DELAYED CHECK DEPOSITS BEYOND WEEKLY SCHEDULE

Criteria

Effective internal controls over cash receipts, including the timely deposit of checks, are essential to safeguarding assets, ensuring accurate financial reporting, and complying with best practices in cash management. Per industry recommendations and sound fiscal practices, checks should generally be deposited within a reasonable timeframe—typically within one week of receipt—to mitigate the risk of loss, theft, or misappropriation.

Condition

During our review of the District’s cash receipts process, it was noted that although the District maintains a narrative indicating that deposits are processed on a weekly basis, this frequency does not necessarily mean that checks are deposited within one week of receipt. Based on inquiry and clarification from the District, there are instances where checks are held beyond one week due to internal delays such as researching the correct FOAPAL (Fund, Organization, Account, Program, Activity, Location) to record the deposit. We noted 8 out of 25 selections did not deposit within a timely manner.

Effect

Delays in check deposits beyond a one-week timeframe increase the risk of lost or misplaced checks, reduce the timeliness of revenue recognition, and may represent a deviation from best practices in cash handling. This could also impact the accuracy of financial reporting and reconciliation processes.

Cause

The delay in depositing checks appears to be attributed to the time required to obtain the appropriate accounting allocation information before processing the deposit.

Recommendation

We recommend that the District evaluate its current cash receipts procedures to strengthen controls over the timeliness of deposits. If research or additional approvals are required prior to recording deposits, these steps should be expedited or streamlined to ensure that checks are deposited within a reasonable timeframe—ideally within one week of receipt. Documentation of the check receipt date should also be consistently maintained to demonstrate timely handling.

Corrective Action Plan

Responsible Department: Accounting

Target Completion: 60–90 days

1. Adopt Timeliness Standard
 - Deposits will be required within 10 business days of receipt.
2. Use Suspense Accounts for FOAPAL Delays
 - To avoid holding checks, deposits will proceed while FOAPAL research continues.
3. Document Date of Receipt
 - All departments must log the date checks are received for audit verification.
4. Deposit Timeliness Tracking Tool
 - Management will develop a system report to flag late deposits for review.

**KERN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2025**

FINDING #2025-004: CASH RECEIPTS – DELAYED CHECK DEPOSITS BEYOND WEEKLY SCHEDULE, continued

5. Quarterly Cash Handling Reviews
 - Accounting will perform quarterly reviews of deposit timeliness.

Monitoring for Sustainability

- Supervisors and management will review weekly deposit logs and sign-off for compliance.

**KERN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2025**

FINDING #2025-005: UNTIMELY RECOGNITION OF ACCRUALS – STRONG WORKFORCE PROGRAM WITH INVOICE/SERVICE DATES OF FY2022-23 AND FY2023-24 RECORDED IN FY2024-25

Criteria

In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), expenses must be recognized in the period in which the related goods or services are received, regardless of when payment is made. This ensures that financial statements present a complete and accurate picture of the District's financial position as of the reporting date. Liabilities incurred for services rendered by year-end must be recorded as accruals to comply with the matching principle and to avoid understatement of expenses or liabilities. Timely recording of accruals is essential to ensure that financial statements are fairly presented in accordance with accounting principles generally accepted in the United States of America.

Condition

During our testing of accounts payable, we identified two transactions related to the Strong Workforce Program with service periods attributable to FY2022-23 and FY2023-24 that were not accrued in the appropriate fiscal period. Instead, the related invoices and supporting documentation were recorded in a subsequent fiscal year. Based on inquiry with management, the delay in recording these accruals resulted from the late submission of invoices and supporting documentation by partner institutions (colleges and K-12 districts).

Effect

As a result of the delayed accrual, FY2024-25 financial statements overstated expenses by \$3,049,515. This misstatement may affect the accuracy of the District's reported net position, potentially impacting the assessment of the District's financial position and overall performance. Additionally, material posting delays may raise concerns regarding the adequacy of internal controls over financial reporting.

Cause

The late delivery of invoices and supporting documentation from partner institutions prevented District from identifying the obligations in time to record the related accruals in the correct fiscal period.

Questioned Cost

\$3,049,515 – representing the FY2024-25 adjustment for the Strong Workforce Program transactions that relates to FY2022-23 and FY2023-24.

Recommendation

We recommend that the District strengthen its year-end financial reporting processes by:

- Implementing a formalized year-end closing schedule that includes deadlines for identifying and recording all significant accruals.
- Enhancing communication between departments responsible for approving and processing year-end expenditure.

Establishing additional review procedures to ensure all material liabilities are identified and recorded in the proper reporting period

**KERN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2025**

FINDING #2025-005: UNTIMELY RECOGNITION OF ACCRUALS – STRONG WORKFORCE PROGRAM WITH INVOICE/SERVICE DATES OF FY2022-23 AND FY2023-24 RECORDED IN FY2024-25, continued

Corrective Action Plan

Responsible Departments: Grants Accounting

Target Completion: Before year-end close

1. Formal Year-End Closing Schedule

- Includes deadlines for identifying outstanding obligations and submitting invoices.

2. Partner Communication Requirements

- Partner institutions will adhere to invoice deadlines. Failure to adhere to deadlines may result in non-payment. Where necessary, MOUs will be updated to reflect this requirement.

3. Accrual Certification Process

- Principal Investigators/Program managers must certify all known liabilities by cutoff.

4. Quarterly Grant Reconciliations

- Grants Accounting will review expenditures and commitments throughout the year.

5. Training for Grant and Fiscal Staff

- Staff will receive training on accrual rules, matching principles, and documentation.

Monitoring for Sustainability

- Management will review accrual mapping and partner compliance annually.

**KERN COMMUNITY COLLEGE DISTRICT
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2024-25.

**KERN COMMUNITY COLLEGE DISTRICT
STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING #2025-006: RESIDENCY DETERMINATION – INADEQUATE SUPPORT FOR RESIDENCY DETERMINATION AND INCONSISTENT REPORTING

Criteria

Per California Code of Regulations, Title 5, Section 54024, community college districts are required to secure and retain documentation that supports residency classification for each student. Proper documentation must be maintained to justify the inclusion of a student as a California resident for state apportionment purposes. Additionally, Education Code Section 70901(b)(1)(B) requires that apportionment data reported to the Chancellor's Office be accurate and supported by verifiable records.

Condition

During our residency determination State compliance testing, we reviewed 45 selected students and noted the following:

1. Missing Application Documentation: In two instances, the District was unable to retrieve the original student applications. The students originally applied in 2014 and 2008, and while some residency documentation was available, the complete application files were missing.
2. Inconsistent Residency Status: In two instances, discrepancies were noted between the student residency status listed in the Full Application Report (Resident) and the 320 Section Detail Report (Non-Resident). These inconsistencies indicate a potential reporting error or lack of proper status reconciliation between systems.

Effect:

The lack of original application documentation undermines the District's ability to support residency determinations made for state apportionment purposes.

Additionally, discrepancies in reported residency status may lead to potential misreporting of FTES, if students were actually eligible for resident status but classified as non-resident, and loss of apportionment, as resident FTES may not be claimed due to incorrect classification. Also, it may raise equity concern, since students may have paid non-resident tuition unnecessarily.

Cause:

Inadequate archival or retrieval procedures for historical student applications and lack of reconciliation controls between student information systems and apportionment reporting systems.

**KERN COMMUNITY COLLEGE DISTRICT
STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

FINDING #2025-006: RESIDENCY DETERMINATION – INADEQUATE SUPPORT FOR RESIDENCY DETERMINATION AND INCONSISTENT REPORTING, continued

Recommendation

We recommend that the District:

- Review and strengthen its document retention policies to ensure that original applications and supporting residency documentation are maintained and accessible for audit purposes, even for legacy records.
- Implement reconciliation procedures between the residency status recorded in the application system and what is reported in the 320 report to ensure consistency and accuracy.

Conduct periodic internal audits to identify and correct any reporting discrepancies before submission to the State Chancellor's Office.

Corrective Action Plan

Responsible Departments: Educational Services: Student Services, Instruction, Admissions & Records, Institutional Research, Information Technology

Target Completion: 6 months

1. Digitize Residency Documentation

- All residency files, including legacy applications, will be digitized where possible.

2. Residency Documentation Checklist

- A Standard Operating Procedure (SOP) will be developed to ensure standardized requirements for data collection, corrections and classification are consistent across campuses to support accurate district wide reporting.

3. System Reconciliation Enhancements

- Automated comparison of residency status in the application system and 320 reporting.

4. Internal Audits Prior to 320 Reporting

- Residency files will be regularly sampled and reviewed to support internal controls and accurate 320 reporting. Data will be audited, corrected and verified not later than 30 days before the 320-reporting deadlines.

5. Staff Training on Title 5 Requirements

- Responsible departments will receive updated training each year.

Monitoring for Sustainability

- Institutional Research will generate discrepancy reports each term for Admissions & Records to review. Additionally, these reports will be provided to and certified by the Vice Chancellor of Educational Services & Student Success, prior to approval by the Vice Chancellor of Finance & Administrative Services.

**KERN COMMUNITY COLLEGE DISTRICT
STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

FINDING #2025-007: DUAL ENROLLMENT (CCAP) – CCAP AGREEMENT MISSING ATTRIBUTES

Criteria

California Education Code §76004 and related provisions in Title 5 of the California Code of Regulations, along with the AB 288 Guidelines, require that all College and Career Access Pathways (CCAP) Partnership Agreements between a community college district and a school district include specific provisions to ensure compliance with statutory mandates.

The following provisions are explicitly required:

1. **Guideline #6.d / EC §76004(c)(1)** - The criteria to assess the ability of pupils to benefit from courses offered pursuant to an AB 288 CCAP Partnership Agreement. EC § 76004(c)(1)
2. **Guideline #6.c / EC §76004(c)(1)** – The scope, nature, time, location, and listing of community college courses to be offered.
3. **Guideline #10.a / EC §76004(r)** – A district shall not receive a state allowance or apportionment for an instructional activity for which the partnering district has been, or will be, paid an allowance or apportionment.
4. **Guideline #14 / Title 5 CCR §§58050, 58051, 58056, 58058** – Documentation that instruction claimed for apportionment is under the immediate supervision and control of a qualified district employee, with physical presence or line-of-sight during the instructional activity.
5. **Guideline #20 / EC §84752; Title 5 CCR §58051.5** – Certification that the district does not receive full compensation for the direct education costs of the course(s) from any other source.
6. **Guideline #21 / EC §84752; Title 5 CCR §58051.5** – Certification from the school district verifying that the instructional activity will not be fully funded by other sources.
7. **Guideline #23 / Title 5 CCR §§58003.1 et seq., 58020 et seq., 58030, 59020 et seq.** – Standard FTES computation rules, documentation, and record retention requirements apply.

Condition

During our review of the executed CCAP Partnership Agreement between the District and its partner K-12 Districts, we noted that the agreements do not explicitly include the provisions required under AB 288 Guidelines:

Bakersfield College – Delano High School

1. Regarding the criteria to assess the ability of pupils to benefit from courses offered (Guideline #6.c).

BC – Delano High School, PC – Granite Hills High School, and CC – Mammoth & Mojave High Schools.

2. Scope, nature, time, location, and listing of courses to be offered (Guideline #6.c).
3. Statement prohibiting double claiming of state allowance or apportionment (Guideline #10.a).
4. Documentation requirements for immediate supervision and control by qualified faculty (Guideline #14).
5. Certification of no full compensation from other sources (Guideline #20).
6. Certification from the school district that instructional activity will not be fully funded by other sources (Guideline #21).
7. Acknowledgment of standard FTES computation and record retention requirements (Guideline #23).

**KERN COMMUNITY COLLEGE DISTRICT
STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

FINDING #2025-007: DUAL ENROLLMENT (CCAP) – CCAP AGREEMENT MISSING ATTRIBUTES, continued

Effect

The absence of these required provisions in the CCAP agreement creates a risk of noncompliance with Education Code and Title 5 requirements, potential disallowance of FTES claims, unclear accountability for funding sources and instructional oversight, and exposure to audit findings and required corrective actions.

Cause

The omissions appear to have resulted from using a prior-year CCAP agreement template that was not updated to incorporate all current AB 288 requirements.

Recommendation

It is recommended that the District revise its CCAP Partnership Agreement to explicitly incorporate all provisions required under AB 288 Guidelines and applicable Education Code and Title 5 CCR sections. This updated agreement should be reviewed by both parties' legal counsel and governing boards before execution for the next academic year.

Corrective Action Plan

Responsible Departments: Educational Services: Student Services, Instruction, Dual Enrollment,

Target Completion: 6 months

1. Adopt Compliant Standardized CCAP Agreement Template

- Includes AB 288-required provisions such as scope, supervision, FTES rules, and funding certifications. The template will be reviewed annually to ensure compliance with any updates and/or changes to Education Code and Title 5 requirements.

2. Executive Leadership and Board Review Required

- All CCAP agreements must undergo compliance review, executive leadership submission and board approval before execution. Any applicable updates will be completed in not less than 120 days, or as State requires.

3. Annual Agreement Compliance Review

- Annually, the departments responsible will verify that all agreements reflect current statutory requirements, and ensure agreements are executed accordingly. Additionally, cross-functional collaboration and reconciliation and data verification will support accuracy prior to 320 reporting.

4. Scheduling Controls

- CCAP courses cannot be scheduled unless an updated agreement is fully executed.

Monitoring for Sustainability

- Dual Enrollment Office will maintain an electronic repository and annual compliance log that may be reviewed upon request.

**KERN COMMUNITY COLLEGE DISTRICT
STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

**FINDING #2025-008: DUAL ENROLLMENT (CCAP) – DOCUMENTATION AND CLASSIFICATION
EXCEPTIONS**

Criteria

California Education Code §76004 and CCAP Guidelines require school districts participating in CCAP agreements to certify that no more than five percent (5%) of the total number of pupils who completed the prior grade level have been recommended for community college attendance. In addition, each special admit student must have appropriate documentation (e.g., CCAP dual enrollment packet, enrollment verification) to substantiate compliance with statutory requirements. Accurate classification of student status is necessary to ensure proper reporting of CCAP enrollment.

Condition

During our Dual Enrollment testing, CWDL noted the following exceptions:

- **Bakersfield College**
 - Selections #7 and #13: The District was unable to provide documentation supporting compliance with the 5% eligibility threshold. The client responded that no such documentation exists.
- **Cerro Coso College**
 - Selection #7: Student was tagged as a Cerro Coso student; however, District clarified that the student's home college was Bakersfield College. While this was noted on the schedule, no supporting documentation was provided, as the District cited lack of access to BC's DualEnroll.com platform.
 - Selection #13: District indicated the student had graduated from high school and was no longer a special admit student; no CCAP documentation was available.
 - Selections #3, 6–7, 14, and 23–24: No documentation exists to support the District's certification of compliance with the 5% eligibility threshold.
- **Porterville College (Placerville Site)**
 - Selection #14: One student was incorrectly included in the CCAP enrollment list for Spring 2025. The client clarified that the student, originally enrolled in 2019 as a Special Admit student, had transitioned to a traditional student upon turning 18. Due to a system oversight, the student type was not updated, resulting in inaccurate reporting.

Effect

The absence of required documentation and inaccurate student classification increases the risk of noncompliance with California Education Code §76004 and CCAP Guidelines. These exceptions may result in improper reporting of CCAP enrollment, jeopardize compliance with the 5% eligibility threshold, and create audit and funding risks for the District.

Cause

The exceptions appear to stem from a combination of factors, including:

- Lack of formal procedures to document and certify compliance with the 5% eligibility threshold.
- Limited access to dual enrollment documentation across colleges within the District.
- System and oversight weaknesses resulting in inaccurate student type classification

**KERN COMMUNITY COLLEGE DISTRICT
STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

**FINDING #2025-008: DUAL ENROLLMENT (CCAP) – DOCUMENTATION AND CLASSIFICATION EXCEPTIONS,
continued**

Recommendation

We recommend the District:

- Implement and document procedures to certify compliance with the 5% eligibility threshold for all CCAP programs.
- Ensure access to and retention of all required CCAP documentation, including records from DualEnroll.com and legacy systems, across all colleges in the District.
- Strengthen internal controls to ensure student classifications are accurate and updated promptly when students transition out of special admit status.
- Conduct periodic internal reviews of CCAP enrollment lists to ensure compliance with statutory requirements.

Corrective Action Plan

Responsible Departments: Educational Services: Student Services, Instruction, Dual Enrollment, Admissions & Records, Institutional Research

Target Completion: 6 months

1. Implement 5% Eligibility Certification Process
 - K-12 partners will submit annual documentation verifying compliance with EC §76004.
2. Centralized CCAP Documentation Repository
 - All documentation (packets, verifications, eligibility lists) stored districtwide.
3. Cross-College Access to Dual Enroll and Legacy Systems
 - Ensures all campuses can retrieve student files as needed and when requested. Fully integrate software to ensure data is consistent within and across student modules.
4. Student Classification Controls
 - Develop a standardized district wide transition process from special admit to regular admit which defines roles, responsibilities and processes. Implement preventative controls and automated alerts that will notify staff when students age out or graduate from special admit status.
5. Annual CCAP Accuracy Audit
 - IR will reconcile CCAP lists with supporting documentation tied to MIS reporting cycles.
6. Annual CCAP Training
 - Responsible departments to attend and/or receive targeted training that highlights compliance.

Monitoring for Sustainability

- DE Office and IR jointly review classification status and documentation annually.

**KERN COMMUNITY COLLEGE DISTRICT
STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

ITEM #2025-009: DSPS – MISSING OR LATE ACADEMIC ACCOMMODATION PLAN (AAP) DOCUMENTATION

Criteria

The California Community Colleges Chancellor's Office Disabled Student Programs and Services (DSPS) Guidelines, in accordance with Title 5 CCR §56022, require that each student receiving DSPS services have a current Academic Accommodation Plan (AAP) on file. The AAP must be developed and signed by a DSPS professional and the student, and must specify the academic adjustments, auxiliary aids, services, and/or instruction to be provided. The plan should be in place at the time the student begins receiving DSPS services.

Condition

During our DSPS student eligibility testing, we noted the following exceptions:

1. Late AAP – For one student, the AAP was dated May 2025, despite the student having been enrolled and presumably receiving DSPS services since Fall 2024. This indicates the AAP was only created after the start of services.
2. Missing AAP – For one student, no AAP was provided in the student file.

Effect

The students may have received DSPS services without documented accommodations in place, creating a risk of noncompliance with Title 5 CCR §56022 requirements. Moreover, the absence or lateness of AAP documentation undermines the ability to substantiate DSPS eligibility for state apportionment claims, which could lead to disallowances.

Cause

The delays and omissions appear to result from administrative oversight and/or late completion of DSPS documentation by program staff.

Recommendation

We recommend that the District strengthen internal controls to ensure an AAP is completed and signed by both the DSPS professional and the student before or at the start of DSPS services each term. Program staff should perform periodic file reviews to ensure all required documentation is current and retained for audit purposes

Corrective Action Plan

Responsible Department: Educational Services: Student Services, Instruction, DSPS

Target Completion: 90 days; quarterly thereafter

1. **Pre-Service AAP Requirement**
 - o AAP must be completed and signed before services begin.
2. **AAP Tracking Dashboard**
 - o A dashboard will identify missing, expiring, or outdated plans.
3. **Quarterly File Audits**
 - o DSPS coordinator will validate AAP presence and timeliness to be reviewed and certified by the respective Vice President.

**KERN COMMUNITY COLLEGE DISTRICT
STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

**ITEM #2025-009: DSPTS – MISSING OR LATE ACADEMIC ACCOMMODATION PLAN (AAP)
DOCUMENTATION, continued**

4. Staff Training

- All DSPTS professionals will be trained annually on Title 5 and documentation practices.

5. Document Reconstruction Process and Record Retention

- Missing documentation will be reconstructed where permissible.
- Develop and adopt a standardized accommodation intake, documentation process and clearly defined timelines for completion that will undergo annual reviews by management.
- Centralized repository for record accessibility and retention.

Monitoring for Sustainability

- Each quarter the DSPTS Director and Vice President of Student Services reviews and certifies eligibility for compliance in accordance with timeliness, controls and tracking.

**KERN COMMUNITY COLLEGE DISTRICT
STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

FINDING #2025-010: POSITIVE ATTENDANCE – INADEQUATE SUPPORTING DOCUMENTATION AND UNRECONCILED VARIANCES (SCHOOL 523)

Criteria

Per California Community Colleges Budget and Accounting Manual (BAM) and Title 5 of the California Code of Regulations, districts must maintain verifiable attendance documentation to support positive attendance hours claimed for apportionment purposes. Accurate attendance records are necessary to substantiate the total contact hours reported in the CCFS-320 report and to ensure compliance with state reporting requirements.

Condition

During our positive attendance testing for School 523, CWDL noted the following exceptions:

- **Selections #2–7 and #10:** The District was unable to provide attendance rosters that include the detailed contact hours per student.
- **Selections #1, #8, and #9:** Variances were identified between the total contact hours reported on the CCFS-320 report and the attendance rosters provided. CWDL prepared a per-student breakdown of the variances and requested reconciliation; however, no additional supporting documentation was provided to resolve the differences.

Effect

The lack of detailed attendance rosters and unresolved variances between reported contact hours and supporting records create a risk that the positive attendance hours reported in the CCFS-320 may not be fully supported. This could result in potential overstatement or understatement of FTES, exposure to disallowances in apportionment claims, and possible findings in future state compliance reviews.

Cause

The exceptions appear to result from inadequate record retention procedures for attendance documentation and insufficient reconciliation controls between attendance tracking systems and state reporting.

Recommendation

We recommend that the District:

- Implement procedures to ensure that detailed attendance rosters, including per-student contact hours, are retained and readily available for audit.
- Perform reconciliations between attendance rosters and the CCFS-320 report prior to submission to identify and resolve discrepancies.
- Conduct periodic internal reviews of attendance reporting to verify that all positive attendance hours claimed are supported by verifiable documentation

**KERN COMMUNITY COLLEGE DISTRICT
STATE COMPLIANCE FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

FINDING #2025-010: POSITIVE ATTENDANCE – INADEQUATE SUPPORTING DOCUMENTATION AND UNRECONCILED VARIANCES (SCHOOL 523), continued

Corrective Action Plan

Responsible Departments: Educational Services: Instruction, Student Services, Admissions & Records, Institutional Research, Information Technology

Target Completion: 120 days

1. Standardized Attendance Rosters
 - All positive attendance courses will use a districtwide template with per-student hours.
2. Reconciliation Controls
 - Attendance rosters must match SIS and CCFS-320 data prior to submission.
3. Digital Retention Requirements
 - Each course's attendance documentation stored digitally for required retention period.
4. Semiannual Positive Attendance Reviews
 - IR and A&R jointly conduct variance, and completeness checks twice per year.
5. Faculty Training
 - Instruction will provide annual training on attendance documentation obligations, timelines and potential consequences of non-compliance.

Monitoring for Sustainability

- IR performs pre-submission audits and works with all responsible departments for verification of positive attendance FTES data and timely submission of reporting. Variances will be reviewed with executive leadership and resolved prior to submission.
- Executive leadership will complete annual reviews of procedures and processes and update as guidance changes and/or annually.

**KERN COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2025**

There were no findings or questioned costs identified during fiscal year 2023-24.