PRELIMINARY OFFICIAL STATEMENT DATED MAY 19, 2022

NEW ISSUE - FULL BOOK-ENTRY

RATING: Moody's: "Aa2"
See "RATING" herein.

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described in this Official Statement, under existing law, interest on the Bonds is excluded from gross income for federal income tax purposes, and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes. See "TAX MATTERS."

$20,800,000*
KERN HIGH SCHOOL DISTRICT
(Kern County, California)
2022 Refunding General Obligation Bonds

Dated: Date of Delivery **Due: August 1, as shown on inside front cover.**

Authority and Purposes. The Kern High School District (Kern County, California) 2022 Refunding General Obligation Bonds (the "Bonds") are being issued by the Kern High School District (the "District") pursuant to certain provisions of the California Government Code and a resolution of the Board of Trustees of the District adopted on April 4, 2022 (the "Bond Resolution"). The Bonds are being issued for the purpose of refinancing certain outstanding general obligation bonds of the District, and to pay related costs of issuance. See "THE BONDS – Authority for Issuance" and "THE REFINANCING PLAN" herein.

Security. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied on taxable property within the District and collected by Kern County (the "County"). The County Board of Supervisors is empowered and obligated to annually levy *ad valorem* taxes for the payment of interest on, and principal of, the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS."

Book-Entry Only. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"). Purchasers will not receive physical certificates representing their interests in the Bonds. See "THE BONDS" and "APPENDIX F - DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Payments. The Bonds will be dated the date of delivery. The Bonds accrue interest at the rates set forth on the inside cover page hereof, payable semiannually on each February 1 and August 1 until maturity, commencing August 1, 2022. Payments of principal of and interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, the designated paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement to DTC Participants who will remit such payments to the beneficial owners of the Bonds. See "THE BONDS - Description of the Bonds."

Redemption. The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption."

MATURITY SCHEDULE
(See inside cover)

Cover Page. This cover page contains certain information for general reference only. It is not a summary of all the provisions of the Bonds. Prospective investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued and accepted by the Underwriter, subject to the approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel to the District, and subject to certain other conditions. Jones Hall is also serving as Disclosure Counsel to the District. Norton Rose Fulbright US LLP, Los Angeles, California is serving as Underwriter's Counsel. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about June 15, 2022.

Barclays

The date of this Official Statement is _________, 2022.

**Preliminary; subject to change.*

MATURITY SCHEDULE*

KERN HIGH SCHOOL DISTRICT
(Kern County, California)
2022 Refunding General Obligation Bonds

Base CUSIP†: _______

Maturity Date	Principal Amount	Interest Rate	Price	Yield	CUSIP†

**Preliminary; subject to change.*
† CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein are provided by CUSIP Global Services ("CGS"), managed on behalf of the American Bankers Association by FactSet Research Systems Inc. © 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience only. Neither of the District nor the Underwriter takes any responsibility for the accuracy of such numbers.

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract between any bond owner and the District or the Underwriter.

No Offering Except by This Official Statement. No dealer, broker, salesperson or other person has been authorized by the District or the Underwriter to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Underwriter.

No Unlawful Offers or Solicitations. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor may there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Information in Official Statement. The information set forth in this Official Statement has been furnished by the District and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness.

Estimates and Forecasts**.** When used in this Official Statement and in any continuing disclosure by the District in any press release and in any oral statement made with the approval of an authorized officer of the District or any other entity described or referenced herein, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions identify "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District or any other entity described or referenced herein since the date hereof.

Involvement of Underwriter. The Underwriter has provided the following statement for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Stabilization of and Changes to Offering Prices. The Underwriter may overallot or take other steps that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. If commenced, the Underwriter may discontinue such market stabilization at any time. The Underwriter may offer and sell the Bonds to certain securities dealers, dealer banks and banks acting as agent at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and those public offering prices may be changed from time to time by the Underwriter.

Document Summaries. All summaries of the Bond Resolution or other documents referred to in this Official Statement are made subject to the provisions of such documents and qualified in their entirety to reference to such documents, and do not purport to be complete statements of any or all of such provisions.

No Securities Laws Registration. The Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon exceptions therein for the issuance and sale of municipal securities. The Bonds have not been registered or qualified under the securities laws of any state.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, give rise to any implication that there has been no change in the affairs of the District, the County, the other parties described in this Official Statement, or the condition of the property within the District since the date of this Official Statement.

Website. The District maintains a website and certain social media accounts. However, the information presented on the website or in other social media is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

KERN HIGH SCHOOL DISTRICT
KERN COUNTY
STATE OF CALIFORNIA

DISTRICT ADMINISTRATION

Bryon Schaefer, Ed.D., *Superintendent*
Mike Zulfa, Ed.D., *Associate Superintendent of Business*

FINANCIAL ADVISOR

Dale Scott & Company, Inc.
San Francisco, California

BOND COUNSEL and DISCLOSURE COUNSEL

Jones Hall, A Professional Law Corporation
San Francisco, California

BOND REGISTRAR, TRANSFER AGENT and PAYING AGENT

U.S. Bank Trust Company, National Association
Los Angeles, California

ESCROW AGENT

The Bank of New York Mellon Trust Company, N.A.
Houston, Texas

UNDERWRITER'S COUNSEL

Norton Rose Fulbright US LLP
Los Angeles, California

ESCROW VERIFICATION

Causey Demgen & Moore P.C.
Denver, Colorado

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OFFICIAL STATEMENT

$20,800,000*
KERN HIGH SCHOOL DISTRICT
(Kern County, California)
2022 Refunding General Obligation Bonds

The purpose of this Official Statement, which includes the cover page, inside cover page and attached appendices, is to set forth certain information concerning the sale and delivery of the refunding general obligation bonds captioned above (the **"Bonds"**) by the Kern High School District (the **"District"**), Kern County (the **"County"**), in the State of California (the **"State"**).

INTRODUCTION

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement and the documents summarized or described in this Official Statement. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District. The District was established in 1916 and covers an area of approximately 3,500 square miles in Kern County (the **"County"**), which represents approximately 43% of the total area of the County. The District is the State's largest grade 9 through 12 high school district as measured by enrollment, and is made up of 18 comprehensive high schools (with an additional high school under construction), 5 alternative education campuses, 3 career technical education sites, 4 special education centers, an adult education center and a charter school. Enrollment is over 42,000 students in fiscal year 2021-22. Total assessed value in the District for fiscal year 2021-22 is over $62 billion.

For more information regarding the District and its finances, see Appendix A and Appendix B attached hereto. See also Appendix C hereto for demographic and other information regarding the City and the County.

Purposes. The net proceeds of the Bonds will be used to refinance on a current basis certain maturities of the District's outstanding general obligation refunding bonds as more particularly identified herein, and to pay related costs of issuance. See "THE REFINANCING PLAN."

Authority for Issuance of the Bonds. The Bonds are being issued pursuant to Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550 of said Code (the **"Bond Law"**), and pursuant to a resolution adopted by the Board of Trustees of the District on April 4, 2022 (the "**Bond Resolution**"). See "THE BONDS - Authority for Issuance" herein.

**Preliminary; subject to change.*

Payment and Registration of the Bonds. The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "THE BONDS" and "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

Redemption**.** The Bonds are subject to redemption prior to maturity as described herein. See "THE BONDS – Optional Redemption."

Security and Sources of Payment for the Bonds. The Bonds are general obligation bonds of the District payable solely from *ad valorem* property taxes levied on taxable property located in the District and collected by the County. The County Board of Supervisors is empowered and obligated to annually levy *ad valorem* taxes for the payment of principal of and interest on the Bonds upon all property subject to taxation by the District, without limitation of rate or amount (except with respect to certain personal property which is taxable at limited rates). See "SECURITY FOR THE BONDS."

The District can make no representation regarding the effect that the current COVID-19 outbreak may have on the assessed valuation of property within the District. See "SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Pandemic."

Legal Matters. Issuance of the Bonds is subject to the approving opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, as bond counsel (**"Bond Counsel"**), to be delivered in substantially the form attached hereto as Appendix D. Jones Hall, A Professional Law Corporation, San Francisco, California, will also serve as Disclosure Counsel to the District (**"Disclosure Counsel"**). Payment of the fees of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds. See "APPENDIX D – Proposed Form of Opinion of Bond Counsel."

Tax Matters. In the opinion of Bond Counsel, interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" and Appendix D hereto for the form of Bond Counsel's opinion to be delivered concurrently with the Bonds.

Continuing Disclosure. The District has covenanted and agreed that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, dated the date of issuance of the Bonds and executed by the District (the "**Continuing Disclosure Certificate**"). The form of the Continuing Disclosure Certificate is included in Appendix E hereto. See "CONTINUING DISCLOSURE."

COVID-19 Statement. The COVID-19 pandemic has resulted in a public health crisis that is fluid and unpredictable with financial and economic impacts that cannot be predicted. As such, investors are cautioned that the District cannot at this time predict the impacts that the COVID-19 pandemic may have on its enrollment, average daily attendance, operations and finances, property values in the District, and economic activity in the District, the State and the nation, among others. For more disclosure regarding the COVID-19 pandemic, see "SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Pandemic" herein. See also references to COVID-19 in the sections herein entitled "PROPERTY TAXATION", and in APPENDIX A under the heading "DISTRICT GENERAL INFORMATION" and "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

Other Information. This Official Statement speaks only as of its date, and the information contained in this Official Statement is subject to change. Copies of documents referred to in this Official Statement and information concerning the Bonds are available from the Superintendent's Office at Kern High School District, 5801 Sundale Avenue, Bakersfield, California 93309, telephone (661) 827-3127. The District may impose a charge for copying, mailing and handling.

THE REFINANCING PLAN

The Prior Bonds

As described herein, the net proceeds of the Bonds will be used to refund certain maturities of the District's outstanding general obligation refunding bonds, being certain maturities of the following bonds (the **"Prior Bonds"**):

- Kern High School District (County of Kern, California) 2012 General Obligation Refunding Bonds, dated July 3, 2012, issued in the original aggregate principal amount of $45,175,000.

The Refunded Bonds

The following tables identify the maturities of the Prior Bonds expected to be refunded with the proceeds of the Bonds (the **"Refunded Bonds"**).

KERN HIGH SCHOOL DISTRICT
Identification of Refunded Bonds*

Maturities Payable from Escrow	CUSIP†	Interest Rate	Principal Amount	Redemption Date	Redemption Price
8/1/23	492246 MY6	3.50%	$1,400,000	8/1/22	100%
8/1/23	492246 NH2	5.00%	1,865,000	8/1/22	100
8/1/24	492246 MZ3	3.50%	2,645,000	8/1/22	100
8/1/24	492246 NJ8	5.00%	750,000	8/1/22	100
8/1/25	492246 NA7	5.00%	3,520,000	8/1/22	100
8/1/26	492246 NB5	5.00%	3,670,000	8/1/22	100
8/1/27	492246 NC3	3.50%	980,000	8/1/22	100
8/1/33-T	492246 ND1	5.00%	6,910,000	8/1/22	100
Total:	--		$21,740,000	--	--

**Preliminary; subject to change.*
*† CUSIP Copyright American Bankers Association. CUSIP data herein is provided by FactSet Research Systems Inc. Neither the District nor the Underwriter is responsible for the accuracy of such data.*T: Term Bonds.

Deposits in Escrow Fund

The District will deliver the net proceeds of the Bonds to The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as escrow bank (the "**Escrow Agent**"), for deposit in an escrow fund (the "**Escrow Fund**") established under an Escrow Agreement (the "**Escrow Agreement**"), between the District and the Escrow Agent. The Escrow Agent will hold such funds in cash and/or invest such funds in certain United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations issued by any agency or department of the United States which are secured, directly or indirectly, by the full faith and credit of the United States ("**Escrow Fund Securities**") and will apply such funds, together with interest earnings on the investment of such funds in Escrow Fund Securities, to pay the principal of and interest on the Refunded Bonds, including the redemption price of the Refunded Bonds, as set forth above, together with accrued interest to the redemption date identified above.

Sufficiency of the deposits in the Escrow Fund for the foregoing purposes will be verified by Causey Demgen & Moore P.C., Denver, Colorado (the **"Verification Agent"**). See "VERIFICATION OF MATHEMATICAL ACCURACY" herein. As a result of the deposit of funds with the Escrow Agent on the date of issuance of the Bonds, the Refunded Bonds will be legally defeased and will be payable solely from amounts held for that purpose under the Escrow Agreement, and will cease to be secured by *ad valorem* property taxes levied in the District.

The Escrow Fund Securities and cash held by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the Refunded Bonds, and will not be available for the payment of debt service with respect to the Bonds.

SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Bonds are as follows:

Sources of Funds	
Principal Amount of Bonds	
Total Sources	
Uses of Funds	
Escrow Fund	
Costs of Issuance(1)	
Total Uses	

(1) All estimated costs of issuance including, but not limited to, Underwriter's discount, printing costs, and fees of Bond Counsel, Disclosure Counsel, the financial advisor, the Paying Agent, Escrow Agent, Verification Agent, and the rating agency.

THE BONDS

Authority for Issuance

The Bonds will be issued pursuant to the Bond Law and pursuant to the Bond Resolution.

Description of the Bonds

The Bonds mature in the years and in the amounts as set forth on the inside cover page hereof. The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee for DTC. Purchasers will not receive physical certificates representing their interest in the Bonds. See "-Book-Entry Only System" below and "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Bonds will be issued in the denominations of $5,000 principal amount each or any integral multiple thereof. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing August 1, 2022 (each, an **"Interest Payment Date"**). Each Bond will bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is authenticated as of an Interest Payment Date, in which event it will bear interest from such date, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the fifteenth (15th) day of the month preceding the Interest Payment Date (each, a **"Record Date"**), in which event it will bear interest from such Interest Payment Date, or (iii) it is authenticated prior to July 15, 2022, in which event it will bear interest from the date of delivery of the Bonds identified on the cover page hereof. Notwithstanding the foregoing, if interest on any Bond is in default at the time of authentication thereof, such Bond will bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants (**"DTC Participants"**) who will remit such payments to the beneficial owners of the Bonds.

Paying Agent

U.S. Bank Trust Company, National Association will act as the registrar, transfer agent, and paying agent for the Bonds (the "**Paying Agent**") in accordance with the Bond Resolution. As long as DTC is the registered owner of the Bonds and DTC's book-entry method is used for the Bonds, the Paying Agent will provide notices and payments in accordance with the book-entry procedures summarized below under the heading "-Book-Entry Only System."

Book-Entry Only System

The Bonds will be issued in book-entry form only, and will be initially issued and registered in the name of Cede & Co. as nominee of The Depository Trust Company ("**DTC**"). Purchasers of the Bonds (the "**Beneficial Owners**") will not receive physical certificates representing their interest in the Bonds. Payments of principal of and interest on the Bonds will be paid by the Paying Agent to DTC for subsequent disbursement to DTC Participants which will remit such payments to the Beneficial Owners of the Bonds.

As long as DTC's book-entry method is used for the Bonds, the Paying Agent will send any notice of redemption or other notices to owners only to DTC. Any failure of DTC to advise any DTC Participant, or of any DTC Participant to notify any Beneficial Owner, of any such notice and its content or effect will not affect the validity or sufficiency of the proceedings relating to the redemption of the Bonds called for redemption or of any other action premised on such notice. See "APPENDIX F – DTC AND THE BOOK-ENTRY ONLY SYSTEM."

The Paying Agent, the District, and the Underwriter have no responsibility or liability for any aspects of the records relating to or payments made on account of beneficial ownership, or for maintaining, supervising or reviewing any records relating to beneficial ownership, of interests in the Bonds.

Optional Redemption*

The Bonds maturing on or before August 1, 20__ are not subject to redemption prior to maturity. The Bonds maturing on or after August 1, 20__ are subject to redemption prior to maturity, at the option of the District, in whole or in part among maturities on such basis as designated by the District and by lot within a maturity, from any available source of funds, on August 1, 20__, or on any date thereafter, at a redemption price equal to 100% of the principal amount thereof, without premium, together with accrued interest thereon to the redemption date.

Whenever less than all of the Bonds of any one maturity are designated for redemption, the Paying Agent shall select the Bonds of such maturity to be redeemed by lot in any manner deemed fair by the Paying Agent. For purposes of such selection, each Bond will be deemed to consist of individual bonds of $5,000 denominations each of which may be separately redeemed.

Notice of Redemption

The Paying Agent is required to give notice of the redemption of the Bonds, at the expense of the District, at least 20 days but not more than 60 days prior to the date fixed for redemption. Notice of any redemption of Bonds may be a conditional notice of redemption and subject to rescission as set forth below and shall specify: (a) the Bonds or designated portions thereof (in the case of redemption of the Bonds in part but not in whole) which are to be redeemed, (b) the date of redemption, (c) the place or places where the redemption will be made, including the name and address of the Paying Agent, (d) the redemption price, (e) the CUSIP numbers (if any) assigned to the Bonds to be redeemed, (f) the Bond numbers of the Bonds to be redeemed in whole or in part and, in the case of any Bond to be redeemed in part only, the principal amount of such Bond to be redeemed, and (g) the original issue date, interest rate and stated maturity date of each Bond to be redeemed in whole or in part. Such notice shall further state that on the specified date there shall become due and payable upon each Bond or portion thereof being redeemed the redemption price thereof, and that from and after such date, interest thereon shall cease to accrue. Neither failure to receive or failure to send any notice of redemption nor any defect in any such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of the affected Bonds.

Partial Redemption of Bonds

Upon the surrender of any Bond redeemed in part only, the District shall execute and the Paying Agent shall authenticate and deliver to the Owner thereof a new Bond or Bonds of like tenor and maturity and of authorized denominations equal in transfer amounts to the unredeemed portion of the Bond surrendered. Such partial redemption shall be valid upon payment of the amount required to be paid to such Owner, and the County and the District shall be released and discharged thereupon from all liability to the extent of such payment.

**Preliminary; subject to change.*

Right to Rescind Notice of Redemption

The District has the right to rescind any notice of the optional redemption of Bonds by written notice to the Paying Agent on or prior to the date fixed for redemption. Any notice of redemption shall be cancelled and annulled if for any reason funds will not be or are not available on the date fixed for redemption for the payment in full of the Bonds then called for redemption. The District and the Paying Agent have no liability to the Bond owners or any other party related to or arising from such rescission of redemption. The Paying Agent shall mail notice of such rescission of redemption in the same manner as the original notice of redemption was sent under the Bond Resolution.

Registration, Transfer and Exchange of Bonds

If the book-entry system is discontinued, the District shall cause the Paying Agent to maintain and keep at its principal corporate trust office all books and records necessary for the registration, exchange and transfer of the Bonds.

If the book-entry system is discontinued, the person in whose name a Bond is registered on the Bond Register shall be regarded as the absolute owner of that Bond. Payment of the principal of and interest on any Bond shall be made only to or upon the order of that person; neither the District, the County nor the Paying Agent shall be affected by any notice to the contrary, but the registration may be changed as provided in the Bond Resolution.

Bonds may be exchanged at the principal corporate trust office of the Paying Agent for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. Any Bond may, in accordance with its terms, but only if (i) the District determines to no longer maintain the book-entry only status of the Bonds, (ii) DTC determines to discontinue providing such services and no successor securities depository is named or (iii) DTC requests the District to deliver Bond certificates to particular DTC Participants, be transferred, upon the books required to be kept pursuant to the provisions of the Bond Resolution, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the office of the Paying Agent, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed.

No exchanges of Bonds shall be required to be made (a) fifteen days prior to an Interest Payment Date or the date established by the Paying Agent for selection of Bonds for redemption until the close of business on the Interest Payment Date or day on which the applicable notice of redemption is given or (b) with respect to a Bond after such Bond has been selected or called for redemption in whole or in part.

Defeasance

Any or all of the Bonds may be paid by the District, in whole or in part, in any one or more of the following ways:

(a) by paying or causing to be paid the principal or redemption price of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in the Bond Resolution) to pay or redeem such Bonds; or

(c) by delivering such Bonds to the Paying Agent for cancellation by it.

Whenever in the Bond Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may be held by the Paying Agent or by any other fiduciary. Such money or securities may include money or securities held by the Paying Agent in the funds and accounts established under the Bond Resolution and will be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice, the amount to be deposited or held will be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption is given as provided in the Bond Resolution or provision satisfactory to the Paying Agent is made for the giving of such notice.

Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as described above) to pay or redeem any outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the District in respect of such Bond will cease and be completely discharged, except only that thereafter the owner thereof will be entitled only to payment of the principal of and interest on such Bond by the District, and the District will remain liable for such payment, but only out of such money or securities deposited with the Paying Agent for such payment.

"Federal Securities" means: (a) any direct general non-callable obligations of the United States of America, including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America; (b) any obligations the timely payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America or which are secured by obligations described in the preceding clause (a); (c) the interest component of Resolution Funding Corporation strips which have been stripped by request to the Federal Reserve Bank of New York in book-entry form; and (d) bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies: (i) direct obligations or fully guaranteed certificates of beneficial ownership of the U.S. Export-Import Bank; (ii) certificates of beneficial ownership of the Farmers Home Administration; (iii) participation certificates of the General Services Administration; (iv) Federal Financing Bank bonds and debentures; (v) guaranteed Title XI financings of the U.S. Maritime Administration; (vi) project notes, local authority bonds, new communities debentures and U.S. public housing notes and bonds of the U.S. Department of Housing and Urban Development; and (vii) obligations of the Federal Home Loan Bank (FHLB).

DEBT SERVICE SCHEDULES

The Bonds. The following table shows the debt service schedule with respect to the Bonds, assuming no optional redemptions.

KERN HIGH SCHOOL DISTRICT
2022 Refunding General Obligation Bonds

Bond Year Ending August 1	Principal	Interest	Total Debt Service
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
Total			

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Combined General Obligation Bond Annual Debt Service. The District has other series of general obligation bonds and refunding general obligation bonds currently outstanding, which are secured by *ad valorem* taxes upon all property subject to taxation by the District. The following table shows the combined annual debt service schedule with respect to general obligation bonds (including the Bonds) secured by *ad valorem* taxes, assuming no optional redemptions. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations - General Obligation Bonds" for additional information.

KERN HIGH SCHOOL DISTRICT
Combined Annual Debt Service Schedule
All Outstanding General Obligation Debt

Period Ending Aug. 1	Outstanding Refunding Bonds*	2004 Election Bonds	2016 Election Bonds	The Bonds	Aggregate Debt Service
2022	$12,188,006.25	$4,260,256.04	$20,364,987.50		
2023	12,191,256.25	5,232,106.04	18,593,737.50		
2024	12,155,506.25	3,458,856.04	16,950,137.50		
2025	12,135,431.25	3,878,831.04	17,704,687.50		
2026	12,091,931.25	3,917,906.04	18,145,187.50		
2027	11,936,181.25	6,461,910.37	18,470,187.50		
2028	11,908,443.75	--	18,949,187.50		
2029	11,881,643.75	--	19,625,637.50		
2030	8,726,893.75	--	20,228,137.50		
2031	4,327,543.75	--	20,962,337.50		
2032	4,307,768.75	--	22,080,337.50		
2033	4,299,925.00	--	22,222,275.00		
2034	2,921,250.00	--	22,756,175.00		
2035	2,900,000.00	--	16,320,000.00		
2036	2,908,500.00	--	--		
TOTAL	**$126,880,281.25**	**$27,209,865.57**	**$273,373,012.50**		

*For the Preliminary Official Statement, includes debt service due on the Refunded Bonds. See "THE REFINANCING PLAN."

SECURITY FOR THE BONDS

Ad Valorem Property Taxes

Bonds Payable from Ad Valorem Property Taxes. The Bonds are general obligations of the District, payable solely from *ad valorem* property taxes levied and collected by the County. In accordance with Education Code 15250 and following, the County Board of Supervisors is empowered and obligated to annually levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District, without limitation of rate or amount (except certain personal property which is taxable at limited rates). In no event is the District obligated to pay principal of and interest on the Bonds out of any funds or properties of the District other than *ad valorem* taxes levied upon all taxable property in the District; provided, however, nothing in the Bond Resolution prevents the District from making advances of its own moneys howsoever derived to any of the uses or purposes permitted by law.

Other Bonds Payable from* Ad Valorem *Property Taxes. The District has previously issued other general obligation bonds, which are payable from *ad valorem* taxes on a parity basis. In addition to the general obligation bonds issued by the District, there is other debt issued by entities with jurisdiction in the District that is payable from *ad valorem* taxes levied on parcels in the District. See "PROPERTY TAXATION – Direct and Overlapping Debt" below.

Levy and Collection. The County will levy and collect such *ad valorem* taxes in such amounts and at such times as is necessary to ensure the timely payment of debt service. Such taxes, when collected, will be deposited into the debt service fund for the Bonds, which is maintained by the Kern County Treasurer in accordance with Education Code Section 15251 and the Bond Resolution, and which is irrevocably pledged for the payment of principal of and interest on the Bonds when due.

District property taxes are assessed and collected by the County in the same manner and at the same time, and in the same installments as other *ad valorem* taxes on real property, and will have the same priority, become delinquent at the same times and in the same proportionate amounts, and bear the same proportionate penalties and interest after delinquency, as do the other *ad valorem* taxes on real property. See "PROPERTY TAXATION" below.

Statutory Lien on Ad Valorem Tax Revenues. Pursuant to Senate Bill 222 effective January 1, 2016, voter-approved general obligation bonds which are secured by *ad valorem* tax collections, including the Bonds, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien attaches automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the school district or community college district, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act.

Annual Tax Rates. The amount of the annual *ad valorem* tax levied by the County to repay the Bonds will be determined by the relationship between the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the District may cause the annual tax rate to fluctuate.

Economic and other factors beyond the District's control, such as economic recession, pandemic, deflation of property values, a relocation out of the District or financial difficulty or bankruptcy by one or more major property taxpayers, or the complete or partial destruction of taxable property caused by, among other eventualities, earthquake, flood, fire or other natural disaster, could cause a reduction in the assessed value within the District and necessitate a corresponding increase in the annual tax rate. See "PROPERTY TAXATION – Assessed Valuations – Factors Relating to Increases/Decreases in Assessed Value." See also below under the heading "--Disclosure Relating to COVID-19 Pandemic."

Debt Service Fund

The County will establish a "**Debt Service Fund**" for the Bonds, as a separate fund to be maintained distinct from all other funds of the County. All taxes levied by the County for the payment of the principal of and interest on the Bonds will be deposited in the Debt Service Fund by the County promptly upon receipt. The Debt Service Fund is pledged for the payment of the principal of and interest on the Bonds when and as the same become due. The County will transfer amounts in the Debt Service Fund to the Paying Agent to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable. Funds on deposit in the Debt Service Fund are subject to a statutory lien pursuant to the provisions of Section 15251 of the California Education Code.

If, after payment in full of the Bonds, any amounts remain on deposit in the Debt Service Fund, the District shall transfer such amounts to other debt service funds of the District with respect to outstanding general obligation bonds of the District, if any, and if none, then to its general fund, to be applied solely in a manner which is consistent with the requirements of applicable state and federal tax law.

Not a County Obligation

The Bonds are payable solely from the proceeds of an *ad valorem* tax levied and collected by the County, for the payment of principal, of and interest on the Bonds. Although the County is obligated to collect the *ad valorem* tax for the payment of the Bonds, the Bonds are not a debt of the County.

Disclosure Relating to COVID-19 Pandemic

Background. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (**"COVID-19"**), which was first detected in China and spread throughout the world, including the United States, was declared a pandemic by the World Health Organization, a national emergency by President Trump and a state of emergency by the Governor of the State (the "**Governor**") in March 2020. Since said declarations, tremendous volatility in the financial markets occurred, and nations have taken actions to curb the spread including stay at home orders and other actions which have unknown long-term impacts including on worldwide and local economies. As of this date, several vaccines have been provided approval, most on an emergency basis, by federal health authorities and are widely available.

Federal Response. President Trump's declaration of a national emergency on March 13, 2020 made available more than $50 billion in federal resources to combat the spread of the virus. A multi-billion-dollar relief package was signed into law by the President Trump on March 18, 2020, providing for Medicaid expansion, unemployment benefits and paid emergency leave during the crisis. In addition, the Federal Reserve lowered its benchmark interest rate to nearly zero, introduced a large bond-buying program and established emergency lending programs to banks and money market mutual funds.

On March 27, 2020, the United States Congress passed a $2 trillion relief package, being the largest stimulus bill in history, referred to as the Coronavirus Aid, Relief, and Economic Security Act (the **"CARES Act"**). The package provided direct payments to taxpayers, jobless benefits, assistance to hospitals and healthcare systems, $367 billion for loans to small businesses, a $500 billion fund to assist distressed large businesses, including approximately $30 billion for emergency grants to educational institutions and local educational agencies. This funding allocation included approximately $13.5 billion in formula funding to make grants available to each state's educational agency in order to facilitate K-12 schools' responses to the COVID-19 pandemic.

On April 9, 2020, the Federal Reserve took actions aimed at providing up to $2.3 trillion in loans to support the national economy, including supplying liquidity to participating financial institutions in the Small Business Administration's (**"SBA"**) Paycheck Protection Program (**"PPP"**), purchasing up to $600 billion in loans through the Main Street Lending Program and offering up to $500 billion in lending to states and municipalities.

On April 24, 2020, an additional $484 billion federal aid package was signed, providing additional funding for the PPP, the SBA disaster assistance loans and grant program, hospital grants and funding for a COVID-19 testing program.

On December 27, 2020, President Trump signed the Coronavirus Response and Relief Supplemental Appropriations Act (the **"CRRSA Act"**), an additional $900 billion federal relief package intended to follow and expand on provisions of the CARES Act. The measure includes another round of direct stimulus payments to individuals and families, extended unemployment benefits, expanded the PPP, and provided approximately $82 billion in supplemental aid to support the educational needs of states, school districts, and institutions of higher education, among other stimulus measures.

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (the **"ARP Act"**), a $1.9 trillion economic stimulus plan that provided another round of stimulus checks to individuals and families, extended federal supplemental unemployment benefits, provided more funding for state and local governments, expanded subsidies for healthcare insurance, and provided additional funding for COVID-19 testing, vaccination, and treatment, among several other provisions affecting many industries, businesses, and individuals. With respect to relief for educational agencies, grants of $125.8 billion were provided to states to support statewide and local funding for elementary and secondary schools and public postsecondary institutions. Funding was for a number of education-related expenses, including inspecting and improving school facilities to ensure adequate air quality, providing mental health services, reducing class sizes, implementing social distancing guidelines, and purchasing personal protective equipment. At least 20% of the funding had to be used to address learning loss, including through summer learning or enrichment, after-school programs, or extended-day or extended-year programs. States receiving the grants could not reduce their spending levels on education as a proportion of their budgets during fiscal years 2022 or 2023, compared with the average level from fiscal years 2017 through 2019.

State Response. At the State level, on March 15, 2020, the Governor ordered the closing of California bars and nightclubs, and the cancellation of gatherings of more than 250. On March 16, 2020, the State legislature passed $1.1 billion in general purpose spending authority providing emergency funds to respond to the pandemic. On March 19, 2020, the Governor issued a state-wide blanket shelter-in-place order, ordering all California residents to stay home except for certain essential purposes. The restrictions initially began to be rolled back in May 2020 in accordance with State and local guidelines. Thereafter, on August 28, 2020, the Governor released a system entitled "Blueprint for a Safer California" (the **"State Blueprint"**) aimed at reducing the spread of COVID-19. The State Blueprint placed the State's 58 counties into four color-coded tiers generally based on test positivity and adjusted case rate in the county. Each tier imposed restrictions on certain activities to reduce the spread. The tier system was ultimately terminated on June 15, 2021, following significant reductions in positivity and hospitalizations due to the availability of effective COVID-19 vaccines.

On February 23, 2021, the Governor signed legislation providing $7.6 billion in State funding aimed at helping individuals and businesses that were not included in federal aid. It included sending a $600 rebate to low-income, disabled and undocumented persons when 2020 taxes were filed, $2 billion in grants to help small business, $35 million for food and diaper banks and $400 million in subsidies for childcare providers. It also reversed cuts made in summer of 2020 to public universities and State courts when the State had projected a record-breaking budget deficit.

Notwithstanding that several vaccines have been approved for public use with respect to COVID-19, the spread of COVID-19 and related variants is ongoing, and future actions to reduce its spread and its impact on global and local economies are uncertain and cannot be predicted. Additional information with respect to events surrounding the outbreak of COVID-19 and responses thereto can be found on State and local government websites, including but not limited to: the Governor's office (http://www.gov.ca.gov) and the California Department of Public Health (https://covid19.ca.gov/). *The District has not incorporated by reference the information on such websites, and the District does not assume any responsibility for the accuracy of the information on such website*s.

Impact of COVID-19 Pandemic on Education. The State's and other local (if any) shelter-in-place orders suspended in-person classroom instruction throughout schools in the State from March 2020 through the end of the 2019-20 academic year. School districts in the State generally commenced the 2020-21 academic year in accordance with the Governor's order of July 17, 2020 (Pandemic Plan for Learning and Safe Schools) and the State's Blueprint which resulted in significant amounts of distance learning as opposed to in-person instruction during the 2020-21 academic year. The 2021-22 academic year generally commenced with in-person learning with an independent study option.

On March 13, 2020, the Governor issued Executive Order N-26-20 which established a streamlined process for school closures in response to COVID-19, providing for continued State funding to support distance learning or independent study, subsidized school meals to low-income students, and continuing payment for school district employees, among other measures. In addition, Senate Bill 117 (March 17, 2020) was approved and addressed attendance issues and instructional hour requirements, among other items, and effectively held school districts harmless from funding losses that could result from these issues under the State's education funding formulas. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Education Funding Generally." In addition, federal funding to school districts was made available to most school districts under the CARES Act, the CRRSA Act and the ARP Act.

On December 30, 2020, the Governor announced the Safe Schools for All Plan (**"SSFA Plan"**), a plan aimed at incentivizing schools to offer in-person learning. Some portions of the SSFA Plan went into effect immediately, however on March 4, 2021 the legislature passed and on March 5, 2021 the Governor signed Senate and Assembly Bill 86, reaching an agreement on a school reopening plan, with the stated intent that schools offer in-person instruction to the greatest extent possible during the 2020-21 fiscal year. The plan provided schools with financial incentives totaling $2 billion to offer in-person instruction beginning on April 1 to students with extra needs or requiring special attention and, for students in some grades, depending on what tier their county was in under the State Blueprint. Funding was allocated based on LCFF funding. For districts not offering in-person instruction by April 1, funds decreased by one percent for each instructional day that schools were not open through May 15 (not including scheduled vacation days) and after May 15, eligibility ceased. Funds obtained were primarily to be spent on purposes consistent with providing in-person instruction, including COVID-19 testing, cleaning, personal protective equipment, facility needs, staffing costs, and social and mental health supports provided in conjunction with in-person instruction. Districts were required to continue to offer distance learning options.

The State's fiscal year 2021-22 Budget passed by the Legislature on June 14, 2021 together with related legislation approved on June 28, 2021, and signed by the Governor, makes historic levels of funding available for educational purposes, including funding the expansion of transitional kindergarten, funding of community wellness and student health hubs on campuses, expanded learning programs and increased special education funding, among others. See Appendix A under the heading "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

Information on the District's response to the COVID-19 pandemic can be found in Appendix B under the heading "DISTRICT GENERAL INFORMATION - District's Response to COVID-19 Pandemic."

Impacts of COVID-19 Pandemic on Global and Local Economies Cannot be Predicted; Potential Declines in State and Local Revenues. The COVID-19 public health emergency altered the behavior of businesses and people in a manner that may have negative impacts on global and local economies, including the economy of the State. The District cannot predict the short or long term impacts the COVID-19 emergency and the responses of federal, State or local governments thereto, will have on global, State-wide and local economies, which could impact District operations and finances, and local property values. For more detail regarding the State's current budget, and related reports and outlooks, see Appendix A under the heading "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

General Obligation Bonds Secured by* Ad Valorem *Property Tax Revenues. Notwithstanding the impacts the COVID-19 pandemic may have on the economy in the State, the County and the District or on the District's general purpose revenues, the Bonds described herein are voter-approved general obligations of the District payable solely from the levy and collection of *ad valorem* property taxes, unlimited as to rate or amount, levied in the District and are not payable from the general fund of the District. The District cannot predict the impacts that the COVID-19 pandemic might have on local property values or tax collections. See "SECURITY FOR THE BONDS – *Ad Valorem* Property Taxes" and "PROPERTY TAXATION –Tax Levies and Delinquencies - Teeter Plan" herein.

PROPERTY TAXATION

Property Tax Collection Procedures

Generally. In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing (1) state assessed public utilities' property and (2) property the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax levied on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured property are entered separately on the assessment roll maintained by the county assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each fiscal year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is declared tax defaulted on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county in which the property is located.

Property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. A bill enacted in 1983, Senate Bill 813 (Statutes of 1983, Chapter 498), however, provided for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction. Thus, this legislation eliminated delays in the realization of increased property taxes from new assessments. As amended, Senate Bill 813 provided increased revenue to taxing jurisdictions to the extent that supplemental assessments of new construction or changes of ownership occur subsequent to the January 1 lien date and result in increased assessed value.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the local superior court clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Disclaimer Regarding Property Tax Collection Procedures. The property tax collection procedures described above are subject to amendment based on legislation or executive order, which may be enacted by the State legislature or declared by the Governor from time to time. The District cannot predict what impact, if any, future amendments or orders could have on the procedures relating to the levy and collection of property taxes, and related interest and penalties.

Taxation of State-Assessed Utility Property

The State Constitution provides that most classes of property owned or used by regulated utilities be assessed by the State Board of Equalization ("**SBE**") and taxed locally. Property valued by the SBE as an operating unit in a primary function of the utility taxpayer is known as "unitary property," a concept designed to permit assessment of the utility as a going concern rather than assessment of each individual element of real and personal property owned by the utility taxpayer. State-assessed unitary and "operating nonunitary" property (which excludes nonunitary property of regulated railways) is allocated to the counties based on the situs of the various components of the unitary property. Except for unitary property of regulated railways and certain other excepted property, all unitary and operating nonunitary property is taxed at special county-wide rates and tax proceeds are distributed to taxing jurisdictions according to statutory formulae generally based on the distribution of taxes in the prior year.

Assessed Valuations

Assessed Valuation History. The assessed valuation of property in the District is established by the County Assessor, except for public utility property which is assessed by the State Board of Equalization. Assessed valuations are reported at 100% of the "full value" of the property, as defined in Article XIIIA of the California Constitution. The full value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year, or to reflect a reduction in the consumer price index or comparable data for the area, or to reflect declines in property value caused by substantial damage, destruction or other factors, including assessment appeals filed by property owners. For a discussion of how properties currently are assessed, see Appendix A under the heading "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS."

Certain classes of property, such as churches, colleges, not-for-profit hospitals, and charitable institutions, are exempt from property taxation and do not appear on the tax rolls.

Shown in the following table are recent assessed valuations for the District.

KERN HIGH SCHOOL DISTRICT
Historical Assessed Valuations
Fiscal Year 2007-08 through Fiscal Year 2021-22

Fiscal Year	Local Secured	Utility	Unsecured	Total	% Change
2007-08	$44,961,049,824	$713,881,690	$1,632,599,252	$47,307,530,766	--
2008-09	46,089,514,392	812,488,585	1,784,897,367	48,686,900,344	2.9
2009-10	42,488,361,707	863,392,211	1,968,011,134	45,319,765,052	(6.9)
2010-11	42,823,734,096	838,597,009	2,014,174,535	45,676,505,640	0.8
2011-12	41,844,142,730	789,696,750	2,203,360,636	44,837,200,116	(1.8)
2012-13	44,118,502,355	679,495,971	2,242,930,120	47,040,928,446	4.9
2013-14	45,370,045,616	674,072,670	2,132,510,442	48,176,628,728	2.4
2014-15	48,274,985,079	638,903,462	2,229,308,398	51,143,196,939	6.2
2015-16	48,130,601,435	697,653,861	2,405,538,068	51,233,793,364	0.2
2016-17	49,098,640,543	679,500,543	2,247,878,632	52,026,019,619	1.5
2017-18	51,665,063,877	595,043,772	2,112,501,283	54,372,608,932	4.5
2018-19	53,657,567,265	551,890,941	2,223,082,639	56,432,540,845	3.8
2019-20	56,049,382,405	683,301,199	2,317,242,287	59,049,925,891	4.6
2020-21	58,092,378,245	672,269,613	2,475,216,675	61,239,864,533	3.7
2021-22	59,589,397,299	672,543,213	2,596,582,630	62,858,523,142	2.6

Source: California Municipal Statistics, Inc.

Factors Relating to Increases/Decreases in Assessed Value. As indicated in the previous table, assessed valuations are subject to change in each year. Increases or decreases in assessed valuation result from a variety of factors including but not limited to general economic conditions, outbreaks of disease, supply and demand for real property in the area, government regulations such as zoning, and man-made or natural disasters such as earthquakes, fires, floods and drought. Seismic activity is also a risk in the region where the District is located.

The State has experienced drought conditions in recent years, including a period of drought followed by record-level precipitation in late 2016 and early 2017 which resulted in related severe flooding and mudslides in certain regions. As of May 12, 2022, the U.S. Drought Monitor indicates that the State is classified as experiencing mostly severe to extreme drought conditions, with the County in the extreme drought category. During 2021, Governor Newsom proclaimed a drought state of emergency for all counties in the State, culminating with his October 19, 2021 proclamation, urging Californians to step up their water conservation efforts. In January 2022, the State Water Board adopted emergency regulations aimed at saving water and raising drought awareness, with prohibitions focused on reducing outdoor water use, enforceable by local agencies and the State Water Board, generally with warning letters, mandatory water use audits, and fines. Local agencies can impose and enforce their own drought conservation rules.

In addition, the State has had several severe wildfires in recent years, which have burned thousands of acres and destroyed thousands of homes and structures. Several of the wildfires in recent years have originated in wildlands adjacent to urban areas.

The District cannot predict or make any representations regarding the effects that prolonged droughts or wildfires or any other type of natural or manmade disasters, including the COVID-19 pandemic (see next paragraph), and related conditions have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

Global Pandemic/Outbreak of Disease. Currently the world is experiencing a global pandemic as a result of the outbreak of COVID-19 which has resulted in an economic recession that could cause general marked declines in property values. For disclosure relating to the COVID-19 pandemic, see also “SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Pandemic.”

Future Conditions Unknown. The District cannot predict or make any representations regarding the effects that any disasters and related conditions, have or may have on the value of taxable property within the District, or to what extent the effects said disasters might have on economic activity in the District or throughout the State.

Assessed Valuation by Jurisdiction. The following table shows a recent breakdown of the District’s assessed valuation by jurisdiction.

KERN HIGH SCHOOL DISTRICT
Assessed Valuation by Jurisdiction
Fiscal Year 2021-22

Jurisdiction:	Assessed Valuation in School District	% of School District	Assessed Valuation of Jurisdiction	% of Jurisdiction in School District
City of Arvin	$620,282,941	0.99%	$620,282,941	100.00%
City of Bakersfield	34,188,663,708	54.39	$34,188,663,708	100.00%
City of Shafter	2,380,303,774	3.79	$2,380,303,774	100.00%
Unincorporated Kern County	25,669,272,719	40.84	$54,090,171,833	47.46%
Total District	$62,858,523,142	100.00%		
Kern County	$62,858,523,142	100.00%	$99,319,674,670	63.29%

Source: California Municipal Statistics, Inc.

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Parcels by Land Use. The following table shows a recent breakdown of local secured property assessed value and parcels within the District by land use.

KERN HIGH SCHOOL DISTRICT
Local Secured Property Assessed Valuation and Parcels by Land Use
Fiscal Year 2021-22

Non-Residential:	2021-22 Assessed Valuation (1)	% of Total	No. of Parcels	% of Total
Agricultural	$2,382,324,009	3.95%	16,589	5.74%
Commercial	3,558,453,262	5.90	5,203	1.80
Professional/Office	945,398,164	1.57	855	0.30
Industrial	4,780,180,307	7.93	1,927	0.67
Oil & Gas Production/Mineral Rights	3,336,039,222	5.54	2,301	0.80
Recreational	176,052,881	0.29	765	0.26
Power Plants/Utility Roll	672,543,213	1.12	32	0.01
Government/Social/Institutional	266,593,534	0.44	6,854	2.37
Miscellaneous	21,310,143	0.04	1,512	0.52
Subtotal Non-Residential	$16,138,894,735	26.78%	36,038	12.48%
Residential:				
Single Family Residence	$39,644,665,179	65.79%	176,678	61.17%
Condominium/Townhome	917,335,311	1.52	9,406	3.26
Mobile Home	279,270,058	0.46	5,693	1.97
Mobile Home Park	185,652,991	0.31	240	0.08
2-4 Residential Units	1,037,735,446	1.72	4,321	1.50
5+ Residential Units/Apartments	1,078,728,643	1.79	1,569	0.54
Subtotal Residential	$43,143,387,628	71.59%	197,907	68.52%
Vacant Parcels	$979,658,149	1.63%	54,873	19.00%
Total	$60,261,940,512	100.00%	288,818	100.00%

(1) Local secured assessed valuation; excluding tax-exempt property.
Source: California Municipal Statistics, Inc.

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Per Parcel Assessed Valuation of Single-Family Homes. The table below shows the recent per parcel assessed valuation of single-family homes in the District.

KERN HIGH SCHOOL DISTRICT
Per Parcel Assessed Valuation of Single Family Homes
Fiscal Year 2021-22

	No. of Parcels	2021-22 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	176,678	$39,644,665,179	$224,389	$202,308

2021-22 Assessed Valuation	No. of Parcels (1)	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	1,289	0.730%	0.730%	$22,489,211	0.057%	0.057%
$25,000 -$49,999	5,685	3.218	3.947	223,838,908	0.565	0.621
$50,000 - $74,999	8,742	4.948	8.895	549,765,797	1.387	2.008
$75,000 - $99,999	11,322	6.408	15.304	997,254,189	2.515	4.524
$100,000 - $124,999	13,983	7.914	23.218	1,578,954,949	3.983	8.506
$125,000 - $149,999	15,735	8.906	32.124	2,160,933,420	5.451	13.957
$150,000 - $174,999	14,953	8.463	40.587	2,428,299,216	6.125	20.082
$175,000 - $199,999	15,194	8.600	49.187	2,847,869,635	7.183	27.266
$200,000 - $224,999	14,578	8.251	57.438	3,094,710,439	7.806	35.072
$225,000 - $249,999	14,056	7.956	65.394	3,331,216,047	8.403	43.475
$250,000 - $274,999	12,255	6.936	72.330	3,212,776,574	8.104	51.578
$275,000 - $299,999	10,488	5.936	78.267	3,011,982,483	7.597	59.176
$300,000 - $324,999	8,727	4.939	83.206	2,719,305,039	6.859	66.035
$325,000 - $349,999	6,435	3.642	86.848	2,168,411,455	5.470	71.505
$350,000 - $374,999	4,787	2.709	89.558	1,731,694,939	4.368	75.873
$375,000 - $399,999	3,628	2.053	91.611	1,402,958,774	3.539	79.412
$400,000 - $424,999	2,735	1.548	93.159	1,126,595,456	2.842	82.253
$425,000 - $449,999	2,188	1.238	94.398	955,307,987	2.410	84.663
$450,000 - $474,999	1,888	1.069	95.466	872,195,459	2.200	86.863
$475,000 - $499,999	1,496	0.847	96.313	728,261,459	1.837	88.700
$500,000 and greater	6,514	3.687	100.000	4,479,843,743	11.300	100.000
	176,678	100.000%		$39,644,665,179	100.000%	

(1) Improved single-family residential parcels. Excludes condominiums and parcels with multiple-family units.
Source: California Municipal Statistics, Inc.

Reassessments and Appeals of Assessed Value

There are general means by which assessed values can be reassessed or appealed that could adversely impact property tax revenues within the District.

Appeals may be based on Proposition 8 of November 1978, which requires that for each January 1 lien date, the taxable value of real property must be the lesser of its base year value, annually adjusted by the inflation factor pursuant to Article XIIIA of the State Constitution, or its full cash value, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property or other factors causing a decline in value. See “CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution” in Appendix A.

Under California law, property owners may apply for a Proposition 8 reduction of their property tax assessment by filing a written application, in form prescribed by the State Board of Equalization, with the County board of equalization or assessment appeals board. In most cases, the appeal is filed because the applicant believes that present market conditions (such as residential home prices) cause the property to be worth less than its current assessed value.

Any reduction in the assessment ultimately granted as a result of such appeal applies to the year for which application is made and during which the written application was filed. These reductions are subject to yearly reappraisals and are adjusted back to their original values, adjusted for inflation, when market conditions improve. Once the property has regained its prior value, adjusted for inflation, it once again is subject to the annual inflationary factor growth rate allowed under Article XIIIA.

A second type of assessment appeal involves a challenge to the base year value of an assessed property. Appeals for reduction in the base year value of an assessment, if successful, reduce the assessment for the year in which the appeal is taken and prospectively thereafter. The base year is determined by the completion date of new construction or the date of change of ownership. Any base year appeal must be made within four years of the change of ownership or new construction date.

Proposition 8 reductions may also be unilaterally applied by the County Assessor. The District cannot predict the changes in assessed values that might result from pending or future appeals by taxpayers or by reductions initiated by the County Assessor. Any reduction in aggregate District assessed valuation due to appeals, as with any reduction in assessed valuation due to other causes, will cause the tax rate levied to repay the Bonds to increase accordingly, so that the fixed debt service on the Bonds (and other outstanding general obligation bonds, if any) may be paid.

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Typical Tax Rates

Below are historical typical tax rates in a typical tax rate area within the District in recent years.

KERN HIGH SCHOOL DISTRICT
Typical Tax Rates as Percent of Assessed Valuation
Fiscal Years 2020-21 and 2021-22

TRA 1-001(1)

	2020-21	2021-22
General	1.000000	1.000000
Kern County Water Agency	.079122	.079056
Bakersfield City School District	.046594	.038548
Kern High School District	.048529	.041744
Kern Community College District SFID No. 1	.020778	.024568
Kern Community College District SRID	.013073	.014041
Total Tax Rate	1.208096	1.197957

TRA 121-001(2)

	2020-21	2021-22
General	1.000000	1.000000
Kern County Water Authority	.039175	.037225
Kern High School District	.048529	.041744
Standard School District	.061713	.080725
Kern Community College District SFID	.020778	.024568
Kern Community College District SRID	.013073	.014041
Total Tax Rate	1.183268	1.198303

(1) 2021-22 assessed valuation of TRA 1-001 is $1,560,360,776 which is 2.48% of the district's total assessed valuation.
(2) 2021-22 assessed valuation of TRA 121-001 is $1,981,767,497 which is 3.15% of the district's total assessed valuation.
Source: California Municipal Statistics, Inc.

Secured Tax Levies and Delinquencies - Teeter Plan

The Board of Supervisors of the County has adopted the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "**Teeter Plan**"), as provided for in Section 4701 *et seq.* of the California Revenue and Taxation Code. Under the Teeter Plan, each entity levying property taxes in the County may draw on the amount of uncollected secured taxes credited to its fund, in the same manner as if the amount credited had been collected. The District participates in the Teeter Plan, and thus receives 100% of secured property taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. Currently, the County includes general obligation bond levies, including for general obligation bonds issued by the District, in its Teeter Plan.

So long as the Teeter Plan remains in effect and the County continues to include the District in the Teeter Plan, the District's receipt of revenues with respect to the levy of *ad valorem* property taxes will not be dependent upon actual collections of the *ad valorem* property taxes by the County. However, under the statute creating the Teeter Plan, the Board of Supervisors of the County could, under certain circumstances, terminate the Teeter Plan in its entirety and, in addition, the Board of Supervisors of the County could terminate the Teeter Plan with respect to the District if the delinquency rate for all *ad valorem* property taxes levied within the District in any year exceeds 3%. In the event that the Teeter Plan were terminated in the County with regard to the secured tax roll, the amount of the levy of *ad valorem* property taxes in the District would depend upon the collections of the *ad valorem* property taxes within the County and delinquency rates experienced with respect to the parcels within the District. With respect to general obligation bonds, county assessors are authorized to levy taxes sufficient to pay debt service on bonds coming due, including at a rate that will provide for a reserve in the event of delinquencies. The District cannot represent the sufficiency of any such reserve to the extent necessary to cover delinquent taxes, to the extent the Teeter Plan were amended or discontinued.

The District cannot provide any assurances that the County will continue to maintain the Teeter Plan described above, or will have sufficient funds available to distribute the full amount of the District's share of property tax collections to the District. The ability of the County to maintain the Teeter Plan may depend on its financial resources and may be affected by future property tax delinquencies. Property tax delinquencies may be impacted by economic and other factors beyond the District's or the County's control, including the ability or willingness of property owners to pay property taxes during an economic recession or depression. An economic recession or depression could be caused by many factors outside the control of the District, including high interest rates, reduced consumer confidence, reduced real wages or reduced economic activity as a result of the spread of COVID-19 or other outbreak of disease or natural or manmade disaster. See "SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Pandemic."

Furthermore, the District cannot predict the impact, if any, that changes or modifications to property tax collection procedures might have on the County's Teeter Plan. See "PROPERTY TAXATION – Property Tax Collection Procedures" herein.

Notwithstanding the District's participation in the Teeter Plan, below is a summary of recent secured tax charges and delinquencies in the District.

KERN HIGH SCHOOL DISTRICT
Secured Tax Charges and Delinquencies[(1)]
Fiscal Years 2007-08 through 2020-21

Year	Secured Tax Charge[(2)]	Amt. Delinquent June 30	% Delinquent June 30
2007-08	$103,098,051	$3,941,526	3.82%
2008-09	104,866,062	3,263,292	3.11
2009-10	97,644,344	2,430,413	2.49
2010-11	99,836,523	2,080,931	2.08%
2011-12	98,571,851	1,453,891	1.47
2012-13	101,664,215	1,329,798	1.31
2013-14	100,566,657	1,292,791	1.29
2014-15	106,960,977	1,381,356	1.29
2015-16	104,835,670	1,313,336	1.25
2016-17	106,901,623	1,473,477	1.38
2017-18	112,567,811	1,346,964	1.20
2018-19	117,275,912	1,499,427	1.28
2019-20	119,131,291	1,954,239	1.64
2020-21	127,321,179	1,624,977	1.28

(1) Kern County utilizes the Teeter Plan for assessment levy and distribution. This method guarantees distribution of 100% of the assessments levied to the taxing entity, with the county retaining all penalties and interest.
(2) 1% General Fund apportionment.
Source: California Municipal Statistics, Inc.

Largest Property Owners

The following table shows the recent 20 largest taxpayers in the District as determined by local secured assessed valuation. Each taxpayer listed below is a unique name listed on the tax rolls. The District cannot determine from County assessment records whether individual persons, corporations or other organizations are liable for tax payments with respect to multiple properties held in various names that in aggregate may be larger than is suggested by the table below. A large concentration of ownership in a single individual or entity results in a greater amount of tax collections which are dependent upon that property owner's ability or willingness to pay property taxes.

KERN HIGH SCHOOL DISTRICT
Largest 2021-22 Local Secured Taxpayers

	Property Owner	Primary Land Use	2021-22 Assessed Valuation	% of Total [1]
1.	Chevron USA Inc.	Oil & Gas Production	$1,990,155,338	3.30%
2.	California Resources Petroleum Corp.	Oil & Gas Production	1,097,712,101	1.82
3.	William Bolthouse Farms Inc.	Food Processing	342,313,568	0.57
4.	Elk Hills Power, LLC	Power Generation	335,300,000	0.56
5.	Pastoria Energy Facility LLC	Power Generation	321,000,000	0.53
6.	Grimmway Enterprises Inc.	Food Processing	286,055,253	0.47
7.	Ross Dress for Less Inc.	Warehouse	269,330,645	0.45
8.	Wal Mart Real Estate Business Trust	Commercial	249,944,086	0.41
9.	CF Hippolyta Bak LLC	Warehouse	223,470,509	0.37
10.	California Water Service Co.	Water Company	209,709,892	0.35
11.	Sandridge Partners LP	Agricultural	206,746,480	0.34
12.	Macpherson Oil Co.	Oil & Gas Production	184,824,441	0.31
13.	Wonderful Citrus / Wonderful Orchards	Agricultural	176,189,122	0.29
14.	National Cement Company of California	Industrial	171,443,565	0.28
15.	Nestle Dreyer's Ice Cream Company	Food Processing	169,972,148	0.28
16.	Tejon Ranch Company	Undeveloped	169,430,468	0.28
17.	Target Corporation	Warehouse	154,705,454	0.26
18.	Ensign United States Drilling (CA) Inc.	Industrial	152,575,282	0.25
19.	Valley Plaza Mall LP	Shopping Center	142,671,363	0.24
20.	Alon Bakersfield Property Inc.	Industrial	137,933,426	0.23
			$6,991,483,141	11.60%

(1) 2021-22 local secured assessed valuation: $60,261,940,512.
Source: California Municipal Statistics, Inc.

Direct and Overlapping Debt

Set forth on the following page is a direct and overlapping debt report (the **"Debt Report"**) prepared by California Municipal Statistics, Inc. with respect to debt dated as of April 1, 2022. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representation in connection therewith. The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases, long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

KERN HIGH SCHOOL DISTRICT
Statement of Direct and Overlapping Bonded Debt
Dated as of April 1, 2022

2021-22 Assessed Valuation: $62,858,523,142

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	**% Applicable**	**Debt 4/1/22**
Kern Community College District School Facilities Improvement District No. 1	63.692%	$59,012,665
Kern Community College Safety, Repair and Improvement District	64.092	60,702,226
Kern High School District	**100.000**	**349,941,209**(1)
Bakersfield City School District	100.000	134,116,619
Beardsley School District	100.000	21,434,004
Fruitvale School District	100.000	34,259,616
Norris School District	100.000	31,253,945
Panama-Buena Vista Union School District	100.000	92,040,000
Richland School District	100.000	13,372,631
Standard School District	100.000	48,075,000
Other School Districts	Various	130,613,001
Buttonwillow Recreation and Park District	100.000	3,802,000
Tehachapi Valley Healthcare District	0.057	31,646
California Statewide Community Development Authority Community Facilities District No. 2015-02	100.000	10,140,000
Greenfield Union School District Community Facilities Districts	100.000	14,475,196
RNR Community Facilities District No. 92-1	100.000	106,025,000
Tejon Ranch Public Facilities Authority Community Facilities District	100.000	93,315,000
1915 Act Bonds	100.000	13,040,996
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,215,650,754
OVERLAPPING GENERAL FUND DEBT:		
Kern County Certificates of Participation	63.289%	$70,992,652
Kern County Pension Obligation Bonds	63.289	77,125,284
Kern County Board of Education Certificates of Participation	63.289	21,413,833
Kern Community College District Certificates of Participation	57.389	14,980,251
Kern Community College District Benefit Obligation Bonds	57.389	42,728,980
Panama-Buena Vista Union School District Certificates of Participation	100.000	50,960,000
Other School District General Fund Obligations	100.000	17,405,753
City of Arvin General Fund Obligations	100.000	3,885,000
Tehachapi Valley Recreation and Park District General Fund Obligations	0.122	964
TOTAL OVERLAPPING GENERAL FUND DEBT		$299,492,717
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		
Arvin Redevelopment Agency	100.000%	$ 6,075,000
Bakersfield Redevelopment Agency	100.000	1,915,000
Shafter Redevelopment Agency	100.000	10,050,000
TOTAL OVERLAPPING TAX INCREMENT DEBT		$18,040,000
COMBINED TOTAL DEBT		$1,533,183,471 (2)

Ratios to 2021-22 Assessed Valuation:
Direct Debt ($349,941,209).. 0.56%
Total Direct and Overlapping Tax and Assessment Debt............. 1.93%
Combined Total Debt.. 2.44%

Ratios to Redevelopment Successor Agency Incremental Valuation ($1,714,046,582):
Overlapping Tax Increment Debt.. 1.05%

(1) Excludes the Bonds described herein but includes the Refunded Bonds.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.
Source: California Municipal Statistics, Inc.

TAX MATTERS

Federal Tax Status. In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax.

The opinions set forth in the preceding paragraph are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended (the "**Tax Code**") relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

Tax Treatment of Original Issue Discount and Premium. If the initial offering price to the public at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium are disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

California Tax Status. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

***Form of Opinion**.* A copy of the proposed form of the opinion of Bond Counsel is attached hereto as Appendix D.

Other Tax Considerations. Current and future legislative proposals, if enacted into law, clarification of the Tax Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Tax Code or court decisions may also affect the market price for, or marketability of, the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, such legislation would apply to bonds issued prior to enactment.

The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of such opinion, and Bond Counsel has expressed no opinion with respect to any proposed legislation or as to the tax treatment of interest on the Bonds, or as to the consequences of owning or receiving interest on the Bonds, as of any future date. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Other than as expressly described above, Bond Counsel expresses no opinion regarding other federal or state tax consequences arising with respect to the Bonds, the ownership, sale or disposition of the Bonds, or the amount, accrual or receipt of interest on the Bonds.

CERTAIN LEGAL MATTERS

Legality for Investment

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, the Bonds are eligible to secure deposits of public moneys in California.

Absence of Material Litigation

The Bonds. No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to Underwriter at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened that (i) questions the political existence of the District, (ii) contests the District's ability to receive *ad valorem* taxes or to collect other revenues or (iii) contests the District's ability to issue and retire the Bonds.

Other Possible Lawsuits. The District is subject to lawsuits and claims which arise in the regular course of administering the affairs and operations of the District. In the opinion of the

District, the aggregate amount of the uninsured liabilities of the District under these lawsuits and claims will not materially affect the financial position or operations of the District. The District cannot anticipate what types of claims may be made against the District in the future, including claims which may arise due to the COVID-19 pandemic.

Disclaimer Regarding Cyber Risks

The District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The District has never had a major cyber breach that resulted in a financial loss. The District has insurance for cyber events, and the District has adopted required protocols to maintain insurance coverage. Employees have also undergone related security training. No assurance can be given that the District's current efforts to manage cyber threats and security will, in all cases, be successful. The District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances.

The District relies on other entities and service providers in the course of operating the District, including the County with respect to the levy and collection of *ad valorem* property taxes, as well as other trustees, fiscal agents and dissemination agents. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

Compensation of Certain Professionals

Payment of the fees and expenses of Jones Hall, A Professional Law Corporation, as Bond Counsel and Disclosure Counsel to the District, Dale Scott & Company Inc., San Francisco, California, as financial advisor to the District, and Norton Rose Fulbright US LLP, Los Angeles, California, as Underwriter's Counsel, is contingent upon issuance of the Bonds.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the District by not later than nine (9) months following the end of the District's fiscal year (which currently would be by March 31 each year based upon the June 30 end of the District's fiscal year), commencing by March 31, 2023, with the report for the 2021-22 Fiscal Year (the **"Annual Report"**), and to provide notices of the occurrence of certain enumerated events. The Annual Report and any event notices will be filed by the District with the Municipal Securities Rulemaking Board (the **"MSRB"**). The specific nature of the information to be contained in an Annual Report or other notices is set forth below under the caption "APPENDIX E - Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5) (the **"Rule"**).

The District has existing disclosure undertakings that have been made pursuant to the Rule in connection with the issuance of other outstanding general obligation bonds and refunding general obligation bonds. See Appendix A under the heading "DISTRICT FINANCIAL INFORMATION – Existing Debt Obligations." A review of the District's filing requirements and related filings in the previous five years has been undertaken and no instances of material non-compliance during said period were identified.

In order to assist it in complying with its disclosure undertakings for its outstanding bonds and the Bonds, the District has engaged Dale Scott & Company Inc. with respect to its each of its disclosure undertakings, including the Continuing Disclosure Certificate to be executed in connection with the Bonds.

Neither the County nor any other entity other than the District shall have any obligation or incur any liability whatsoever with respect to the performance of the District's duties regarding continuing disclosure.

VERIFICATION OF MATHEMATICAL ACCURACY

The Verification Agent, upon delivery of the Bonds, will deliver a report of the mathematical accuracy of certain computations, contained in schedules provided to them on behalf of the District, relating to (a) the sufficiency of the anticipated amount of proceeds of the Bonds and other funds available to pay, when due, the principal and interest requirements of the Refunded Bonds and (b) the "yields" on the amount of proceeds held and invested prior to redemption of the Refunded Bonds and on the Bonds considered by Bond Counsel in connection with the opinion rendered by Bond Counsel that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended. See "THE REFINANCING PLAN."

The report of the Verification Agent will include the statement that the scope of their engagement is limited to verifying mathematical accuracy, of the computations contained in such schedules provided to them, and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

RATING

Moody's Investors Services ("**Moody's**") has assigned a rating of "Aa2" to the Bonds. The District has provided certain additional information and materials to Moody's (some of which does not appear in this Official Statement). Such ratings reflect only the views of Moody's, and explanations of the significance of such rating may be obtained only from Moody's. There is no assurance that any credit ratings given to the Bonds will be maintained for any period of time or that the rating may not be lowered or withdrawn entirely by Moody's, if in it's judgment, circumstances so warrant. Any such downward revision or withdrawal of a rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Bonds are being purchased by Barclays Capital Inc. (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price of $___________, which is equal to the initial principal amount of the Bonds of $_____________, plus net original issue premium of $_________, less an Underwriter's discount of $___________.

The purchase contract relating to the Bonds provides that the Underwriter will purchase all of the Bonds (if any are purchased), and provides that the Underwriter's obligation to purchase is subject to certain terms and conditions, including the approval of certain legal matters by counsel.

The Underwriter may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed by the Underwriter.

ADDITIONAL INFORMATION

The discussions herein about the Bond Resolution and the Continuing Disclosure Certificate are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and for full and complete statements of such provisions reference is made to such documents. Copies of these documents mentioned are available from the Underwriter and following delivery of the Bonds will be on file at the offices of the Paying Agent in Los Angeles, California.

References are also made herein to certain documents and reports relating to the District; such references are brief summaries and do not purport to be complete or definitive. Copies of such documents are available upon written request to the District.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or Owners of any of the Bonds.

EXECUTION

The execution and delivery of this Official Statement have been duly authorized by the District.

KERN HIGH SCHOOL DISTRICT

By: ____________________________________
Superintendent

APPENDIX A

DISTRICT GENERAL AND FINANCIAL INFORMATION

The information in this and other sections concerning Kern High School District (the "District") operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of and interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem *tax required to be levied by the County in an amount sufficient for the payment thereof by the District. See "SECURITY FOR THE BONDS" in the front half of the Official Statement.*

DISTRICT GENERAL INFORMATION

General Information

The District was created in 1916 and covers an area of approximately 3,500 square miles, which represents 43 percent of the total area of Kern County (the **"County"**). The District is the State's largest grade 9 through 12 high school district as measured by enrollment, and is made up of 18 comprehensive high schools (with another high school currently under construction), 5 alternative education campuses, 3 career technical educations sites, 4 special education centers, an adult education center and a charter school. Enrollment is over 42,000 students in fiscal year 2021-22. The schools are located in the area of metropolitan Bakersfield, Kern Valley (near Lake Isabella), Shafter and Arvin. Twenty-four elementary school districts feed into the Kern High School District. For demographic information regarding the City of Bakersfield and the County, see Appendix C hereto.

The District has one District-sponsored, dependent charter school (Kern Workforce 2000 Academy) which is included in its financial audits in its Charter School Fund, but has not sponsored any other independent charter schools.

See also Appendix C hereto for demographic and other statistical information regarding the City and the County.

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Administration

Board of Trustees. The District is governed by a five-member Board of Trustees, with each member elected to a four-year term. Elections for positions to the Board of Trustees are held every two years, alternating between two and three available positions. The Board of Trustees is charged with the responsibility for the general policy and direction of education in the District based on State of California and Federal Constitutions and laws, and State Board of Education rules and regulations. The Board of Trustees acts as a committee of the whole for all matters concerning the District. All actions taken by the Board of Trustees are done in an appropriately noticed public meeting.

Current members of the Board of Trustees, together with their office and the date their term expires, are listed below.

BOARD OF TRUSTEES
Kern High School District

Name	Office	Term Expires
Cynthia Brakeman	President	December 2022
David Manriquez	Vice President	December 2024
J. Bryan Batey	Clerk	December 2022
Janice Graves	Clerk Pro Tem	December 2022
Jeff Flores	Member	December 2024

Superintendent and Administrative Personnel. The Superintendent of the District, appointed by the Board, is responsible for management of the day-to-day operations and supervises the work of other District administrators. Bryon Schaefer, Ed.D. is currently the Superintendent of the District and Mike Zulfa, Ed.D. is the Associate Superintendent of Business.

Recent Enrollment Trends

The following table shows recent enrollment history for the District.

ANNUAL ENROLLMENT
Fiscal Years 2014-15 through 2021-22 (Projected)
Kern High School District

School Year	Enrollment	Percent Change	ADA	Percent Change
2014-15	37,318	--%	34,682	--%
2015-16	38,070	2.0	35,678	2.9
2016-17	38,705	1.7	35,875	0.6
2017-18	39,520	2.1	38,013	6.0
2018-19	40,340	2.1	37,890	(0.3)
2019-20*	41,451	2.8	38,701	2.1
2020-21*	42,370	2.2	38,701	0.0
2021-22(1)	42,047	0.8	38,241	(1.2)

* The COVID-19 Pandemic commenced in approximately March 2020, at which time schools were required to transition to remote learning. Subsequently, State law permitted schools to be held harmless for losses in ADA for funding purposes, generally until fiscal year 2021-22.
(1) Projected.
Source: Kern High School District.

Employee Relations

In fiscal year 2021-22 the District has 2,292 full time equivalent (**"FTE"**) certificated employees, 2,344 FTE classified employees and management/Supervisor/Confidential FTE employees. District employees are represented by employee bargaining units as follows:

BARGAINING UNIT CONTRACTS
Kern High School District

Name of Bargaining Unit	Current Contract Expiration Date
Kern High School District Faculty Association	June 30, 2023
California School Employees Association-125	June 30, 2021*

* A contract renewal is under negotiation. Parties perform pursuant to expired terms pending settlement.
Source: Kern High School District.

Salary reopeners have been settled through fiscal year 2021-22. These settled terms are included in the fiscal year 2021-22 financial projections.

District's Response to COVID-19 Pandemic

To reduce the potential for community transmission of COVID-19 and in accordance with all official recommendations, guidelines and mandates, the District closed its facilities with respect to in-person instruction in March 2020. Thereafter, distance learning was implemented, which extended through the end of the 2019-20 academic year. The 2020-21 academic year commenced in distance learning mode but a portion of the academic year was a hybrid of in-person and remote learning. The 2021-22 academic year commenced in person with an independent study option in accordance with legal requirements. The District will adjust its teaching mode as needed to adjust to all orders and mandates, with guidance from the State and local officials, given the dynamic nature of the COVID-19 pandemic.

The District has received and/or been allocated a total combined amount of $253,562,495 from combined State and federal programs to address expenses arising from the COVID-19 pandemic. These funds will be spent in accordance with applicable guidelines, generally by no later than September 30, 2024.

School districts funded under the LCFF will likely experience impacts on operating revenues due to the State's financial position including as impacted by the COVID-19 pandemic. The extent of the impact of the COVID-19 pandemic on education funding cannot be fully predicted. See herein under the heading "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS" for information on the State's current and proposed budgets.

With respect to pension costs, the District cannot currently predict if the COVID-19 emergency will have a material impact on its required employer contributions which could rise if the unfunded actuarial accrued liabilities of PERS and STRS materially increase, although the State reduced contribution rates as part of its fiscal year 2020-21 Budget in response to the COVID-19 pandemic.

The District maintains reserves for economic uncertainties, which is projected in fiscal year 2021-22 to exceed the State's required minimum reserve of 3% of expenditures. See "DISTRICT

FINANCIAL INFORMATION – District Budget and Interim Financial Reporting - District Reserves."

The impacts of the COVID-19 emergency on global, State-wide and local economies, which could impact District operations and finances, and local property values are unknown and cannot be predicted by the District. See also information herein under the heading "SECURITY FOR THE BONDS - Disclosure Relating to COVID-19 Pandemic."

Joint Powers Agreement and Joint Ventures; Risk Management

The District participates in two joint ventures under joint powers agreements ("**JPAs**") with Self-Insured Schools of California ("**SISC**") and property and liability insurance from the Southern California Regional Liability Excess Fund ("**ReLiEF**"). The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes. The District's insurance coverage includes standard coverage for cyber security incidents.

The JPAs arrange for and/or provide coverage or services for its members. The JPAs are governed by a board consisting of a representative from each member district. Each board controls the operations of their JPAs, 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 or service requested and shares surpluses and deficits proportionately to their participation in the JPAs. The JPAs are audited on an annual basis. Audited financial statements can be obtained by contacting each JPA's management.

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DISTRICT FINANCIAL INFORMATION

The information in this and other sections concerning the District's operations and operating budget is provided as supplementary information only, and it should not be inferred from the inclusion of this information in this Official Statement that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable from the proceeds of an ad valorem tax required to be levied by the County in an amount sufficient for the payment thereof.

Education Funding Generally

School districts in California receive operating income primarily from two sources: the State funded portion which is derived from the State's general fund, and a locally funded portion, being the district's share of the one percent general *ad valorem* tax levy authorized by the California Constitution. As a result, decreases or deferrals in education funding by the State could significantly affect a school district's revenues and operations.

From 1973-74 to 2012-13, California school districts operated under general purpose revenue limits established by the State Legislature. In general, revenue limits were calculated for each school district by multiplying (1) the average daily attendance ("**ADA**") for such district by (2) a base revenue limit per unit of ADA. The revenue limit calculations were adjusted annually in accordance with a number of factors designated primarily to provide cost of living increases and to equalize revenues among all California school districts of the same type. Funding of the District's revenue limit was provided by a mix of local property taxes and State apportionments of basic and equalization aid. Generally, the State apportionments amounted to the difference between the District's revenue limit and its local property tax revenues. Districts which had local property tax revenues which exceeded its revenue limit entitlement were deemed "Basic Aid Districts" and received full funding from local property tax revenues and were entitled to keep those tax revenues which exceeded its revenue limit funding entitlement.

The fiscal year 2013-14 State budget replaced the previous K-12 finance system with a new formula known as the Local Control Funding Formula (the **"LCFF"**). Under the LCFF, revenue limits and most state categorical programs were eliminated. School districts instead receive funding based on the demographic profile of the students they serve and gain greater flexibility to use these funds to improve outcomes of students. The LCFF creates funding targets based on student characteristics. For school districts and charter schools, the LCFF funding targets consist of grade span-specific base grants plus supplemental and concentration grants that reflect student demographic factors. The LCFF includes the following components:

- A base grant for each local education agency per unit of ADA, which varies with respect to different grade spans. The base grant is $2,375 more than the average revenue limit provided prior to LCFF implementation. The base grants will be adjusted upward each year to reflect cost-of-living increases. In addition, grades K-3 and 9-12 are subject to adjustments of 10.4% and 2.6%, respectively, to cover the costs of class size reduction in grades K-3 and the provision of career technical education in grades 9-12.

- A 20% supplemental grant for English learners, students from low-income families and foster youth to reflect increased costs associated with educating those students.

- An additional concentration grant of up to 65% (which was increased from 50% as part of the State's trailer bill to the 2021-22 State Budget - Assembly Bill 130) of a local education agency's base grant, based on the number of English learners, students from low-income families and foster youth served by the local agency that comprise more than 55% of enrollment.

- An economic recovery target to ensure that almost every local education agency receives at least their pre-recession funding level, adjusted for inflation, at full implementation of the LCFF.

The LCFF was implemented for fiscal year 2013-14 and was phased in gradually. Beginning in fiscal year 2013-14, an annual transition adjustment was required to be calculated for each school district, equal to each district's proportionate share of the appropriations included in the State budget (based on the percentage of each district's students who are low-income, English learners, and foster youth ("**Targeted Students**")), to close the gap between the prior-year funding level and the target allocation at full implementation of LCFF. In each year, districts had the same proportion of their respective funding gaps closed, with dollar amounts varying depending on the size of a district's funding gap.

Full implementation of LCFF occurred in fiscal year 2018-19 in connection with adoption of the State Budget for said fiscal year. Funding levels used in the LCFF target entitlement calculations, not including any supplemental or concentration grant funding entitlements, for fiscal year 2021-22 are set forth in the following table.

Fiscal Year 2021-22 Base Grant* Under LCFF by Grade Span
(Targeted Base Grant)

Entitlement Factors per ADA	K-3	4-6	7-8	9-12
2019-20 Base Grants	$7,702	$7,818	$8,050	$9,329
Statutory COLA (2.31%)	$178	$181	$186	$215
2020-21 Base Grant Per ADA	$7,880	$7,999	$8,236	$9,544
2021-22 Funded COLA for LCFF (2.70%)	$213	$216	$222	$258
2021-22 Base Grant per ADA before Grade Span Adjustments	$8,093	$8,215	$8,458	$9,802
Grade Span Adjustment Factors	10.4%	--	--	2.6%
Grade Span Adjustment Amounts	$842	--	--	$255
2021-22 Adjusted Base Grants	$8,935	$8,215	$8,458	$10,057

*Does not include supplemental and concentration grant funding entitlements.
Source: State Department of Education.

The legislation implementing LCFF included a "hold harmless" provision which provided that a district or charter school would maintain total revenue limit and categorical funding at least equal to its Fiscal Year 2012-13 level, unadjusted for changes in ADA or cost of living adjustments.

The LCFF includes an accountability component. Districts are required to increase or improve services for English language learners, low income, and foster youth students in proportion to supplemental and concentration grant funding received. All school districts, county offices of education, and charter schools are required to develop and adopt local control and accountability plans, which identify local goals in areas that are priorities for the State, including pupil achievement, parent engagement, and school climate.

County superintendents review and provide support to the districts under their jurisdiction, and the Superintendent of Public Instruction performs a corresponding role for county offices of education. In addition, the State Budget for fiscal year 2013-14 created the California Collaborative for Education Excellence to advise and assist school districts, county offices of education, and charter schools in achieving the goals identified in their plans. Under the LCFF and related legislation, the State will continue to measure student achievement through statewide assessments, produce an Academic Performance Index for schools and subgroups of students, determine the contents of the school accountability report card, and establish policies to implement the federal accountability system.

Basic Aid or Community Supported districts are school districts which have local property tax revenues which exceed such district's funding entitlement under LCFF. As such, in lieu of State funding under LCFF, Basic Aid districts are entitled to keep the full share of local property tax revenues, even the amount which exceeds its funding entitlement under LCFF. The District's funding formula is currently determined pursuant to LCFF, and not as a Basic Aid district.

District Accounting Practices

The accounting practices of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California School Accounting Manual. This manual, according to Section 41010 of the California Education Code, is to be followed by all California school districts.

District accounting is organized on the basis of funds, with each group consisting of a separate accounting entity. The major fund classification is the general fund which accounts for all financial resources not requiring a special fund placement. The District's fiscal year begins on July 1 and ends on June 30. For more information on the District's basis of accounting and fund accounting, see "APPENDIX B – Audited Financial Statements of the District for Fiscal Year Ended June 30, 2021 – Note 1 - Significant Accounting Policies" herein.

District expenditures are accrued at the end of the fiscal year to reflect the receipt of goods and services in that year. Revenues generally are recorded on a cash basis, except for items that are susceptible to accrual (measurable and/or available to finance operations). Current taxes are considered susceptible to accrual. Revenues from specific state and federally funded projects are recognized when qualified expenditures have been incurred. State block grant apportionments are accrued to the extent that they are measurable and predictable. The State Department of Education sends the District updated information from time to time explaining the acceptable accounting treatment of revenue and expenditure categories.

The Governmental Accounting Standards Board ("**GASB**") published its Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" on June 30, 1999. Statement No. 34 provides guidelines to auditors, state and local governments and special purpose governments such as school districts and public utilities, on new requirements for financial reporting for all governmental agencies in the United States. Generally, the basic financial statements and required supplementary information should include (i) Management's Discussion and Analysis; (ii) financial statements prepared using the economic measurement focus and the accrual basis of accounting, (iii) fund financial statements prepared using the current financial resources measurement focus and the modified accrual method of accounting and (iv) required supplementary information.

Financial Statements

General. The District's general fund finances the legally authorized activities of the District for which restricted funds are not provided. General fund revenues are derived from such sources as State school fund apportionments, taxes, use of money and property, and aid from other governmental agencies. The District's June 30, 2021 Audited Financial Statements were prepared by Christy White Inc., San Diego, California and are attached hereto as Appendix B. Audited financial statements for the District for prior fiscal years are on file with the District and available for public inspection at the Superintendent's Office at 5801 Sundale Avenue, Bakersfield, California 93309; telephone (661) 827-3127. The District has not requested, and the auditor has not provided, any review or update of such financial statements in connection with inclusion in this Official Statement. Copies of such financial statements will be mailed to prospective investors and their representatives upon written request to the District. The District may impose a charge for copying, mailing and handling.

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General Fund Revenues, Expenditures and Changes in Fund Balance. The District's general fund is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund. The following tables show the audited income and expense statements for the District for fiscal years 2016-17 through 2020-21. Due to a change in format this information is presented in two tables.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2016-17 and 2017-18 (Audited)(1)
Kern High School District

	2016-17 Audited	**2017-18 Audited**
Revenues		
LCFF	$368,740,101	$385,957,226
Federal Sources	24,079,513	28,351,279
State Sources	58,838,733	61,769,362
Local Sources	4,217,913	5,276,922
Total Revenue	455,876,260	481,354,789
Expenditures		
Certificated Salaries	174,573,045	183,895,551
Classified Salaries	79,715,737	84,534,748
Employee Benefits	102,526,730	117,669,348
Books and Supplies	29,093,326	33,953,476
Contract Services and Operating Expenditures	42,554,970	41,010,732
Other Outgo	4,241,335	4,454,881
Capital Outlay	6,939,911	5,147,415
Debt Service:		
Principal Retirement	--	--
Interest	1,134,731	--
Total Expenditures	440,779,785	470,666,151
Excess (deficiency) of revenues over (under) expenditures	15,096,475	10,688,638
Other financing (uses) sources:		
Transfers in	2,433,905	1,929,012
Transfers out	(4,509,292)	(10,788,530)
Total other financing (uses) sources	(2,075,387)	(8,859,518)
Net Change in fund balances	13,021,088	1,829,120
Fund balances, July 1	100,802,502	113,823,590
Fund balances, June 30	$113,823,590	$115,652,710

Source: Kern High School District, Audited Financial Statements.

REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Fiscal Years 2018-19 through 2020-21 (Audited)(1)
Kern High School District

Revenues	Audited 2018-19	Audited 2019-20	Audited 2020-21
LCFF Sources	$425,350,557	$453,429,520	$464,543,413
Federal Revenues	36,490,780	25,981,335	72,261,416
Other State Revenues	89,178,610	64,685,521	97,986,222
Other Local Revenues	8,706,139	8,439,317	7,000,129
Total Revenues	559,726,086	552,535,693	641,791,180
Expenditures			
Instruction	270,522,538	276,340,243	267,043,671
Instruction-Related Activities:			
Supervision of Instruction	32,973,241	34,579,291	54,951,135
Instructional Library, Media, Tech	7,279,412	7,903,730	8,107,934
School Site Administration	37,615,119	39,103,477	38,136,634
Pupil Services:			
Home-to-School Transport	22,470,878	23,351,972	17,812,150
Food Services	161,121	1,124,661	996,474
All Other Pupil Services	41,666,510	45,927,900	49,572,351
General Administration:			
Data Proc.	5,909,835	6,862,497	8,966,706
All Other General Administration	23,767,634	24,778,380	38,135,153
Plant Services	72,630,993	73,761,961	71,116,471
Facility Acquisition and Maintenance	17,131,518	2,297,213	767,291
Ancillary Services	13,719,219	12,098,811	9,086,704
Community Services	49,477	46,345	7,845
Transfers to Other Agencies	5,507,500	6,900,896	4,883,324
Debt Service: Principal	--	--	--
Debt Service: Interest	3,940	4,410	3,660
Total Expenditures	551,408,935	555,081,787	569,587,503
Excess of Revenues Over/(Under) Expenditures	8,317,151	(2,546,094)	72,203,677
Other Financing Sources (Uses)			
Operating Transfers in	8,000	--	76,036
Other Sources	--	--	--
Operating Transfers out	(4,658,070)	(5,316,706)	(36,619,434)
Total Other Financing Sources (Uses)	(4,650,070)	(5,316,706)	(36,543,398)
Net Change in Fund Balance	3,667,081	(7,862,800)	35,660,279
Fund Balance, July 1	119,114,005	122,781,086	114,918,286
Fund Balance, June 30	$122,781,086	$114,918,286	$150,578,565

*Audited financial statements for select prior years appear in the preceding table, because the audits were prepared using different formats.
(1) Columns may not add to totals due to rounding.
Source: Kern High School District - Audited Financial Statements.

District Budget and Interim Financial Reporting

District Budget Process. State law requires school districts to maintain a balanced budget in each fiscal year. The State Department of Education imposes a uniform budgeting and accounting format for school districts.

Under current law, a school district board of trustees must adopt and file with the county superintendent of schools a tentative budget by July 1 in each fiscal year. The District is under the jurisdiction of the Kern County Superintendent of Schools (the "**County Superintendent**"), which is a separate office independent of the County.

The County Superintendent must review and approve or disapprove the budget no later than August 15. The County Superintendent is required to examine the adopted budget for compliance with the standards and criteria adopted by the State Board of Education and identify technical corrections necessary to bring the budget into compliance with the established standards. If the budget is disapproved, it is returned to the District with recommendations for revision. The District is then required to revise the budget, hold a public hearing thereon, adopt the revised budget and file it with the County Superintendent no later than September 8. Pursuant to State law, the County Superintendent has available various remedies by which to impose and enforce a budget that complies with State criteria, depending on the circumstances, if a budget is disapproved. After approval of an adopted budget, the school district's administration may submit budget revisions for board of trustees approval.

Subsequent to approval, the County Superintendent will monitor each district under its jurisdiction throughout the fiscal year pursuant to its adopted budget to determine on an ongoing basis if the district can meet its current or subsequent year financial obligations. If the County Superintendent determines that a district cannot meet its current or subsequent year obligations, the County Superintendent will notify the district's board of trustees of the determination and may then do either or both of the following: (a) assign a fiscal advisor to enable the district to meet those obligations or (b) if a study and recommendations are made and a district fails to take appropriate action to meet its financial obligations, the County Superintendent will so notify the State Superintendent of Public Instruction, and then may do any or all of the following for the remainder of the fiscal year: (i) request additional information regarding the district's budget and operations; (ii) after also consulting with the district's board, develop and impose revisions to the budget that will enable the district to meet its financial obligations; and (iii) stay or rescind any action inconsistent with such revisions. However, the County Superintendent may not abrogate any provision of a collective bargaining agreement that was entered into prior to the date upon which the County Superintendent assumed authority.

A State law adopted in 1991 (**"A.B. 1200"**) imposed additional financial reporting requirements on school districts, and established guidelines for emergency State aid apportionments. Under the provisions of A.B. 1200, each school district is required to file interim certifications with the County Superintendent (on December 15, for the period ended October 31, and by mid-March for the period ended January 31) as to its ability to meet its financial obligations for the remainder of the then-current fiscal year and, based on current forecasts, for the subsequent fiscal year. The County Superintendent reviews the certification and issues either a positive, negative or qualified certification. A positive certification is assigned to any school district that will meet its financial obligations for the current fiscal year and the subsequent two fiscal years. A negative certification is assigned to any school district that is deemed unable to meet its financial obligations for the remainder of the current fiscal year or the subsequent fiscal year. A qualified certification is assigned to any school district that may not meet its financial obligations for the current fiscal year or the two subsequent fiscal years.

Under California law, any school district and office of education that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year, certificates of participation, tax anticipation notes, revenue bonds or any other debt instruments that do not require the approval of the voters of the district, unless the applicable county superintendent of schools determines that the district's repayment of indebtedness is probable.

District's Budget Approval/Disapproval and Certification History. In the past five years, each of the District's interim reports has been certified as positive, and each of its budgets has been approved by the County Superintendent. The District's first interim report for fiscal year 2021-22 was certified as positive.

Copies of the District's budget, interim reports and certifications may be obtained upon request from the Superintendent's Office at 5801 Sundale Avenue, Bakersfield, California 93309; telephone (661) 827-3127. Financial reports are also available online at the District's web site: www.reedschools.org. The contents of the District's web site are not incorporated herein by reference.

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District's General Fund Fiscal Year 2021-22. The following table shows the income and expense statements for the District's general fund for fiscal year 2021-22 (adopted budget and second interim projections).

KERN HIGH SCHOOL DISTRICT
General Fund - Revenues, Expenses and Changes in Fund Balance(1)
Fiscal Year and 2021-22 (Adopted Budget and Second Interim Projections)

Revenues	**Adopted Budget 2021-22**	**Second Interim 2021-22**
LCFF Sources	$486,874,961	$498,782,089
Federal Revenues	43,588,940	60,792,733
Other State Revenues	114,959,044	109,352,923
Other Local Revenues	964,077	7,464,729
Total Revenues	646,387,022	676,392,474
Expenditures		
Certificated Salaries	232,142,111	241,914,720
Classified Salaries	102,432,603	102,116,236
Employee Benefits	167,405,188	168,847,684
Books and Supplies	64,503,488	50,675,567
Services and Other Operating Expenditures	61,071,946	68,085,322
Capital Outlay	6,826,496	15,746,067
Other Outgo	(3,247,865)	(2,858,722)
Total Expenditures	637,629,697	650,244,317
Excess of Revenues Over/(Under) Expenditures	8,757,325	26,148,157
Other Financing Sources (Uses)		
Operating Transfers In	--	--
Operating Transfers Out	(2,388,696)	(2,732,964)
Other Sources	--	--
Total Other Financing Sources (Uses)	(2,388,696)	(2,732,964)
Net Change In Fund Balance	6,368,629	23,415,193
Fund Balance, July 1	99,332,856	76,637,494
Fund Balance, June 30	$105,701,485	$100,052,687

(1) Columns may not add to totals due to rounding. Budgeting documents and interim reports account for reserve funds outside of the general fund and as such, fund balances do not correspond with the audited financial statements in the preceding table.
Source: Kern High School District.

***District Reserves**.* The District's ending fund balance is the accumulation of surpluses from prior years. This fund balance is used to meet the State's minimum required reserve of 3% of expenditures, plus any other allocation or reserve which might be approved as an expenditure by the District in the future. The District maintains an unrestricted reserve which meets the State's minimum requirements. See also above discussion under the heading "DISTRICT FINANCIAL INFORMATION - District Budget and Interim Financial Reporting - District's Budget Approval/Disapproval and Certification History."

Under State law (Education Code Section 42127.01), there are certain restrictions on the amount of reserves that can be maintained by LCFF-funded districts with ADA over 2,500 under certain circumstances. State law provides that in a fiscal year immediately after a fiscal year in which the amount of moneys in the Public School System Stabilization Account is equal to or exceeds 3% of the combined total of general fund revenues appropriated for school districts, the school district budget shall not contain a combined assigned or unassigned ending general fund balance that is in excess of 10% of those funds. A county superintendent of schools may grant a school district under its jurisdiction an exemption from the requirements under certain circumstances.

The District cannot predict if or when the foregoing reserve cap will be triggered, or when or how any additional changes to legal provisions governing the reserve cap would impact its reserves and future spending. The State's budget for fiscal year 2021-22 projects that the reserve cap may be triggered beginning in fiscal year 2022-23. See "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS." Notwithstanding the foregoing, the District has enrollment under 2,500 students and as such, the reserve cap, if imposed, will not apply to the District.

Attendance - LCFF Funding

Funding Trends. As previously described, prior to fiscal year 2013-14, school districts in the State derived most State funding based on a formula which considered a revenue limit per unit of ADA. With the implementation of the LCFF, commencing in fiscal year 2013-14, school districts receive base funding based on ADA, and may also be entitled to supplemental funding, concentration grants and funding based on an economic recovery target. The following table sets forth education funding trends in the District for fiscal years 2015-16 through 2021-22 (projected), not including other sources such as federal and local sources.

ADA AND LCFF AID FUNDING TRENDS
Fiscal Years 2015-16 through 2021-22 (Projected)
Kern High School District

Fiscal Year	ADA	Total LCFF Funding
2015-16	35,678	$344,648,927
2016-17	35,875	368,740,099
2017-18	38,013	385,957,227
2018-19	37,890	425,350,557
2019-20	38,701	453,429,520
2020-21	38,701	464,543,413
2021-22(1)	38,241	498,782,089

(1) Second Interim Projection.
Source: California Department of Education; Kern High School District.

Unduplicated Count. The District has a Target Student unduplicated count of approximately 73% in fiscal year 2021-22. As such, the District is entitled to supplemental and concentration grant funding under LCFF.

Possible Impacts of COVID-19. As described herein, the short-term and long-term impact of COVID-19 on the District's attendance, revenues and local property values, and the impacts of Federal and State legislation resulting from the COVID-19 emergency, cannot be predicted. The Bonds described in this Official Statement are secured by *ad valorem* property taxes, and not the District's general fund. See "SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Pandemic."

Revenue Sources

The District categorizes its general fund revenues into four sources, being LCFF, Federal Revenues, Other State Revenues and Local Revenues. Each of these revenue sources is described below.

LCFF Sources. District funding is provided by a mix of (1) local property taxes and (2) State apportionments of funding under the LCFF. Generally, the State apportionments will amount to the difference between the District's LCFF funding entitlement and its local property tax revenues.

Beginning in 1978-79, Proposition 13 and its implementing legislation provided for each county to levy (except for levies to support prior voter-approved indebtedness) and collect all property taxes, and prescribed how levies on county-wide property values are to be shared with local taxing entities within each county.

The principal component of local revenues is the school district's property tax revenues, i.e., the district's share of the local 1% property tax, received pursuant to Sections 75 and following and Sections 95 and following of the California Revenue and Taxation Code. Education Code Section 42238.03(c) itemizes the local revenues that are subtracted from the base entitlement to determine the amount of the State apportionment of funding.

Federal Revenues. The federal government provides funding for several District programs, including special education programs, programs under Every Student Succeeds, the Individuals with Disabilities Education Act, and specialized programs such as Drug Free Schools.

Other State Revenues. As discussed above, the District receives State apportionment of basic and equalization aid in an amount equal to the difference between the District's revenue limit and its property tax revenues. In addition to such apportionment revenue, the District receives substantial other State revenues.

The District receives State aid from the California State Lottery (the "**Lottery**"), which was established by a constitutional amendment approved in the November 1984 general election. Lottery revenues must be used for the education of students and cannot be used for non-instructional purposes such as real property acquisition, facility construction, or the financing of research. Lottery revenues generally comprise approximately 2% of general fund revenues. Moreover, State Proposition 20 approved in March 2000 requires that 50% of the increase in Lottery revenues over 1997-98 levels must be restricted to use on instruction material.

For additional discussion of State aid to school districts, see "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS".

Other Local Revenues. In addition to property taxes, the District receives additional local revenues from items such as interest earnings and other local sources.

District Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Certificated employees are members of the State Teachers' Retirement System ("**STRS**") and classified employees are members of the Public Employees' Retirement System ("**PERS**"). *The information set forth below regarding the STRS and PERS programs, other than the information provided by the District regarding its annual contributions thereto, has been obtained from publicly available sources which are believed to be reliable but are not guaranteed as to accuracy or completeness, and should not to be construed as a representation by either the District or the Underwriter.*

STRS. All full-time certificated employees participate in STRS, a cost-sharing, multiple-employer contributory public employee retirement system. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the State Teacher's Retirement Law. Due to the implementation of the Public Employee Pension Reform Act of 2013 (**"PEPRA"**) (see below summary), new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For Fiscal Year 2013-14, the required contribution rate for new members was 8.0 percent. "Classic" plan members are also required to contribute 8.0 percent of their salary. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the STRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-14 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to STRS for recent fiscal years are set forth in the following table. These contributions represent 100 percent of the required contribution for each year.

STRS EMPLOYER CONTRIBUTIONS
Kern High School District
Fiscal Years 2015-16 through 2021-22 (Projected)

Fiscal Year	Amount*
2015-16	$17,274,534
2016-17	21,568,709
2017-18	25,828,898
2018-19	31,140,881
2019-20	34,370,687
2020-21	32,891,261
2021-22(1)	57,931,658

*Increases attributed to increase in contribution rates and modified accounting reporting requirements, which include reporting the District's proportionate share of the plan's net pension liability and recognizing on-behalf STRS contributions in governmental funds.
(1) Projected at Second Interim. Figure includes restricted and unrestricted funding and as such, includes State on behalf payments.
Source: Kern High School District.

Prior to fiscal year 2014-15, employee, employer and State contribution rates did not vary annually to account for funding shortfalls or surpluses in the STRS plan. School districts were required to contribute by statute 8.25% of eligible salary expenditures and participants contributed 8% of their respective salaries. However, in September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming contribution rates at that time continued and other actuarial assumptions were realized. This shortfall resulted from the combination of investment losses and insufficient statutory contribution rates. To address this problem, in connection with the State's adoption of its fiscal year 2014-15 Budget, the Governor signed into law Assembly Bill 1469 (**"AB 1469"**). AB 1469 seeks to fully fund the unfunded actuarial obligation with respect to service credited to members of the STRS Defined Benefit Program before July 1, 2014 (the **"2014 Liability"**) within 32 years by increasing member, K-14 school district and State contributions to STRS. Under AB 1469, K-14 school districts' contribution rates increased from fiscal years 2014-15 through 2020-21 as shown in the following table, along with projections for the employer rates for fiscal years 2021-22 through 2023-24.

STRS EMPLOYER CONTRIBUTION RATES
Fiscal Years 2014-15 through 2023-24

Fiscal Year	Employer Contribution Rate
2014-15	8.88%
2015-16	10.73
2016-17	12.58
2017-18	14.45
2018-19	16.28
2019-20	17.10(1)
2020-21	16.15(2)
2021-22	16.92(3)
2022-23	19.10(3)
2023-24	19.10(3)

(1) Reduced from 18.13% under AB 1469 to 17.10% due to State supplemental payments to STRS under SB 90 and other State contributions to STRS.
(2). Reduced from 19.10% under AB 1469 to 16.15% due to State supplemental payments to STRS under SB 90 and other State contributions to STRS.
(3) Projected.
Source: AB 1469; STRS.

The STRS unfunded liability, on a market value of assets basis, was approximately $105.875 billion as of June 30, 2020.

PERS. All full-time and some part-time classified employees participate in PERS, an agent multiple-employer contributory public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State. PERS provides retirement, disability, and death benefits to plan members and beneficiaries. The District is part of a cost-sharing pool within PERS known as the "Schools Pool." Benefit provisions are established by State statutes, as legislatively amended. Contributions to PERS are made by employers and employees. Each fiscal year, the District is required to contribute an amount based on an actuarially determined employer rate. The District's employer contributions to PERS for recent fiscal years are set forth in the following table.

PERS EMPLOYER CONTRIBUTIONS
Kern High School District

Fiscal Year	Amount
2015-16	$8,551,755
2016-17	10,938,652
2017-18	12,992,486
2018-19	16,372,088
2019-20	19,390,757
2020-21	20,213,783
2021-22(1)	21,656,853

(1) Projected at Second Interim.
Source: Kern High School District.

Like the STRS program, the PERS program has experienced an unfunded liability in recent years. The PERS unfunded liability, on a market value of assets basis, was approximately $32.7 billion as of June 30, 2020 (the date of the last actuarial valuation). To address this issue, the PERS board has taken a number of actions. In April 2013, for example, the PERS board approved changes to the PERS amortization and smoothing policy intended to reduce volatility in employer contribution rates. In addition, in April 2014, PERS set new contribution rates, reflecting new demographic assumptions and other changes in actuarial assumptions. In November 2015, PERS adopted a funding risk mitigation policy intended to incrementally lower its discount rate (its assumed rate of investment return) in years of good investment returns, help pay down the pension fund's unfunded liability, and provide greater predictability and less volatility in contribution rates for employers. In December 2016, PERS voted to lower its discount rate from 7.5% to 7.0% over the subsequent three years according to the following schedule.

PERS DISCOUNT RATE
Fiscal Years 2018-19 through 2020-21

Fiscal Year	Amount
2018-19	7.375%
2019-20	7.250
2020-21	7.000

Source: PERS.

The new rates and underlying assumptions, which are aimed at eliminating the unfunded liability of PERS in approximately 30 years, was implemented for school districts beginning in fiscal year 2016-17, with the costs spread over 20 years and the increases phased in over the first five years. The discount rate was automatically lowered in July 2021 from 7.0% to 6.8% due to the investment return for fiscal year 2020-21. On November 15, 2021, the PERS Board voted to keep the discount rate at 6.8%.

The District's employer contribution rates for the current and next two fiscal years are set forth in the following table.

EMPLOYER CONTRIBUTION RATES (PERS)
Fiscal Years 2021-22 through 2023-24[(1)]

Fiscal Year	Employer Contribution Rate[(2)]
2021-22	22.910%
2022-23	26.100
2023-24	27.100

(1) The PERS board is expected to approve official employer contribution rates for each fiscal year shown during the immediately preceding fiscal year.
(2) Expressed as a percentage of covered payroll. Rates have been reduced following adoption of the fiscal year 2020-21 State Budget and SB 90 and AB 84.
Source: PERS

California Public Employees' Pension Reform Act of 2013. On September 12, 2012, the Governor signed into law the California Public Employees' Pension Reform Act of 2013 ("**PEPRA**"), which impacted various aspects of public retirement systems in the State, including the STRS and PERS programs. In general, PEPRA (i) increased the retirement age for public employees depending on job function, (ii) capped the annual pension benefit payouts for public employees hired after January 1, 2013, (iii) required public employees hired after January 1, 2013 to pay at least 50% of the costs of their pension benefits (as described in more detail below), (iv) required final compensation for public employees hired after January 1, 2013 to be determined based on the highest average annual pensionable compensation earned over a period of at least 36 consecutive months, and (v) attempted to address other perceived abuses in the public retirement systems in the State. PEPRA applies to all public employee retirement systems in the State, *except* the retirement systems of the University of California, and charter cities and charter counties whose pension plans are not governed by State law. PEPRA's provisions went into effect on January 1, 2013 with respect to new State, school, and city and local agency employees hired on or after that date; existing employees who are members of employee associations, including employee associations of the District, have a five-year window to negotiate compliance with PEPRA through collective bargaining.

PERS has predicted that the impact of PEPRA on employees and employers, including the District and other employers in the PERS system, will vary, based on each employer's current level of benefits. As a result of the implementation of PEPRA, new members must pay at least 50% of the normal costs of the plan, which can fluctuate from year to year. To the extent that the new formulas lower retirement benefits, employer contribution rates could decrease over time as current employees retire and employees subject to the new formulas make up a larger percentage of the workforce. This change would, in some circumstances, result in a lower retirement benefit for employees than they currently earn.

With respect to the STRS pension program, employees hired after January 1, 2013 will pay the greater of either (1) fifty percent of the normal cost of their retirement plan, rounded to the nearest one-quarter percent, or (2) the contribution rate paid by then-current members (i.e., employees in the STRS plan as of January 1, 2013). The member contribution rate could be increased from this level through collective bargaining or may be adjusted based on other factors. Employers will pay at least the normal cost rate, after subtracting the member's contribution.

The District is unable to predict the amount of future contributions it will have to make to PERS and STRS as a result of the implementation of PEPRA, and as a result of negotiations with its employee associations, or, notwithstanding the adoption of PEPRA, resulting from any legislative changes regarding the PERS and STRS employer contributions that may be adopted in the future.

Additional Information. Additional information regarding the District's retirement programs is available in Note 11 to the District's audited financial statements attached hereto as APPENDIX B. In addition, both STRS and PERS issue separate comprehensive financial reports that include financial statements and required supplemental information. Copies of such reports may be obtained from STRS and PERS, respectively, as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; and (ii) PERS, 400 Q Street, Sacramento, California 95811. More information regarding STRS and PERS can also be obtained at their websites, www.calstrs.com and www.calpers.ca.gov, respectively. *The references to these Internet websites are shown for reference and convenience only and the information contained on such websites is not incorporated by reference into this Official Statement. The information contained on these websites may not be current and has not been reviewed by the District or the Underwriter for accuracy or completeness.*

Other Post-Employment Retirement Benefits

The Plan Generally. The District Early Retiree Health Benefit Plan (the "**Retirement Plan**") is a single-employer defined health and welfare plan covering early retirees of the District. Employees of the District hired on or before June 6, 2006, with 10 or more years of consecutive service or employees hired after June 6, 2006 who have 20 years of service with the last 10 years being consecutive, will be eligible for the Retirement Plan at age 55. The District will contribute health and welfare benefits to eligible retirees, their spouses and dependents until the employee becomes eligible for other health and welfare benefits.

On October 2, 2006, the District joined the SISC GASB 45 Trust (the "**Trust**") to pre-fund the Other Post-Employment Benefits liability. The Trust is an irrevocable trust under the law of the State and a tax-exempt governmental trust under Internal Revenue Code Section 115. The Trust funds are divided into individual employer accounts for each participating employer, which may be pooled for investment purposes. The District establishes and amends benefit provisions. The Plan issues a publicly available financial report that includes financial statements and required supplementary information for the Plan. At the reporting date of June 30, 2021, the District holds $107,307,300 of assets in the Trust.

Membership of the Retirement Plan consists of 207 retirees and beneficiaries currently receiving benefits and 3,744 active plan members as of the June 30, 2019 valuation date.

Benefits Provided. The district will contribute health and welfare benefits to eligible retirees, their spouses and dependents until the employee becomes eligible for other health and welfare benefits. See "APPENDIX B - AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2021 - Note 10- Other Post Employment Benefits."

Contributions. The District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost. For fiscal year 2020-2021, the District did not contribute to the Plan. Employees are not required to contribute to the OPEB plan.

Net OPEB Liability. The District's net OPEB liability of $(18,506,000) was measured as of June 30, 2021.

Changes in OPEB Liability of the District. The changes in OPEB liability of the District as of June 30, 2021 is shown in the following table:

CHANGES IN NET OPEB LIABILITY
Kern High School District
Fiscal Year 2020-21

Total OPEB liability	**June 30, 2021**
Service Cost	$3,599,000
Interest on total OPEB liability	5,570,300
Difference between expected and actual experience	(2,124,500)
Benefit payments	(4,270,700)
Net changes	2,774,100
Total OPEB liability - beginning	86,027,200
Total OPEB liability - ending	$88,801,300
Plan fiduciary net position	**June 30, 2021**
Contributions - employer	$3,523,300
Net investment income	(187,645)
Benefit payments	(4,270,700)
Administrative expenses	(52,755)
Net changes	(987,800)
Plan fiduciary net position - beginning	108,295,100
Plan fiduciary net position - ending	$107,307,300
District's net OPEB liability/(asset) - ending	**$(18,506,000)**

Source: District Audit Report.

OPEB Expense. For the fiscal year ended June 30, 2021, the District recognized an OPEB expense of $499,976.

For more information regarding the District's OPEB and assumptions used in its most recent actuarial study, see Note 10 of Appendix B to the Official Statement.

Existing Debt Obligations

In addition to the District's ongoing obligations with respect to retirement plans and OPEB described above, the District has outstanding general obligation bond indebtedness from the general fund, as summarized below. The District does not currently have other long term debt in the form of capital leases or other financing leases outstanding.

The District has issued general obligation bonds which are described in the following table. Such general obligation bonds are payable from *ad valorem* property taxes levied for that purpose on taxable properties within the District.

Summary of Outstanding General Obligation Bond Debt
Kern High School District

Date of Issue (Issue)	Interest Rates	Final Maturity Date	Original Par Amount	Outstanding May 1, 2022
July 13, 2011 (Election 2004, Series D)	5.78%	July 1, 2027	$20,151,209	$10,751,209
July 3, 2012 (2012 Refunding Bonds)*	2.00-5.00%	August 1, 2033	45,175,000	24,830,000
March 6, 2013 (2013 Refunding Bonds)	2.00-5.00%	August 1, 2030	65,200,000	43,225,000
Nov. 19, 2014 (2014 Refunding Bonds)	3.50-5.00%	August 1, 2036	40,135,000	32,010,000
June 21, 2016 (Election 2004, Series E)	2.00-4.00%	August 1, 2027	28,845,000	14,615,000
May 25, 2017 (Election 2016, Series A)	2.00-4.00%	August 1, 2029	87,700,000	54,710,000
June 28, 2018 (Election of 2016, Series B)	3.12-5.00%	August 1, 2034	64,000,000	42,500,000
Sept. 15, 2020 (Election of 2016, Series C)	2.00-4.00%	August 1, 2035	128,300,000	127,300,000
			Total Outstanding:	**$349,941,209**

**Expected to be refinanced in part with the proceeds of the Bonds. See "THE REFINANCING PLAN" in the front section of this Official Statement.*

Investment of District Funds

In accordance with Government Code Section 53600 *et seq*., the Kern County Treasurer manages funds deposited with it by the District. The County is required to invest such funds in accordance with California Government Code Sections 53601 *et seq*. In addition, counties are required to establish their own investment policies, which may impose limitations beyond those required by the Government Code. See APPENDIX G hereto for a copy of the County's Investment Policy and recent investment report.

Effect of State Budget on Revenues

Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts generally receive the majority of their operating revenues from various State sources. The primary source of funding for school districts is LCFF funding, which is derived from a combination of State funds and local property taxes (see "– Education Funding Generally" above). State funds typically make up the majority of a district's LCFF funding. School districts also receive funding from the State for some specialized programs such as special education.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. The District cannot predict how education funding may further be changed in the future, or the state of the economy which in turn can impact the amounts of funds available from the State for education funding.

STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS

General. The State requires that from all State revenues there first shall be set apart the moneys to be applied for support of the public school system and public institutions of higher education. Public school districts in California are dependent on revenues from the State for a large portion of their operating budgets. California school districts receive an average of about 55% of their operating revenues from various State sources. The primary source of funding for school districts are revenues under the LCFF, which are a combination of State funds and local property taxes (see "DISTRICT FINANCIAL INFORMATION - Education Funding Generally" above). State funds typically make up the majority of a district's LCFF allocation, although Basic Aid school districts derive most of their revenues from local property taxes. School districts also receive substantial funding from the State for various categorical programs.

The availability of State funds for public education is a function of constitutional provisions affecting school district revenues and expenditures (see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS" below), the condition of the State economy (which affects total revenue available to the State general fund), and the annual State budget process. Decreases in State revenues may significantly affect appropriations made by the legislature to school districts.

The following information concerning the State's budgets for the current and most recent preceding years has been compiled from publicly-available information provided by the State. Neither the District, the Underwriter or the County is responsible for the information relating to the State's budgets provided in this section. Further information is available from the Public Finance Division of the State Treasurer's Office.

The Budget Process. The State's fiscal year begins on July 1 and ends on June 30. The annual budget is proposed by the Governor by January 10 of each year for the next fiscal year (the "**Governor's Budget**"). Under State law, the annual proposed Governor's Budget cannot provide for projected expenditures in excess of projected revenues and balances available from prior fiscal years. Following the submission of the Governor's Budget, the Legislature takes up the proposal.

Under the State Constitution, money may be drawn from the State Treasury only through an appropriation made by law. The primary source of the annual expenditure authorizations is the Budget Act as approved by the Legislature and signed by the Governor. The Budget Act must be approved by a majority vote of each house of the Legislature. The Governor may reduce or eliminate specific line items in the Budget Act or any other appropriations bill without vetoing the entire bill. Such individual line-item vetoes are subject to override by a two-thirds majority vote of each house of the Legislature.

Appropriations also may be included in legislation other than the Budget Act. Bills containing appropriations (including for K-14 education) must be approved by a majority vote in each house of the Legislature, unless such appropriations require tax increases, in which case they must be approved by a two-thirds vote of each house of the Legislature and be signed by the Governor. Continuing appropriations, available without regard to fiscal year, may also be provided by statute or the State Constitution.

Funds necessary to meet an appropriation need not be in the State Treasury at the time such appropriation is enacted; revenues may be appropriated in anticipation of their receipt.

Recent State Budgets

Certain information about the State budgeting process and the State budget (the "**State Budget**") is available through several State of California sources. A convenient source of information is the State's website, where recent official statements for State bonds are posted. *The references to internet websites shown below are shown for reference and convenience only, the information contained within the websites may not be current and has not been reviewed by the District or the Underwriter and is not incorporated herein by reference.*

- The California State Treasurer Internet home page at www.treasurer.ca.gov, under the heading "Bond Finance" and sub-heading "-Public Finance Division", (1) posts various State of California Official Statements, many of which contain a summary of the current State Budget, past State Budgets, and the impact of those budgets on school districts in the State, and (2) also posts various financial documents for the State under the "-Financial Information" link.

- The California Department of Finance's Internet home page at www.dof.ca.gov, under the heading "California Budget", includes the text of proposed and adopted State Budgets.

- The State Legislative Analyst's Office prepares analyses of the proposed and adopted State budgets. The analyses are accessible on the Legislative Analyst's Internet home page at www.lao.ca.gov under the headings "The Budget" and "State Budget Condition."

Prior Years' Budgeting Techniques. Declining revenues and fiscal difficulties which arose in the State commencing in fiscal year 2008-09 led the State to undertake a number of budgeting strategies, which had subsequent impacts on local agencies within the State. These techniques included the issuance of IOUs in lieu of warrants (checks), the enactment of statutes deferring amounts owed to public schools until a later date in the fiscal year or even into the following fiscal year (known as statutory deferrals), trigger reductions, which were budget cutting measures which were implemented or could have been implemented if certain State budgeting goals were not met, and the dissolution of local redevelopment agencies in part to make available additional funding for local agencies. As a result of the COVID-19 pandemic and subsequent economic recession, budget-cutting strategies such as those used in recent years are being used and may continue to be used in the future during a period of budgetary strain.

2013-14 State Budget: Significant Change in Education Funding. As described previously herein, the 2013-14 State Budget and its related implementing legislation enacted significant reforms to the State's system of K-12 education finance with the enactment of the LCFF. Significant reforms such as the LCFF and other changes in law may have significant impacts on the District's finances.

The 2021-22 State Budget

On June 14, 2021 the State Legislature adopted the 2021-22 State Budget Act bill (the **"2021-22 State Budget Act"**), and on June 28, 2021 adopted certain changes and associated trailer bills. On July 12, 2021, the Governor signed the 2021-22 State Budget Act (as enacted, the **"2021-22 State Budget"**), a historic $262.6 billion spending plan fueled by a $76 billion state surplus and $27 billion in aid from the federal government. The following is drawn from the Department of Finance (**"DOF"**) summary of the 2021-22 State Budget.

The 2021-22 State Budget indicates that revenues are up significantly from the forecast included in the Governor's proposed State budget for fiscal year 2021-22, resulting in a large budgetary surplus. This is a result of strong cash trends, two major federal relief bills since the beginning of 2021, continued stock market appreciation, and a significantly upgraded economic forecast from the prior fiscal year. The 2021-22 State Budget also reports that the State has received approximately $285 billion in federal COVID-19 stimulus funding for State programs. Although the 2021-22 State Budget acknowledges that building reserves and paying down debts are critical, the 2021-22 State Budget allocates approximately 85% of discretionary funds to one-time spending. The multi-year forecast reflects a budget roughly in balance, although the 2021-22 State Budget assumes that risks remain to the economic forecast, including a stock market decline that could reduce State revenues.

For fiscal year 2020-21, the 2021-22 State Budget projects total general fund revenues and transfers of $188.8 billion and authorizes expenditures of $166.1 billion. The State is projected to end the 2020-21 fiscal year with total available reserves of $39.8 billion, including $25.1 billion in the traditional general fund reserve, $12.3 billion in the State's Budget Stabilization Account (**"BSA"**), $1.9 billion in the Public School System Stabilization Account (**"PSSSA"**) and $450 million in the Safety Net Reserve Fund. For fiscal year 2021-22, the 2021-22 State Budget projects total general fund revenues and transfers of $175.3 billion and authorizes expenditures of $196.4 billion. The State is projected to end the 2021-22 fiscal year with total available reserves of $25.2 billion, including $4 billion in the traditional general fund reserve, $15.8 billion in the BSA, $4.5 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. The balance in the PSSSA in fiscal year 2021-22 is projected to trigger school district reserve caps under Education Code Section 42127.01 beginning in fiscal year 2022-23.

The 2021-22 State Budget sets the Proposition 98 minimum funding guarantee for fiscal year 2021-22 at $93.7 billion. This results in per-pupil funding of $13,976 from Proposition 98 funding, growing to $21,555 when accounting for all funding sources. The Proposed 2021-22 State Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2019-20 and 2020-21, setting them at $79.3 billion and $93.4 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of $47 billion from the level projected by the 2020-21 State budget.

Other significant features relating to K-12 school district funding include the following:

- *Local Control Funding Formula* – The 2021-22 State Budget funds a compounded COLA of 4.05%, representing an adjustment of 2.31% allocable to fiscal year 2020-21 and a fiscal year 2021-22 adjustment of 1.7%. Additionally, to assist local educational agencies address ongoing fiscal pressures, the 2021-22 State Budget also includes $520 million in Proposition 98 funding to provide a 1% increase in LCFF base funding. This discretionary increase, when combined with the compounded COLA, results in a 5.07% growth in LCFF funding over 2020-21 levels. In addition, to increase the number of adults providing direct services to students on school campuses, the 2021-22 State Budget includes an ongoing increase to the LCFF Concentration Grant of $1.1 billion, an increase from 50% to 65%. See "– State Funding of Education – Local Control Funding Formula" herein. Local educational agencies that are recipients of these funds will be required to demonstrate in their LCAPs how these funds are used to increase the number of certificated and classified staff on their campuses, including school counselors, nurses, teachers, paraprofessionals, custodial staff, and other student support providers.

- *Deferrals* – The State budget for fiscal year 2020-21 deferred approximately $1.9 billion in K-12 apportionments in fiscal year 2019-20, growing to more than $11 billion in fiscal year 2020-21. The 2021-22 State Budget eliminates in its entirety all K-12 deferrals in fiscal year 2021-22.

- *Universal Transitional Kindergarten* – The 2021-22 State Budget includes a series of provisions intended to incrementally establish a universal transitional kindergarten for four-year-old children. Full implementation is expected by fiscal year 2025-26. Local educational agencies will able to use fiscal year 2021-22 for planning and infrastructure development. The 2021-22 State Budget indicates that the costs to the State general fund of the plan are projected to be approximately $600 million in fiscal year 2022-23, growing to approximately $2.7 billion in fiscal year 2025-26. The 2021-22 State Budget includes $200 million in one-time Proposition 98 funding for planning and implementation grants for all local educational agencies, and $100 million in one-time Proposition 98 funding to train and increase the number of early childhood educators. To build on and enhance the quality of the existing transitional kindergarten program, the 2021-22 State Budget also proposes new ongoing Proposition 98 funding beginning in fiscal year 2022-23 to provide one additional certificated or classified staff person in each transitional kindergarten classroom, reducing adult-to-child ratios from 1:24 to 1:12.

- *Student Supports* – $3 billion, available over several years, to expand and strengthen the implementation and use of community school models in communities with high levels of poverty. Community schools typically integrate health, mental health and other services for students and families and provide these services directly on school campuses. In addition, the 2021-22 State Budget provides $547.5 million in one-time Proposition 98 funding to assist high school students, particularly those that are eligible for free and/or reduced priced meals, English learners or foster youth, to graduate having completed certain classes required for admission to the California State University and University of California systems.

- *County Offices of Education*. In recognition of the disproportionate impact of the COVID-19 pandemic on youth in foster care, the 2021-22 State Budget provides $30 million in one-time Proposition 98 funding to county offices of education to work with local partners to coordinate and provide direct services to these students.

- *Expanded Learning Time* – $1.8 billion of Proposition 98 funding as part of a multi-year plan to implement expanded-day, full-year instruction and enrichment for all elementary school students, with a focus on local educational agencies with the highest concentrations of low-income students, English language learners, and youth in foster care. Pursuant to this plan, all local educational agencies will receive funding for expanded learning opportunities based on their number of low-income students, English language learners, and youth in foster care, with local educational agencies with the highest concentrations of these students receiving a higher funding rate. All local educational agencies will be required to offer expanded learning opportunities to the students generating the funding, with the local educational agencies receiving the higher funding rate required to offer expanded learning opportunities to all students. Students will have access to no-cost after school and summer programs, which when combined with regular instructional time, is expected to provide these students with the opportunity for nine hours of developmentally appropriate academics and enrichment activities per instructional day and for six weeks each summer. Additionally, these programs will be required to maintain adult-to-student ratios of no less than 1:10 for transitional kindergarten and kindergarten students and 1:20 for students in first through sixth grades.

- *Educator Preparation, Retention and Training* – $2.9 billion to support a variety of initiatives intended to further expand the State's educator preparation and training infrastructure, including meeting the needs of early childhood educators.

- *Nutrition* – $54 million in additional Proposition 98 funding to reimburse all meals served to students, including those who would not normally qualify for reimbursement under the State's existing meal program. Beginning in fiscal year 2022-23, all public schools will be required to provide two free meals per day to any student who requests one, regardless of income eligibility. Further, all schools eligible for the federal universal meals provision program will be required to apply for it, and the State will cover any remaining unreimbursed costs up to the federal free per-meal rate, at an estimated annual cost of $650 million in Proposition 98 funding. Additionally, the 2021-22 State Budget provides $150 million in one-time Proposition 98 funding for school districts to upgrade kitchen infrastructure and equipment, and to provide training to food service employees.

- *Remote Learning* – The 2021-22 State Budget requires that all districts return to full-time in-person instruction for the 2021-22 school year. Consistent with all school years prior to fiscal year 2020-21, this mode of instruction will be the default for all students, and generally one of only two ways in which local educational agencies can earn State apportionment funding in fiscal year 2021-22. However, to give families a high-quality option for non-classroom based instruction, and to provide local educational agencies with an option to generate state funding by serving students outside the classroom in response to parent requests, the Budget requires school districts and county offices of education to provide students with an independent study option and includes a series of improvements to the state's existing independent study programs.

- *Special Education* – $1.7 billion to invest in and improve instruction and services for students with disabilities to provide, among other things, learning recovery support, an increase in the State-wide base funding rate for special education funding, a 4.05% COLA to State special education funding, and early intervention services for preschool-aged children.

- *Career Technical Education ("**CTE**")* – An increase of $150 million in ongoing Proposition 98 funding to augment opportunities for local educational agencies to participate in the CTE Incentive Grant Program. The 2021-22 State Budget also provides an increase of $86.4 million in one-time Proposition 98 funding for CTE regional occupational centers or programs operated by joint powers authorities to address costs associated with the COVID-19 pandemic.

For additional information regarding the 2021-22 State Budget, see the DOF website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by reference.

The 2022-23 Proposed State Budget

As Introduced. On January 10, 2022, the Governor outlined his proposed budget for fiscal year 2022-23 to the State legislature (the **"2022-23 Proposed State Budget"**). The State has a projected surplus of $45.7 billion, which includes $20.6 billion in General Fund for discretionary purposes, $16.1 billion in additional Proposition 98 for K-14 education, and $9 billion in reserve deposits and supplemental pension payments. The 2022-23 Proposed State Budget allocates 86% of the discretionary surplus to one-time investments, and is projected to be structurally balanced in 2025-26, the last year in the multi-year forecast.

The 2022-23 Proposed State Budget reflects $34.6 billion in budgetary reserves. The Rainy Day Fund is now at the constitutional maximum (10% of General Fund revenues) requiring $2.4 billion to be dedicated for infrastructure investments in 2022-23. The 2022-23 Proposed State Budget accelerates the paydown of State retirement liabilities as required by Proposition 2, with $3.9 billion in additional payments in 2022-23 and nearly $8.4 billion projected to be paid over the next three years. In addition, the 2022-23 Proposed State Budget projects the State Appropriations Limit or "Gann Limit" will likely be exceeded in the 2020-21 and 2021-22 fiscal years, and as such any funds above this limit are constitutionally required to be allocated evenly between schools and a tax refund. An updated calculation of this limit, and proposals to address it, will be included in the May Revision.

Highlights of the 2022-23 Proposed State Budget are:

- To address COVID-19, a request for early action to allocate an additional $1.4 billion for the remainder of the 2021-22 fiscal year, and reflects $1.3 billion for 2022-23 to continue COVID-19 efforts in the 2022-23 fiscal year.

- To permanently expand the State's ability to protect public health and address social determinants of health, includes $300 million General Fund for the Department of Public Health and local health jurisdictions and also includes major ongoing investments to modernize public health data systems that have been critical during the COVID-19 pandemic.

- Total funding of $119 billion for K-12 education, with K-12 per-pupil funding of $15,261 Proposition 98 General Fund, its highest level ever, and $20,855 per pupil when accounting for all funding sources.

- $1 billion Proposition 98 General Fund to universal transitional Kindergarten to all four-year-olds, increasing access to at least 56,000 children and reducing student-to-adult ratios, with full implementation planned by 2025-26.

- $309 million total funds to focus the State preschool program to better serve dual language learners and students with disabilities.

- $3.4 billion Proposition 98 General Fund ongoing to support for after-school and summer program, with access to expanded-day, full-year instruction and enrichment for all elementary school students and an additional $937 million Proposition 98 General Fund to support integrating arts and music into enrichment programs.

- $500 million in additional tax relief over several years for the small business relief program through state conformity for qualified California recipients of federal relief grants in significantly impacted industries.

- $150 million one-time General Fund to support small businesses previously waitlisted in prior rounds of the State's Small Business COVID-19 Relief Grant Program.

- $3 billion General Fund over the next two years to reduce the Unemployment Insurance Trust Fund debt owed to the federal government.

- $1.7 billion to expand the State's health and human services workforce, including training strategies to increase the State's workforce of nurses, social workers, emergency medical technicians, behavioral health care providers, and community health care workers.

- $35 million General Fund to create regional workforce development and training hubs focused on climate change and $30 million General Fund over two years to train, develop, and certify forestry professional

- $1.2 billion over two years to continue investments in forest health and fire prevention, including a major new reforestation effort.

- $750 million General Fund to address immediate drought response needs, including $250 million set aside as a contingency.

- $9.1 billion ($4.9 billion General Fund and $4.2 billion Proposition 1A bond funds) to support the continued development of a first-in-the-nation, electrified high-speed rail system, regional transit and rail projects, bicycle and pedestrian projects, and climate adaptation projects, with a particular focus on aligning the State's transportation system with its climate goals.

- $6.1 billion (General Fund, Proposition 98 General Fund, federal funds, and Greenhouse Gas Reduction Fund) over five years, which builds on last year's unprecedented zero-emission package, for a total of $10 billion to advance California's climate and transportation goals.

- $2 billion General Fund over two years to provide incentives for long-duration-storage projects, renewable hydrogen, and industrial decarbonization, including in the food processing sector.

- $1.5 billion over two years to accelerate the development of affordable housing.

- $30 million to create the Office of Health Care Affordability, charged with increasing the transparency of pricing, developing specific cost targets for different sectors of the health care industry, and imposing financial consequences for entities failing to meet these targets.

- $2 billion General Fund over two years to continue the State's efforts to address homelessness by investing in behavioral health housing and encampment cleanup grants.

- $285 million General Fund over three years for grants to bolster local law enforcement response to organized retail theft crime, as well as to assist local prosecutors in holding perpetrators accountable and $18 million General Fund over three years for the Attorney General to prosecute organized retail theft crimes.

- $5 million ongoing General Fund for the Attorney General to continue leading anti-crime task forces throughout the State.

May Revise. Governor Newsom's 2021-22 May Revision of the 2022-23 State Budget, released May 13, 2022, includes an unprecedented level of State funding. Despite high unemployment for the past year and increased State costs in responding to the pandemic, the 2022-23 State Budget has $41 billion more in State revenue than anticipated in the version presented in January 2022. When combined with federal funds, the total surplus is more than $75 billion.

For the first time in nearly forty years, budget funding exceeds the Gann Limit, which caps State budget spending based on a formula that limits budget growth to population increases and inflation. The 2022-23 State Budget anticipates that state funding will exceed the Gann Limit by $16.2 billion in 2023, and in response expands the Golden State Stimulus tax refunds to families earning less than $75,000 and increases state funding for K-12 education.

The proposed Budget includes substantial reserve funds including $15.9 billion in the Proposition 2 Budget Stabilization Account (Rainy Day Fund) for fiscal emergencies, $450 million in the Safety Net Reserve, $4.6 billion in the Public School System Stabilization Account, and $3.4 billion for the state's operating reserve.

Important education highlights from the updated K–12 budget proposal include:

- $3.3 billion to combat statewide declining enrollment and stabilize school budgets,
- $8 billion in one-time discretionary funds to help fight the rising cost of education, including addressing student mental health, professional development, and pension costs,
- An additional $1.8 billion for school facility construction and modernization to bring the total investment to well over $3 billion for upgrading facilities,
- An additional $1.5 billion for Community Schools to bring the total investment to $4.5 billion,
- Over $611 million for Child Nutrition Programs to support meals for all students, and
- $100 million to support the Community Engagement Initiative that will help combat chronic absenteeism.

The next step in the State budget process is that a 2022-23 Budget is expected to be passed by the Legislature by June 15, 2022, prior to the July 1 start of the new fiscal year.

Disclaimer Regarding State Budgets

The execution of State budgets, including proposed budgets, may be affected by numerous factors, including but not limited to: (i) shifts in costs from the federal government to the State, (ii) national, State and international economic conditions, (iii) litigation risks associated with proposed spending reductions, (iv) rising health care costs and/or other unfunded liabilities, such as pension or OPEB, and (v) numerous other factors, all or any of which could cause the revenue and spending projections included in such budgets to be unattainable. The District cannot predict the impact that the 2021-22 State Budget or subsequent State Budgets, will have on its own finances and operations. However, the Bonds are secured by *ad valorem* property taxes levied and collected on taxable property in the District, without limit as to rate or amount, and are not secured by a pledge of revenues of the District or its general fund.

The State has not entered into any contractual commitments with the District, the County, the Underwriter or the Owners of the Bonds to provide State Budget information to the District or the owners of the Bonds. Although they believe the sources of information listed below are reliable, neither the District nor the Underwriter assume any responsibility for the accuracy of the State Budget information set forth or referred to in this Official Statement or incorporated herein.

Availability of State Budgets

The complete adopted State budgets and related information are available from the California Department of Finance website at www.ebudget.ca.gov. Impartial analyses of these documents are published by the LAO and can be accessed at www.lao.ca.gov/budget. The District can take no responsibility for the continued accuracy of internet addresses referenced herein or for the accuracy, completeness or timeliness of information posted on these sites, and such information is not incorporated in this Official Statement by these references. The information referred to above should not be relied upon when making an investment decision with respect to the Bonds.

Uncertainty Regarding Future State Budgets

The District cannot predict what actions will be taken in future years by the State legislature or the Governor to address the State's current or future revenues and expenditures or possible future budget deficits. Future State Budgets will be affected by national and State economic conditions and other factors over which the District has no control. The District cannot predict what impact any future budget proposals will have on the financial condition of the District. To the extent that the State Budget process results in reduced revenues to the District, the District will be required to make adjustments to its own budgets.

Legal Challenges to State Funding of Education

The application of Proposition 98 and other statutory regulations has been the subject of various legal challenges in the past. The District cannot predict if or when there will be changes to education funding or legal challenges which may arise relating thereto.

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CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

Principal of and interest on the Bonds are payable from the proceeds of an *ad valorem* property tax levied by the County for the payment thereof. Articles XIIIA, XIIIB, XIIIC, and XIIID of the State Constitution, Propositions 62, 98, 111 and 218, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy taxes for payment of the Bonds. The tax levied by the County for payment of the Bonds was approved by the District's voters in compliance with Article XIIIA and all applicable laws.

Constitutionally Required Funding of Education

The State Constitution requires that from all State revenues, there shall be first set apart the moneys to be applied by the State for the support of the public school system and public institutions of higher education. School districts receive a significant portion of their funding from State appropriations. As a result, decreases and increases in State revenues can significantly affect appropriations made by the State Legislature to school districts.

Article XIIIA of the California Constitution

Basic Property Tax Levy. On June 6, 1978, California voters approved Proposition 13 ("**Proposition 13**"), which added Article XIIIA to the State Constitution ("**Article XIIIA**"). Article XIIIA limits the amount of any *ad valorem* property tax on real property to 1% of the full cash value thereof, except that additional *ad valorem* property taxes may be levied to pay debt service on (a) indebtedness approved by the voters prior to July 1, 1978, (b) (as a result of an amendment to Article XIIIA approved by State voters on June 3, 1986) on bonded indebtedness for the acquisition or improvement of real property which has been approved on or after July 1, 1978 by two-thirds of the voters on such indebtedness, and (c) (as a result of an amendment to Article XIIIA approved by State voters on November 7, 2000) bonded indebtedness incurred by a school district or community college district for the construction, reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% of the voters of the district, but only if certain accountability measures are included in the proposition. Article XIIIA defines full cash value to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership have occurred after the 1975 assessment". This full cash value may be increased at a rate not to exceed 2% per year to account for inflation.

Article XIIIA has subsequently been amended to permit reduction of the "full cash value" base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the "full cash value" base in the event of reconstruction of property damaged or destroyed in a disaster and in other minor or technical ways.

Legislation Implementing Article XIIIA. Legislation has been enacted and amended a number of times since 1978 to implement Article XIIIA. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness).

The 1% property tax is automatically levied by the county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979.

Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the "taxing area" based upon their respective "situs." Any such allocation made to a local agency continues as part of its allocation in future years.

Inflationary Adjustment of Assessed Valuation. As described above, the assessed value of a property may be increased at a rate not to exceed 2% per year to account for inflation. On December 27, 2001, the Orange County Superior Court, in *County of Orange v. Orange County Assessment Appeals Board No. 3*, held that where a home's taxable value did not increase for two years, due to a flat real estate market, the Orange County assessor violated the 2% inflation adjustment provision of Article XIIIA, when the assessor tried to "recapture" the tax value of the property by increasing its assessed value by 4% in a single year. The assessors in most California counties, including the County, use a similar methodology in raising the taxable values of property beyond 2% in a single year. The State Board of Equalization has approved this methodology for increasing assessed values. On appeal, the Appellate Court held that the trial court erred in ruling that assessments are always limited to no more than 2% of the previous year's assessment. On May 10, 2004, a petition for review was filed with the California Supreme Court. The petition has been denied by the California Supreme Court. As a result of this litigation, the "recapture" provision described above may continue to be employed in determining the full cash value of property for property tax purposes.

Article XIIIB of the California Constitution

Article XIIIB (**"Article XIIIB"**) of the State Constitution, as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies. For fiscal years beginning on or after July 1, 1990, the appropriations limit of each entity of government shall be the appropriations limit for the 1986-87 fiscal year adjusted for the changes made from that fiscal year under the provisions of Article XIIIB, as amended.

The appropriations of an entity of local government subject to Article XIIIB limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues.

Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIIIB includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. However, in the event that a school district's revenues exceed its spending limit, the district may in any fiscal year increase its appropriations limit to equal its spending by borrowing appropriations limit from the State.

Article XIIIB also includes a requirement that 50% of all revenues received by the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be transferred and allocated to the State School Fund under Section 8.5 of Article XVI of the State Constitution.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property which is considered part of a utility system with components located in many taxing jurisdictions (**"unitary property"**). Under the State Constitution, such property is assessed by the State Board of Equalization (**"SBE"**) as part of a "going concern" rather than as individual pieces of real or personal property. State-assessed unitary and certain other property is allocated to the counties by SBE, taxed at special county-wide rates, and the tax revenues distributed to taxing jurisdictions (including the District) according to statutory formulae generally based on the distribution of taxes in the prior year.

Articles XIIIC and XIIID of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIIIC and XIIID (respectively, **"Article XIIIC"** and **"Article XIIID"**), which contain a number of provisions affecting the ability of local agencies, including school districts, to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIIIC establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies such as school districts from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIIIC further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIIIA of the California Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4.

On November 2, 2010, Proposition 26 was approved by State voters, which amended Article XIIIC to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (a) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (b) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (c) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections , and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (d) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (e) a fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (f) a charge imposed as a condition of property development; and (g) assessments and property-related fees imposed in accordance with the provisions of Article XIIID. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor's burdens on, or benefits received from, the governmental activity.

Article XIIID deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIIIC or XIIID will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

While the provisions of Proposition 218 may have an indirect effect on the District, such as by limiting or reducing the revenues otherwise available to other local governments whose boundaries encompass property located within the District (thereby causing such local governments to reduce service levels and possibly adversely affecting the value of property within the District), the District does not believe that Proposition 218 will directly impact the revenues available to pay debt service on the Bonds.

Proposition 98

On November 8, 1988, California voters approved Proposition 98, a combined initiative constitutional amendment and statute called the "Classroom Instructional Improvement and Accountability Act" (the "**Accountability Act**"). Certain provisions of the Accountability Act have, however, been modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changes State funding of public education below the university level and the operation of the State's appropriations limit. The Accountability Act guarantees State funding for K-12 school districts and community college districts (hereinafter referred to collectively as "K-14 school districts") at a level equal to the greater of (a) the same percentage of general fund revenues as the percentage appropriated to such districts in 1986-87, and (b) the amount actually appropriated to such districts from the general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the Legislature to suspend this formula for a one-year period.

The Accountability Act also changes how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount would, instead of being returned to taxpayers, be transferred to K-14 school districts. Any such transfer to K-14 school districts would be excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year would automatically be increased by the amount of such transfer. These additional moneys would enter the base funding calculation for K 14 school districts for subsequent years, creating further pressure on other portions of the State budget, particularly if revenues decline in a year following an Article XIIIB surplus. The maximum amount of excess tax revenues which could be transferred to K 14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Proposition 111

On June 5, 1990, the voters approved Proposition 111 (Senate Constitutional Amendment No. 1) called the "Traffic Congestion Relief and Spending Limit Act of 1990" (**"Proposition 111"**) which further modified Article XIIIB and Sections 8 and 8.5 of Article XVI of the State Constitution with respect to appropriations limitations and school funding priority and allocation.

The most significant provisions of Proposition 111 are summarized as follows:

Annual Adjustments to Spending Limit. The annual adjustments to the Article XIIIB spending limit were liberalized to be more closely linked to the rate of economic growth. Instead of being tied to the Consumer Price Index, the "change in the cost of living" is now measured by the change in California *per capita* personal income. The definition of "change in population" specifies that a portion of the State's spending limit is to be adjusted to reflect changes in school attendance.

Treatment of Excess Tax Revenues. "Excess" tax revenues with respect to Article XIIIB are now determined based on a two-year cycle, so that the State can avoid having to return to taxpayers excess tax revenues in one year if its appropriations in the next fiscal year are under its limit. In addition, the Proposition 98 provision regarding excess tax revenues was modified. After any two-year period, if there are excess State tax revenues, 50% of the excess are to be transferred to K-14 school districts with the balance returned to taxpayers; under prior law, 100% of excess State tax revenues went to K-14 school districts, but only up to a maximum of 4% of the schools' minimum funding level. Also, reversing prior law, any excess State tax revenues transferred to K-14 school districts are not built into the school districts' base expenditures for calculating their entitlement for State aid in the next year, and the State's appropriations limit is not to be increased by this amount.

Exclusions from Spending Limit. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit. First, there are excluded all appropriations for "qualified capital outlay projects" as defined by the Legislature. Second, there are excluded any increases in gasoline taxes above the 1990 level (then nine cents per gallon), sales and use taxes on such increment in gasoline taxes, and increases in receipts from vehicle weight fees above the levels in effect on January 1, 1990. These latter provisions were necessary to make effective the transportation funding package approved by the Legislature and the Governor, which expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

Recalculation of Appropriations Limit. The Article XIIIB appropriations limit for each unit of government, including the State, is to be recalculated beginning in fiscal year 1990-91. It is based on the actual limit for fiscal year 1986-87, adjusted forward to 1990-91 as if Proposition 111 had been in effect.

School Funding Guarantee. There is a complex adjustment in the formula enacted in Proposition 98 which guarantees K-14 school districts a certain amount of State general fund revenues. Under prior law, K-14 school districts were guaranteed the greater of (a) 40.9% of State general fund revenues (the **"first test"**) or (b) the amount appropriated in the prior year adjusted for changes in the cost of living (measured as in Article XIIIB by reference to *per capita* personal income) and enrollment (the **"second test"**). Under Proposition 111, schools will receive the greater of (a) the first test, (b) the second test, or (c) a third test, which will replace the second test in any year when growth in *per capita* State general fund revenues from the prior year is less than the annual growth in California per capita personal income (the **"third test"**). Under the third test, schools will receive the amount appropriated in the prior year adjusted for change in enrollment and *per capita* State general fund revenues, plus an additional small adjustment factor. If the third test is used in any year, the difference between the third test and the second test will become a "credit" to schools which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, California voters approved an amendment (commonly known as **"Proposition 39"**) to the California Constitution. This amendment (a) allows school facilities bond measures to be approved by 55% (rather than two-thirds) of the voters in local elections and permits property taxes to exceed the current 1% limit in order to repay the bonds and (b) changes existing statutory law regarding charter school facilities. As adopted, the constitutional amendments may be changed only with another Statewide vote of the people. The statutory provisions could be changed by a majority vote of both houses of the Legislature and approval by the Governor, but only to further the purposes of the proposition. The local school jurisdictions affected by this proposition are K-12 school districts, community college districts, including the District, and county offices of education. As noted above, the California Constitution previously limited property taxes to 1% of the value of property. Prior to the approval of Proposition 39, property taxes could only exceed this limit to pay for (a) any local government debts approved by the voters prior to July 1, 1978 or (b) bonds to acquire or improve real property that receive two-thirds voter approval after July 1, 1978.

The 55% vote requirement authorized by Proposition 39 applies only if the local bond measure presented to the voters includes: (a) a requirement that the bond funds can be used only for construction, rehabilitation, equipping of school facilities, or the acquisition or lease of real property for school facilities; (b) a specific list of school projects to be funded and certification that the school board has evaluated safety, class size reduction, and information technology needs in developing the list; and (c) a requirement that the school board conduct annual, independent financial and performance audits until all bond funds have been spent to ensure that the bond funds have been used only for the projects listed in the measure. Legislation approved in June 2000 places certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate levied as the result of any single election be no more than $60 (for a unified school district), $30 (for an elementary school district or high school district), or $25 (for a community college district), per $100,000 of taxable property value. These requirements are not part of this proposition and can be changed with a majority vote of both houses of the Legislature and approval by the Governor.

Proposition 1A and Proposition 22

On November 2, 2004, California voters approved Proposition 1A, which amended the State constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (a) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (b) shift property taxes from local governments to schools or community colleges, (c) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (d) decrease Vehicle License Fee revenues without providing local governments with equal replacement funding. Under Proposition 1A, beginning, in 2008-09, the State may shift to schools and community colleges a limited amount of local government property tax revenue if certain conditions are met, including: (a) a proclamation by the Governor that the shift is needed due to a severe financial hardship of the State, and (b) approval of the shift by the State Legislature with a two-thirds vote of both houses. Under such a shift, the State must repay local governments for their property tax losses, with interest, within three years. Proposition 1A does allow the State to approve voluntary exchanges of local sales tax and property tax revenues among local governments within a county. Proposition 1A also amended the State Constitution to require the State to suspend certain State laws creating mandates in any year that the State does not fully reimburse local governments for their costs to comply with the mandates. This provision does not apply to mandates relating to schools or community colleges or to those mandates relating to employee rights.

Proposition 22, a constitutional initiative entitled the "Local Taxpayer, Public Safety, and Transportation Protection Act of 2010," approved on November 2, 2010, superseded many of the provision of Proposition 1A. This initiative amends the State constitution to prohibit the legislature from diverting or shifting revenues that are dedicated to funding services provided by local government or funds dedicated to transportation improvement projects and services. Under this proposition, the State is not allowed to take revenue derived from locally imposed taxes, such as hotel taxes, parcel taxes, utility taxes and sales taxes, and local public transit and transportation funds. Further, in the event that a local governmental agency sues the State alleging a violation of these provisions and wins, then the State must automatically appropriate the funds needed to pay that local government. This Proposition was intended to, among other things, stabilize local government revenue sources by restricting the State's control over local property taxes. Proposition 22 did not prevent the California State Legislature from dissolving State redevelopment agencies pursuant to AB 1X26, as confirmed by the decision of the California Supreme Court decision in *California Redevelopment Association v. Matosantos* (2011).

Because Proposition 22 reduces the State's authority to use or reallocate certain revenue sources, fees and taxes for State general fund purposes, the State will have to take other actions to balance its budget, such as reducing State spending or increasing State taxes, and school and college districts that receive Proposition 98 or other funding from the State will be more directly dependent upon the State's general fund.

Proposition 30 and Proposition 55

The Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment, also known as **"Proposition 30"**, temporarily increased the State Sales and Use Tax and personal income tax rates on higher incomes. Proposition 30 temporarily imposed an additional tax on all retailers, at the rate of 0.25% of gross receipts from the sale of all tangible personal property sold in the State from January 1, 2013 to December 31, 2016. Proposition 30 also imposed an additional excise tax on the storage, use, or other consumption in the State of tangible personal property purchased from a retailer on and after January 1, 2013 and before January 1, 2017. This excise tax was levied at a rate of 0.25% of the sales price of the property so purchased. For personal income taxes imposed beginning in the taxable year commencing January 1, 2012 and ending December 31, 2018, Proposition 30 increases for such period the marginal personal income tax rate by: (a) 1% for taxable income over \$250,000 but less than \$300,000 for single filers (over \$340,000 but less than \$408,000 for head of household filers and over \$500,000 but less than \$600,000 for joint filers), (b) 2% for taxable income over \$300,000 but less than \$500,000 for single filers (over \$408,000 but less than \$680,000 for head of household filers and over \$600,000 but less than \$1,000,000 for joint filers), and (c) 3% for taxable income over \$500,000 for single filers (over \$680,000 for head of household filers and over \$1,000,000 for joint filers). Proposition 55 (described below) extended said increases to personal income rates through the end of 2030.

The revenues generated from the temporary tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee for school districts and community college districts. See "Proposition 98" and "Proposition 111" above. From an accounting perspective, the revenues generated from the temporary tax increases will be deposited into the State account created pursuant to Proposition 30 called the Education Protection Account (the **"EPA"**). Pursuant to Proposition 30, funds in the EPA will be allocated quarterly, with 89% of such funds provided to schools districts and 11% provided to community college districts. The funds will be distributed to school districts and community college districts in the same manner as existing unrestricted per-student funding, except that no school district will receive less than $200 per unit of ADA and no community college district will receive less than $100 per full time equivalent student. The governing board of each school district and community college district is granted sole authority to determine how the moneys received from the EPA are spent, provided that, the appropriate governing board is required to make these spending determinations in open session at a public meeting and such local governing boards are prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

The California Children's Education and Health Care Protection Act of 2016, also known as Proposition 55, was a proposed constitutional amendment initiative that was approved on the November 8, 2016 general election ballot in California. Proposition 55 extends the increases to personal income tax rates for high-income taxpayers that were approved as part of Proposition 30 through the end of 2030, instead of the scheduled expiration date of December 31, 2018. The extensions did not apply to the sales tax and excise taxes imposed by Proposition 30. Tax revenue received under Proposition 55 is to be allocated 89% to K-12 schools and 11% to community colleges.

California Senate Bill 222

Senate Bill 222 (**"SB 222"**) was signed by the California Governor on July 13, 2015, and became effective on January 1, 2016. SB 222 amended Section 15251 of the California Education Code and added Section 52515 to the California Government Code to provide that voter approved general obligation bonds which are secured by *ad valorem* property tax collections are secured by a statutory lien on all revenues received pursuant to the levy and collection of the property tax imposed to service those bonds. Said lien shall attach automatically and is valid and binding from the time the bonds are executed and delivered. The lien is enforceable against the issuer, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any further act. The effect of SB 222 is the treatment of general obligation bonds, such as the Bonds, as secured debt in bankruptcy due to the existence of a statutory lien.

Proposition 19

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment (**"Proposition 19"**), which amends Article XIIIA to (i) expand as of April 1, 2021 special rules that govern the transfer of a residential property's tax base value to a replacement residence for homeowners that are over the age of 55, severely disabled, or whose property has been impacted by wildfire or natural disaster, when they buy a different home anywhere within the State, (ii) narrows as of February 16, 2021 existing special rules for the valuation of inherited real property due to a transfer between family members, and (iii) allocates most resulting State revenues and savings (if any) to fire protection services and reimbursing local governments for taxation-related changes. The District cannot predict whether the implementation of Proposition 19 will increase, decrease or have no overall impact on the District's assessed values.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID of the California Constitution and Propositions 98, 22, 26, 30 and 39 were each adopted as measures that qualified for the ballot under the State's initiative process. From time to time other initiative measures could be adopted further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

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APPENDIX B

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED JUNE 30, 2021

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KERN HIGH SCHOOL DISTRICT

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JUNE 30, 2021

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
Kern High School District
Bakersfield, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Kern High School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Kern High School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Kern High School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 15 to the basic financial statements, the Kern High School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which established accounting and financial reporting standards for the identification and reporting of fiduciary activities. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis, budgetary comparison information, schedule of changes in net OPEB liability/(asset) and related ratios, schedules of proportionate share of net pension liability, and schedules of District contributions for pensions be presented to supplement the basic financial statements. Such information, although not 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 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 Kern High School District's basic financial statements. The 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, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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 January 11, 2022 on our consideration of Kern High School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Kern High School 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 Kern High School District's internal control over financial reporting and compliance.

Christy White, Inc.

San Diego, California
January 11, 2022

INTRODUCTION

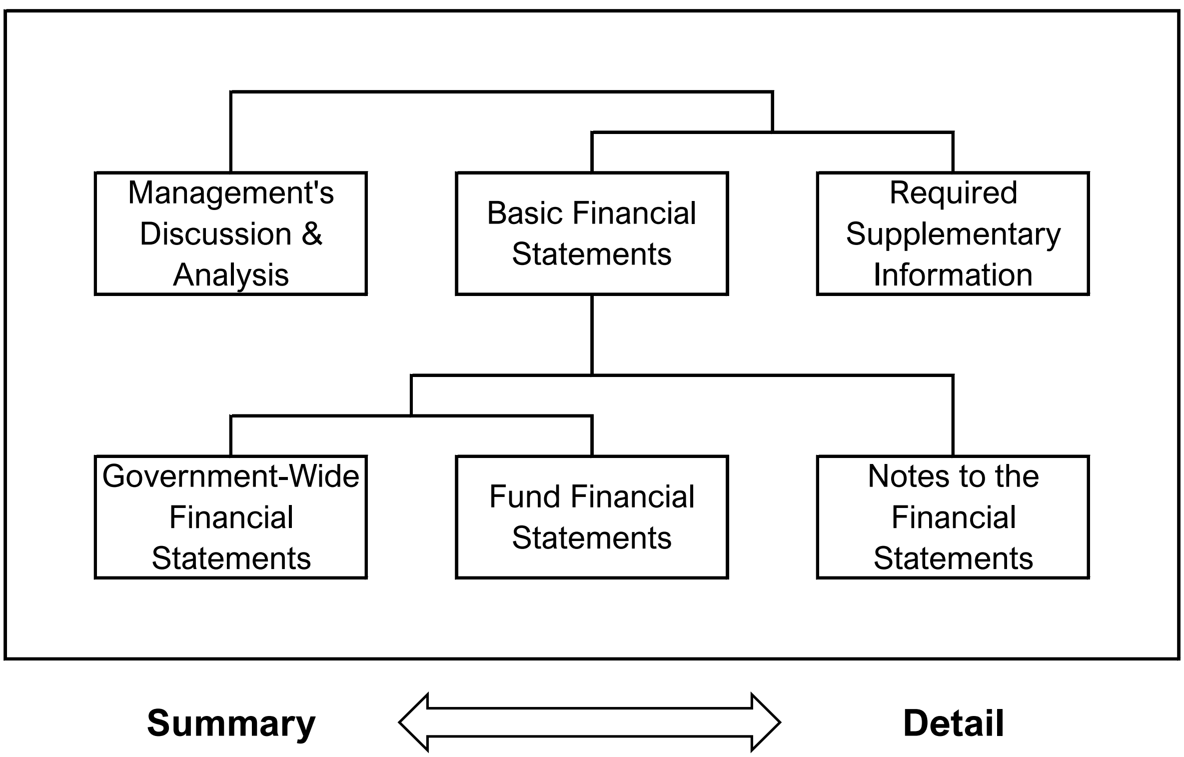
Our discussion and analysis of Kern High School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was $471,959,896 at June 30, 2021. This was an increase of $48,397,796 from the prior year, after restatement.
- Overall revenues were $719,827,044 which exceeded expenses of $671,429,248.

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financial Section



OVERVIEW OF FINANCIAL STATEMENTS (continued)

Components of the Financial Section (continued)

This annual report consists of three parts – Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.

- **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.

  - **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

  - **Proprietary Funds** report services for which the District charges customers a fee. Like the government-wide statements, they provide both long- and short-term financial information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of required and other supplementary information that further explain and support the financial statements.

Government-Wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how it has changed. Net position is one way to measure the District's financial health. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.

The government-wide financial statements of the District include governmental activities. All of the District's basic services are included here, such as regular education, food service, maintenance and general administration. Local control formula funding and federal and state grants finance most of these activities.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was $471,959,896 at June 30, 2021, as reflected in the table below. Of this amount, $(281,065,352) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2021	**2020**	**Net Change**
ASSETS			
Current and other assets	$ 721,859,097	$ 463,884,989	$ 257,974,108
Net OPEB asset	18,506,000	22,267,900	(3,761,900)
Capital assets	815,021,332	764,577,367	50,443,965
Total Assets	1,555,386,429	1,250,730,256	304,656,173
DEFERRED OUTFLOWS OF RESOURCES	168,523,156	162,121,471	6,401,685
LIABILITIES			
Current liabilities	267,624,891	166,288,820	101,336,071
Long-term liabilities	948,689,402	779,633,345	169,056,057
Total Liabilities	1,216,314,293	945,922,165	270,392,128
DEFERRED INFLOWS OF RESOURCES	35,635,396	50,504,940	(14,869,544)
NET POSITION			
Net investment in capital assets	555,590,014	471,856,239	83,733,775
Restricted	197,435,234	208,374,693	(10,939,459)
Unrestricted	(281,065,352)	(263,806,310)	(17,259,042)
Total Net Position	$ 471,959,896	$ 416,424,622	$ 55,535,274

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities. The table below takes the information from the Statement and rearranges it slightly, so you can see our total revenues and expenses for the year.

	Governmental Activities		
	2021	**2020**	**Net Change**
REVENUES			
Program revenues			
Charges for services	$ 9,035,262	$ 5,318,030	$ 3,717,232
Operating grants and contributions	184,794,541	99,260,702	85,533,839
Capital grants and contributions	3,601,008	5,583,378	(1,982,370)
General revenues			
Property taxes	165,520,397	156,630,780	8,889,617
Unrestricted federal and state aid	348,970,503	348,409,928	560,575
Other	7,905,333	41,863,726	(33,958,393)
Total Revenues	719,827,044	657,066,544	62,760,500
EXPENSES			
Instruction	276,826,591	281,460,146	(4,633,555)
Instruction-related services	111,994,716	89,406,075	22,588,641
Pupil services	95,137,325	92,793,613	2,343,712
General administration	52,415,568	37,384,520	15,031,048
Plant services	73,463,047	80,163,442	(6,700,395)
Ancillary and community services	13,804,132	12,710,122	1,094,010
Debt service	12,002,616	10,951,044	1,051,572
Other outgo	7,201,073	6,938,276	262,797
Depreciation	28,584,180	26,334,717	2,249,463
Total Expenses	671,429,248	638,141,955	33,287,293
Change in net position	48,397,796	18,924,589	29,473,207
Net Position - Beginning, as Restated*	423,562,100	397,500,033	26,062,067
Net Position - Ending	$ 471,959,896	$ 416,424,622	$ 55,535,274

**Beginning net position was restated for the 2021 year only.*

The cost of all our governmental activities this year was $671,429,248 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was only $165,520,397 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

In the table below, we have presented the net cost of each of the District's functions. Net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

	Net Cost of Services	
	2021	**2020**
Instruction	$ 193,884,751	$ 230,660,755
Instruction-related services	62,126,420	71,178,923
Pupil services	59,486,008	66,948,421
General administration	33,077,958	31,705,039
Plant services	69,248,121	73,646,782
Ancillary and community services	10,642,424	11,963,157
Debt service	12,002,616	10,951,044
Transfers to other agencies	4,945,959	4,591,007
Depreciation	28,584,180	26,334,717
Total Expenses	$ 473,998,437	$ 527,979,845

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $462,900,344, which is more than this year's restated beginning fund balance of $391,644,825. The District's General Fund had $72,203,677 more in operating revenues than expenditures for the year ended June 30, 2021, offset by net financing uses of $36,543,398 primarily due to interfund transfers to other funds, for a net increase in fund balance of $35,660,279. The District's Building Fund balance increased $71,421,357 primarily due to the issuance of $128,300,000 in general obligation bonds, offset by ongoing construction projects under the Measure K bond program for the year ended June 30, 2021.

CURRENT YEAR BUDGET 2020-2021

During the fiscal year, budget revisions and appropriation transfers are presented to the Board for their approval on a periodic basis to reflect changes to both revenues and expenditures that become known during the year. In addition, the Board of Trustees approves financial projections included with the Adopted Budget, First Interim, and Second Interim financial reports. The Unaudited Actuals reflect the District's financial projections and current budget based on State and local financial information.

CAPITAL ASSETS AND LONG-TERM LIABILITIES

Capital Assets

By the end of 2020-2021 the District had invested $814,726,932 in capital assets, net of accumulated depreciation.

	Governmental Activities		
	2021	2020	Net Change
CAPITAL ASSETS			
Land	$ 38,255,401	$ 37,554,598	$ 700,803
Construction in progress	270,048,872	204,576,217	65,472,655
Buildings & improvements	871,852,384	862,579,490	9,272,894
Furniture & equipment	153,114,073	145,732,502	7,381,571
Accumulated depreciation	(518,543,798)	(486,159,840)	(32,383,958)
Total Capital Assets	$ 814,726,932	$ 764,282,967	$ 50,443,965

Long-Term Liabilities

At year-end, the District had $948,689,402 in long-term liabilities, an increase of 21.68% from last year – as shown in the table below. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2021	2020	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	$ 402,765,250	$ 294,811,364	$ 107,953,886
Lease revenue notes	-	70,295,000	(70,295,000)
Compensated absences	11,292,000	10,150,000	1,142,000
Net pension liability	564,691,644	503,973,967	60,717,677
Less: current portion of long-term liabilities	(30,059,492)	(99,596,986)	69,537,494
Total Long-term Liabilities	$ 948,689,402	$ 779,633,345	$ 169,056,057

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

At the time these financial statements were prepared and audited, the District was aware of several circumstances that could affect its future financial health.

In its March 2021 and June 2021 quarterly reports, the UCLA Anderson Forecast anticipated a robust recovery from the COVID-19–induced recession that began in March 2020. However, in its September 2021 quarterly report, hopes for blockbuster economic growth have been tempered by the spread of the delta variant and stagnating vaccination rates, which in turn have led to consumer caution and supply constraints. As a result, what could have been a couple of years of blockbuster economic performance will now likely feature solid but unspectacular growth. The economy is currently down 5.3 million payroll jobs from its pre-COVID peak, and there is little evidence to suggest that the expiration of enhanced unemployment benefits will lead to a surge in job applications.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. Governor Gavin Newsom's "California Comeback Plan" includes a mix of ongoing and one-time investments of $100 billion made possible by an unanticipated surge in state revenues and robust federal stimulus funding.

Landmark legislation passed in year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per-pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low-income brackets, those that are English language learners and foster youth.

Factors related to LCFF that the District is monitoring include: (1) estimates of funding in the next budget year and beyond; (2) the Local Control and Accountability Plan (LCAP) that aims to link student accountability measurements to funding allocations; (3) ensuring the integrity of reporting student data through the California Longitudinal Pupil Achievement Data System (CALPADS); and (4) meeting annual compliance and audit requirements.

The May 2021 Budget Revision provides additional funding to further reduce the funding deferrals that were included in the 2020-21 Enacted Budget. The Governor's Budget in January proposed paying down $9.2 billion of the K–12 deferrals. The May 2021 Budget Revision proposes paying down an additional $1.1 billion, leaving a balance of $2.6 billion at the end of the 2021–22 fiscal year.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2021. The amount of the liability is material to the financial position of the District. Beginning in 2021-22, the CalSTRS Board has limited authority to increase or decrease rates by a maximum of 1% annually (not to exceed 20.25% of creditable compensation), the projected employer contribution rate for 2021-22 is 16.92%. The CalPERS Board adopted an employer contribution rate of 22.91% for 2021-22. The projected increased pension costs to school employers remain a significant fiscal factor.

Enrollment can fluctuate due to factors such as population growth, competition from private, parochial, inter-district transfers in or out, economic conditions and housing values. Losses in enrollment will cause a school district to lose operating revenues without necessarily permitting the district to make adjustments in fixed operating costs.

All of these factors were considered in preparing the District's budget for the 2021-22 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our 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, please contact the Business Office at (661) 827-3128.

KERN HIGH SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
ASSETS	
Cash and investments	$ 441,657,864
Accounts receivable	277,209,675
Inventory	2,959,176
Prepaid expenses	32,382
Net OPEB asset	18,506,000
Capital assets, not depreciated	308,598,673
Capital assets, net of accumulated depreciation	506,422,659
Total Assets	1,555,386,429
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	156,874,950
Deferred outflows related to OPEB	6,030,207
Deferred amount on refunding	5,617,999
Total Deferred Outflows of Resources	168,523,156
LIABILITIES	
Accrued liabilities	48,884,727
Unearned revenue	188,680,672
Long-term liabilities, current portion	30,059,492
Long-term liabilities, non-current portion	948,689,402
Total Liabilities	1,216,314,293
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	11,725,807
Deferred inflows related to OPEB	23,909,589
Total Deferred Inflows of Resources	35,635,396
NET POSITION	
Net investment in capital assets	555,590,014
Restricted:	
Capital projects	68,194,501
Debt service	80,075,583
Educational programs	41,850,216
Food service	1,191,291
Associated student body	6,123,643
Unrestricted	(281,065,352)
Total Net Position	$ 471,959,896

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

KERN HIGH SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	$ 276,826,591	$ 7,255,946	$ 72,084,886	$ 3,601,008	$ (193,884,751)
Instruction-related services					
Instructional supervision and administration	57,474,160	-	41,741,498	-	(15,732,662)
Instructional library, media, and technology	8,975,240	-	321,370	-	(8,653,870)
School site administration	45,545,316	678,858	7,126,570	-	(37,739,888)
Pupil services					
Home-to-school transportation	21,301,589	-	3,894,747	-	(17,406,842)
Food services	20,470,492	291,034	20,510,010	-	330,552
All other pupil services	53,365,244	-	10,955,526	-	(42,409,718)
General administration					
Centralized data processing	10,453,320	-	2,084,033	-	(8,369,287)
All other general administration	41,962,248	357	17,253,220	-	(24,708,671)
Plant services	73,463,047	-	4,214,926	-	(69,248,121)
Ancillary services	13,281,511	772,037	1,908,663	-	(10,600,811)
Community services	522,621	21,234	459,774	-	(41,613)
Interest on long-term debt	12,002,616	-	-	-	(12,002,616)
Other outgo	7,201,073	15,796	2,239,318	-	(4,945,959)
Depreciation (unallocated)	28,584,180	-	-	-	(28,584,180)
Total Governmental Activities	$ 671,429,248	$ 9,035,262	$ 184,794,541	$ 3,601,008	(473,998,437)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes					130,676,687
Property taxes, levied for debt service					34,005,422
Property taxes, levied for other specific purposes					838,288
Federal and state aid not restricted for specific purposes					348,970,503
Interest and investment earnings					2,299,769
Miscellaneous					5,605,564
Subtotal, General Revenue					522,396,233
CHANGE IN NET POSITION					48,397,796
Net Position - Beginning, as Restated					423,562,100
Net Position - Ending					$ 471,959,896

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

KERN HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 131,011,386	$ 148,200,597	$ 140,598,894	$ 419,810,877
Accounts receivable	271,203,700	378,176	5,581,389	277,163,265
Due from other funds	-	-	28,850,153	28,850,153
Stores inventory	2,160,113	-	799,063	2,959,176
Prepaid expenditures	32,382	-	-	32,382
Total Assets	$ 404,407,581	$ 148,578,773	$ 175,829,499	$ 728,815,853
LIABILITIES				
Accrued liabilities	$ 43,495,586	$ -	$ 20,701	$ 43,516,287
Due to other funds	21,860,170	10,862,840	995,540	33,718,550
Unearned revenue	188,473,260	-	207,412	188,680,672
Total Liabilities	253,829,016	10,862,840	1,223,653	265,915,509
FUND BALANCES				
Nonspendable	2,203,247	-	799,063	3,002,310
Restricted	28,724,095	137,715,933	173,806,783	340,246,811
Committed	94,434,248	-	-	94,434,248
Assigned	25,216,975	-	-	25,216,975
Total Fund Balances	150,578,565	137,715,933	174,605,846	462,900,344
Total Liabilities and Fund Balances	$ 404,407,581	$ 148,578,773	$ 175,829,499	$ 728,815,853

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

KERN HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balance - Governmental Funds		$ 462,900,344
Amounts reported for assets and liabilities for governmental activities in the statement of net position are different from amounts reported in governmental funds because:		
Capital assets:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation:		
Capital assets	$ 1,333,565,130	
Accumulated depreciation	(518,543,798)	815,021,332
Deferred amount on refunding:		
In governmental funds, the net effect of refunding bonds is recognized when debt is issued, whereas this amount is deferred and amortized in the government-wide financial statements:		5,617,999
Unmatured interest on long-term debt:		
In governmental funds, interest on long-term debt is not recognized until the period in which it matures and is paid. In the government-wide statement of activities, it is recognized in the period that it is incurred. The additional liability for unmatured interest owing at the end of the period was:		(5,095,644)
Other post-employment benefits:		
In governmental funds, postemployment benefits costs are recognized as expenditures in the period they are paid. In the government-wide statements, postemployment benefits costs are recognized in the period that they are incurred. The other postemployment benefit net asset is a result of accumulated plan assets that are an irrevocable contribution and dedicated to providing benefits to retirees, and current year contributions exceeding the annual required contribution.		18,506,000
Long-term liabilities:		
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Total general obligation bonds	$ 402,765,250	
Compensated absences	11,292,000	
Net pension liability	564,691,644	(978,748,894)
Deferred outflows and inflows of resources relating to pensions:		
In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pensions	$ 156,874,950	
Deferred inflows of resources related to pensions	(11,725,807)	145,149,143

(Continued on the following page)

Deferred outflows and inflows of resources relating to OPEB:

In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.

Deferred outflows of resources related to OPEB	$ 6,030,207	
Deferred inflows of resources related to OPEB	(23,909,589)	(17,879,382)

Internal service funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to operate for the benefit of governmental activities, assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are reported with governmental activities in the statement of net position. Net position for internal service funds is: 26,488,998

Total Net Position - Governmental Activities	$ 471,959,896

KERN HIGH SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
LCFF sources	$ 464,543,413	$ -	$ 5,638,036	$ 470,181,449
Federal sources	72,261,416	-	21,511,998	93,773,414
Other state sources	97,986,222	-	18,254,437	116,240,659
Other local sources	7,000,129	1,468,258	46,251,660	54,720,047
Total Revenues	641,791,180	1,468,258	91,656,131	734,915,569
EXPENDITURES				
Current				
Instruction	267,043,671	-	9,769,613	276,813,284
Instruction-related services				
Instructional supervision and administration	54,951,135	-	904,263	55,855,398
Instructional library, media, and technology	8,107,934	-	26,193	8,134,127
School site administration	38,136,634	-	4,334,692	42,471,326
Pupil services				
Home-to-school transportation	17,812,150	-	-	17,812,150
Food services	996,474	-	17,950,327	18,946,801
All other pupil services	49,572,351	-	448,101	50,020,452
General administration				
Centralized data processing	8,966,706	-	-	8,966,706
All other general administration	38,135,153	-	1,945,160	40,080,313
Plant services	71,116,471	-	1,255,848	72,372,319
Facilities acquisition and maintenance	767,291	58,036,315	19,344,789	78,148,395
Ancillary services	9,086,704	-	3,716,350	12,803,054
Community services	7,845	-	460,986	468,831
Transfers to other agencies	4,883,324	-	-	4,883,324
Debt service				
Principal	-	-	95,710,000	95,710,000
Interest and other	3,660	310,586	17,192,702	17,506,948
Total Expenditures	569,587,503	58,346,901	173,059,024	800,993,428
Excess (Deficiency) of Revenues Over Expenditures	72,203,677	(56,878,643)	(81,402,893)	(66,077,859)
Other Financing Sources (Uses)				
Transfers in	76,036	-	54,049,165	54,125,201
Other sources	-	128,300,000	9,033,378	137,333,378
Transfers out	(36,619,434)	-	(17,505,767)	(54,125,201)
Net Financing Sources (Uses)	(36,543,398)	128,300,000	45,576,776	137,333,378
NET CHANGE IN FUND BALANCE	35,660,279	71,421,357	(35,826,117)	71,255,519
Fund Balance - Beginning, as Restated	114,918,286	66,294,576	210,431,963	391,644,825
Fund Balance - Ending	$ 150,578,565	$ 137,715,933	$ 174,605,846	$ 462,900,344

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

KERN HIGH SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances - Governmental Funds			$ 71,255,519
Amounts reported for governmental activities in the statement of activities are different from amounts reported in governmental funds because:			
Capital outlay:			
In governmental funds, the costs of capital assets are reported as expenditures in the period when the assets are acquired. In the statement of activities, costs of capital assets are allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:			
Expenditures for capital outlay:	$	82,966,527	
Depreciation expense:		(32,522,562)	50,443,965
Debt service:			
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities. Expenditures for repayment of the principal portion of long-term debt were:			95,710,000
Debt proceeds:			
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:			(137,333,378)
Deferred amounts on refunding:			
In governmental funds, deferred amounts on refunding are recognized in the period they are incurred. In the government-wide statements, the deferred amounts on refunding are amortized over the life of the debt. The net effect of the deferred amounts on refunding during the period was:			(472,661)
Unmatured interest on long-term debt:			
In governmental funds, interest on long-term debt is recognized in the period that it becomes due. In the government-wide statement of activities, it is recognized in the period it is incurred. Unmatured interest owing at the end of the period, less matured interest paid during the period but owing from the prior period, was:			(305,248)
Compensated absences:			
In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was:			(1,142,000)

(Continued on the following page)

Postemployment benefits other than pensions (OPEB):		
In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was:		(499,676)
Pensions:		
In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was:		(42,236,011)
Amortization of debt issuance premium or discount:		
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is:		3,964,492
Internal Service Funds:		
Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was:		9,012,794
Change in Net Position of Governmental Activities	$	48,397,796

KERN HIGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2021

		Governmental Activities Internal Service Fund
ASSETS		
Current assets		
Cash and investments	$	21,846,987
Accounts receivable		46,410
Due from other funds		4,868,397
Total Assets		26,761,794
LIABILITIES		
Current liabilities		
Accrued liabilities		272,796
Total current liabilities		272,796
Total Liabilities		272,796
NET POSITION		
Restricted		26,488,998
Total Net Position	$	26,488,998

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

KERN HIGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

		Governmental Activities
		Internal Service Fund
OPERATING REVENUES		
Charges for services	$	71,559,846
Total operating revenues		71,559,846
OPERATING EXPENSES		
Professional services		62,651,768
Total operating expenses		62,651,768
Operating income/(loss)		8,908,078
NON-OPERATING REVENUES/(EXPENSES)		
Interest income		104,716
Total non-operating revenues/(expenses)		104,716
CHANGE IN NET POSITION		9,012,794
Net Position - Beginning		17,476,204
Net Position - Ending	$	26,488,998

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

KERN HIGH SCHOOL DISTRICT
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	Governmental Activities Internal Service Fund
Cash flows from operating activities	
Cash received from user charges	$ 71,559,846
Cash received (paid) from assessments made to (from) other funds	509,358
Cash payments for payroll, insurance, and operating costs	(62,378,972)
Net cash provided by (used for) operating activities	9,690,232
Cash flows from investing activities	
Interest received	104,716
Net cash provided by (used for) investing activities	104,716
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,794,948
CASH AND CASH EQUIVALENTS	
Beginning of year	12,052,039
End of year	$ 21,846,987
Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income/(loss)	$ 8,908,078
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivables	11,720
(Increase) decrease in due from other funds	497,638
Increase (decrease) in accrued liabilities	272,796
Net cash provided by (used for) operating activities	$ 9,690,232

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The Kern High School District (the “District”) accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's *California School Accounting Manual.* The accounting policies of the District conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants (AICPA).

The District operates under a locally elected Board form of government and provides educational services to grades 9-12 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

B. Component Units

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District, in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete.

For financial reporting purposes, the District and Golden Empire Schools Financing Authority (the "Authority") have a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASBS No. 39, *Determining Whether Certain Organizations Are Component Units*, GASBS No. 61, *The Financial Reporting Entity: Omnibus* and GASBS No. 80, *Blending Requirements for Certain Component Units*, and thus are included in the financial statements of the District. The Authority, although a legally separate entity, is reported in the financial statements using the blended presentation method as if it were part of the District's operations because the governing board of the component units is essentially the same as the governing board of the District and because their purpose is to finance the construction of facilities to be used for the direct benefit of the District.

C. Basis of Presentation

Government-Wide Statements. The statement of net position and the statement of activities display information about the primary government (the District). These statements include the financial activities of the overall government. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenue for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reserved for the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting of operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Fund Financial Statements. The fund financial statements provide information about the District's funds, including its proprietary funds. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Governmental funds are used to account for activities that are governmental in nature. Governmental activities are typically tax-supported and include education of pupils, operation of food service and child development programs, construction and maintenance of school facilities, and repayment of long-term debt.

Proprietary funds are used to account for activities that are more business-like than government-like in nature. Business-type activities include those for which a fee is charged to external users or to other organizational units of the District, normally on a full cost-recovery basis. Proprietary funds are generally intended to be self-supporting.

Major Governmental Funds

General Fund: The General Fund is the main operating fund of the District. It is used to account for all activities except those that are required to be accounted for in another fund. In keeping with the minimum number of funds principle, all of the District's activities are reported in the General Fund unless there is a compelling reason to account for an activity in another fund. A District may have only one General Fund.

Building Fund: This fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code Section* 15146) and may not be used for any purposes other than those for which the bonds were issued. Other authorized revenues to the Building Fund are proceeds from the sale or lease-with-option-to-purchase of real property (*Education Code Section* 17462) and revenue from rentals and leases of real property specifically authorized for deposit into the fund by the governing board (*Education Code Section* 41003).

Non-Major Governmental Funds

Special Revenue Funds: Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The District maintains the following special revenue funds:

Student Activity Fund: This fund may be used to account for student body activities that do not meet the fiduciary criteria established in GASB Statement No. 84.

Charter Schools Fund: This fund may be used by authorizing District's to account separately for the activities of District-operated charter schools that would otherwise be reported in the authorizing District's General Fund.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues for adult education programs. Money in this fund shall be expended for adult education purposes only. Moneys received for programs other than adult education shall not be expended for adult education (*Education Code Sections* 52616[b] and 52501.5[a]).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Special Revenue Funds: (continued)

Child Development Fund: This fund is used to account separately for federal, state, and local revenues to operate child development programs. All moneys received by the District for, or from the operation of, child development services covered under the Child Care and Development Services Act (*Education Code Section* 8200 et seq.) shall be deposited into this fund. The moneys may be used only for expenditures for the operation of child development programs. The costs incurred in the maintenance and operation of child development services shall be paid from this fund, with accounting to reflect specific funding sources (*Education Code Section* 8328).

Cafeteria Fund: This fund is used to account separately for federal, state, and local resources to operate the food service program (*Education Code Sections* 38090–38093). The Cafeteria Fund shall be used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code Sections* 38091 and 38100).

Capital Project Funds: Capital project funds are established to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Capital Facilities Fund: This fund is used primarily to account separately for moneys received from fees levied on developers or other agencies as a condition of approving a development (*Education Code Sections* 17620–17626). The authority for these levies may be county/city ordinances (*Government Code Sections* 65970–65981) or private agreements between the District and the developer. Interest earned in the Capital Facilities Fund is restricted to that fund (*Government Code Section* 66006).

County School Facilities Fund: This fund is established pursuant to *Education Code Section* 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), or the 2004 State School Facilities Fund (Proposition 55) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code Section* 17070 et seq.).

Special Reserve Fund for Capital Outlay Projects: This fund exists primarily to provide for the accumulation of General Fund moneys for capital outlay purposes (*Education Code Section* 42840).

Debt Service Funds: Debt service funds are established to account for the accumulation of resources for and the payment of principal and interest on general long-term debt.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued by the District (*Education Code Sections* 15125–15262). The proceeds from the sale of the bonds are deposited in the county treasury to the Building Fund of the District. Any premiums or accrued interest received from the sale of the bonds must be deposited in the Bond Interest and Redemption Fund of the District. The county auditor maintains control over the District's Bond Interest and Redemption Fund. The principal and interest on the bonds must be paid by the county treasurer from taxes levied by the county auditor-controller.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Debt Service Funds: (continued)

Debt Service Fund for Blended Component Units: This fund is used to account for the accumulation of resources for the payment of principal and interest on bonds issued by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Proprietary Funds

Internal Service Funds: Internal service funds are created principally to render services to other organizational units of the District on a cost-reimbursement basis. These funds are designed to be self-supporting with the intent of full recovery of costs, including some measure of the cost of capital assets, through user fees and charges.

Self-Insurance Fund: Self-insurance funds are used to separate moneys received for self-insurance activities from other operating funds of the District. Separate funds may be established for each type of self-insurance activity, such as workers' compensation, health and welfare, and deductible property loss (*Education Code Section* 17566).

D. Basis of Accounting – Measurement Focus

Government-Wide and Proprietary Fund Financial Statements
The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Net Position equals assets and deferred outflows of resources minus liabilities and deferred inflows of resources. 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. The net position should be reported as restricted when constraints placed on its use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities results from special revenue funds and the restrictions on their use.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the internal service fund are charges to other funds for self-insurance costs. Operating expenses for internal service funds include the costs of insurance premiums and claims related to self-insurance.

Governmental Funds
Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Governmental funds use the modified accrual basis of accounting.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Revenues – Exchange and Non-Exchange Transactions
Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Available” means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. Generally, “available” means collectible within the current period or within 60 days after year-end. However, to achieve comparability of reporting among California school districts and so as not to distort normal revenue patterns, with specific respect to reimbursement grants and corrections to State-aid apportionments, the California Department of Education has defined available for school districts as collectible within one year.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from the grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue
Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and revenue is recognized.

Certain grants received that have not met eligibility requirements are recorded as unearned revenue. On the governmental fund financial statements, receivables that will not be collected within the available period are also recorded as unearned revenue.

Expenses/Expenditures
On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position

Cash and Cash Equivalents
The District's cash and cash equivalents consist of 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 for purposes of the statement of cash flows.

Investments
Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value are stated at cost or amortized cost. Fair values of investments in county and State investment pools are determined by the program sponsor.

Inventories
Inventories are recorded using the purchases method in that the cost is recorded as an expenditure at the time the individual inventory items are requisitioned. Inventories are valued at historical cost and consist of expendable supplies held for consumption.

Capital Assets
The accounting and reporting treatment applied to the capital assets associated with a fund is determined by its measurement focus. Capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of $5,000. The District does not own any infrastructure as defined in GASB Statement No. 34. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. All reported capital assets, except for land, art and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over 5 – 100 years depending on the asset types.

Interfund Balances
On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences
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. For governmental funds, the current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignations and retirements that occur prior to year-end that have not yet been paid with expendable available financial resource. These amounts are recorded in the fund from which the employees who have accumulated leave are paid.

Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expense in the period taken because such benefits do not vest, nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Accrued Liabilities and Long-Term Obligations
All payables, accrued liabilities, and long-term obligations are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Postemployment Benefits Other Than Pensions (OPEB)
For purposes of measuring the net OPEB liability/(asset), deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 – June 30, 2020

Gains and losses related to changes in net OPEB liability/(asset), are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

Premiums and Discounts
In the government-wide and proprietary fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

Deferred Outflows/Deferred Inflows of Resources
In addition to assets, the District will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the District will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Pensions

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Non-spendable - The non-spendable fund balance classification reflects amounts that are not in spendable form. Examples include inventory, prepaid items, the long-term portion of loans receivable, and nonfinancial assets held for resale. This classification also reflects amounts that are in spendable form but that are legally or contractually required to remain intact, such as the principal of a permanent endowment.

Restricted - The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Governing Board. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. In contrast to restricted fund balance, committed fund balance may be redirected by the government to other purposes as long as the original constraints are removed or modified in the same manner in which they were imposed, that is, by the same formal action of the Governing Board.

Assigned - The assigned fund balance classification reflects amounts that the government *intends* to be used for specific purposes. Assignments may be established either by the Governing Board or by a designee of the governing body and are subject to neither the restricted nor committed levels of constraint. In contrast to the constraints giving rise to committed fund balance, constraints giving rise to assigned fund balance are not required to be imposed, modified, or removed by formal action of the Governing Board. The action does not require the same level of formality and may be delegated to another body or official. Additionally, the assignment need not be made before the end of the reporting period, but rather may be made any time prior to the issuance of the financial statements.

Unassigned - In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Fund Balance and Net Position (continued)

Fund Balance (continued)
Unassigned (continued)
The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

While GASB Cod. Sec. 1300 and 1800 do not require districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Trustees. At June 30, 2021, the Board has established a stabilization amount of $40,000,000 for general stabilization purposes and $20,000,000 specifically for stabilization related to increasing pension contribution expenditures.

F. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements. Interfund transfers are eliminated in the governmental activities columns of the statement of activities.

G. 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.

H. Budgetary Data

The budgetary process is prescribed by provisions of the California Education Code and requires the governing board to hold a public hearing and adopt an operating budget no later than July 1 of each year. The District governing board satisfied these requirements. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. For purposes of the budget, on-behalf payments have not been included as revenue and expenditures as required under generally accepted accounting principles.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Property Tax

Secured property taxes attach as an enforceable lien on property as of January 1. 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 Auditor-Controller bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

J. New Accounting Pronouncements

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2019. The District has implemented this Statement as of June 30, 2021.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Fund	Governmental Activities
Investment in county treasury	$ 409,422,898	$ 20,725,189	$ 430,148,087
Fair market value adjustment	3,328,649	169,879	3,498,528
Cash on hand and in banks	6,548,805	-	6,548,805
Cash with fiscal agent	-	951,919	951,919
Cash in revolving fund	10,752	-	10,752
Local agency investment fund (LAIF)	315,618	-	315,618
Other investments	184,155	-	184,155
Total	$ 419,810,877	$ 21,846,987	$ 441,657,864

B. Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the state; U.S. Treasury instruments; registered state warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; collateralized mortgage obligations; and the County Investment Pool.

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section* 41001. The Kern County Treasurer's pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Local Agency Investment Fund – The District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the State and invests the cash. The fair value of the District's investment in this pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The monies held in the pooled investment funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds are accessible and transferable to the master account within twenty-four hours notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices (continued)

Cash with Fiscal Agent – The District maintains cash balances in Union Bank and Self-Insured Schools of California (SISC III) related to self-insurance.

C. General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest District funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies the investment types permitted by California Government Code.

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	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	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

D. 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. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in a credit union and insured up to $250,000 by the National Credit Union Administration (NCUA) and are collateralized by the respective financial institution. As of June 30, 2021, the District's uninsured bank balance amounted to $7,482,489.

NOTE 2 – CASH AND INVESTMENTS (continued)

E. Authorized Investments

The investments listed below are managed by Board authorized staff and authorized representatives of the County of Kern. Investments managed by the District's staff are invested in accordance with its respective investment policies. Investments managed by bond trustees are invested in accordance with provisions of the respective bond agreements which coincide with provisions of the California Government Code and the District's investment policy.

F. 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 manages its exposure to interest rate risk by investing in the County Treasury and Local Agency Investment Fund. The District maintains a pooled investment with the County Treasury with a fair value of approximately $433,646,615 and an amortized book value equal to its fair value. The average weighted maturity for this pool is 637 days. The District also maintains a pooled investment with the Local Agency Investment Fund with a fair value of approximately $315,618 and an amortized book value equal to its fair value. The average weighted maturity for this pool is 291 days.

The District's investment policy limits investment maturities to five years with exceptions of up to ten years, not to exceed 30%, of the portfolio as a means of managing its exposure to fair losses arising from increasing interest rates. Maturities of investments held at June 30, 2021 consisted of the following:

	Less Than One Year
Cash and cash equivalents	$ 184,155
Total	$ 184,155

G. 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. The investments in the County Treasury and Local Agency Investment Fund are not required to be rated. At June 30, 2021, other investments, comprised of cash and cash equivalents, were not rated.

NOTE 2 – CASH AND INVESTMENTS (continued)

H. Fair Value

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Kern County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements at June 30, 2021 were as follows:

	Observable Inputs Level 2	Uncategorized	Total
Investment in county treasury	$ -	$ 433,646,615	$ 433,646,615
Local agency investment fund (LAIF)	315,618	-	315,618
Other investments:			
Cash and cash equivalents	184,155	-	184,155
Total	$ 499,773	$ 433,646,615	$ 434,146,388

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2021 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Internal Service Fund	Governmental Activities
Federal Government					
Categorical aid	$ 184,850,616	$ -	$ 2,084,304	$ -	$ 186,934,920
State Government					
Apportionment	59,372,690	-	785,096	-	60,157,786
Categorical aid	23,735,421	-	687,690	-	24,423,111
Lottery	2,685,601	-	31,776	-	2,717,377
Local Government					
Other local sources	559,372	378,176	1,992,523	46,410	2,976,481
Total	$ 271,203,700	$ 378,176	$ 5,581,389	$ 46,410	$ 277,209,675

NOTE 4 – CAPITAL ASSETS

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

	Balance July 01, 2020	Additions	Deletions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	$ 37,554,598	$ 700,803	$ -	$ 38,255,401
Art	294,400	-	-	294,400
Construction in progress	204,576,217	77,298,027	11,825,372	270,048,872
Total Capital Assets not Being Depreciated	242,425,215	77,998,830	11,825,372	308,598,673
Capital assets being depreciated				
Buildings & improvements	862,579,490	9,272,894	-	871,852,384
Furniture & equipment	145,732,502	7,520,175	138,604	153,114,073
Total Capital Assets Being Depreciated	1,008,311,992	16,793,069	138,604	1,024,966,457
Less Accumulated Depreciation				
Buildings & improvements	380,626,910	23,984,066	-	404,610,976
Furniture & equipment	105,532,930	8,538,496	138,604	113,932,822
Total Accumulated Depreciation	486,159,840	32,522,562	138,604	518,543,798
Governmental Activities				
Capital Assets, net	$ 764,577,367	$ 62,269,337	$ 11,825,372	$ 815,021,332

Depreciation expense was charged to governmental activities for the year ended June 30, 2021 as follows:

Governmental Activities	
Instruction	$ 754,840
Instructional supervision and administration	119,611
School site administration	87,866
Home-to-school transportation	1,461,394
Food services	160,962
All other pupil services	2,399
Centralized data processing	970,869
Plant services	362,401
Ancillary services	18,040
Depreciation (unallocated)	28,584,180
Total	$ 32,522,562

NOTE 5 – INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables (Due From/Due To)

Individual interfund receivable and payable balances at June 30, 2021 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds		
General Fund	$ -	$ 21,860,170
Building Fund	-	10,862,840
Non-Major Governmental Funds		
Student Activity Fund	-	120,894
Charter School Fund	1,037,720	-
Adult Education Fund	6,785	-
Child Development Fund	-	36,129
Cafeteria Fund	-	475,150
Capital Facilities Fund	-	354,347
County Schools Facilities Fund	-	8,285
Special Reserve for Capital Outlay Fund	27,805,648	-
Debt Service Fund for Blended Component Units	-	735
Proprietary Funds		
Internal Service Fund	4,868,397	-
Total	$ 33,718,550	$ 33,718,550

B. Operating Transfers

Interfund transfers for the year ended June 30, 2021 consisted of the following:

	Interfund Transfers In		
Interfund Transfers Out	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 36,619,434	$ 36,619,434
Non-Major Governmental Funds	76,036	17,429,731	17,505,767
Total	$ 76,036	$ 54,049,165	$ 54,125,201

Transfer from the Adult Education Fund to the Child Development Fund to support the child care program.	$ 39,063
Transfer from the Student Activity Fund to the General Fund to correct accounting for ASB athletics.	76,036
Transfer from the General Fund to the Student Activity Fund for reimbursement.	250,492
Transfer from the General Fund to the Charter School Fund to adjust workforce allocations.	299,956
Transfer from the General Fund to the Debt Service Fund for Blended Component Units for debt service payments.	6,068,986
Transfer from the Capital Facilities Fund to the Debt Service Fund for Blended Component Units for debt service payments.	17,390,668
Transfer from the General Fund to the Special Reserve Fund for Capital Outlay Projects for contribution for solar PPA buyouts.	30,000,000
Total	$ 54,125,201

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2021 consisted of the following:

	General Fund	Non-Major Governmental Funds	Internal Service Fund	District-Wide	Governmental Activities
Payroll	$ 2,744,963	$ -	$ -	$ -	$ 2,744,963
Vendors payable	21,153,407	580	-	-	21,153,987
Unmatured interest	-	-	-	5,095,644	5,095,644
Due to grantor government	10,834,415	20,121	-	-	10,854,536
Other liabilities	8,762,801	-	272,796	-	9,035,597
Total	$ 43,495,586	$ 20,701	$ 272,796	$ 5,095,644	$ 48,884,727

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2021 consisted of the following:

	General Fund	Non-Major Governmental Funds	Governmental Activities
Federal sources	$ 167,844,890	$ 1,835	$ 167,846,725
State categorical sources	20,548,119	205,577	20,753,696
Local sources	80,251	-	80,251
Total	$ 188,473,260	$ 207,412	$ 188,680,672

NOTE 8 – LONG-TERM LIABILITIES

A schedule of changes in long-term liabilities for the year ended June 30, 2021 consisted of the following:

	Balance July 01, 2020	Additions	Deductions	Balance June 30, 2021	Balance Due In One Year
Governmental Activities					
General obligation bonds	$ 273,151,209	$ 128,300,000	$ 25,415,000	$ 376,036,209	$ 26,095,000
Unamortized premium	21,660,155	9,033,378	3,964,492	26,729,041	3,964,492
Total general obligation bonds	294,811,364	137,333,378	29,379,492	402,765,250	30,059,492
Lease revenue notes	70,295,000	-	70,295,000	-	-
Compensated absences	10,150,000	5,512,000	4,370,000	11,292,000	-
Net pension liability	503,973,967	60,717,677	-	564,691,644	-
Total	$ 879,230,331	$ 203,563,055	$ 104,044,492	$ 978,748,894	$ 30,059,492

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for lease revenue notes are made in the Debt Service Fund for Blended Component Units.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds

General obligation bonds at June 30, 2021, consisted of the following:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 01, 2020	Additions	Deductions	Bonds Outstanding June 30, 2021
2004 Series D	7/13/2011	7/1/2027	5.78%	$ 20,151,209	$ 13,626,209	$ -	$ 1,400,000	$ 12,226,209
2012 Refunding	7/3/2012	8/1/2033	2.00-5.00%	45,175,000	30,655,000	-	2,850,000	27,805,000
2013 Refunding	3/6/2013	8/1/2030	2.00-5.00%	65,200,000	49,360,000	-	3,005,000	46,355,000
2014 Refunding	11/19/2014	8/1/2036	3.250-5.00%	40,135,000	34,940,000	-	1,425,000	33,515,000
2004 Series E	6/21/2016	8/1/2027	2.00-4.00%	28,845,000	20,870,000	-	3,300,000	17,570,000
2016 Series A	5/25/2017	8/1/2029	2.00-4.00%	87,700,000	66,700,000	-	5,935,000	60,765,000
2016 Series B	6/28/2018	8/1/2034	3.125-5.00%	64,000,000	57,000,000	-	7,500,000	49,500,000
2016 Series C	9/15/2020	8/1/2035	2.00-4.00%	128,300,000	-	128,300,000	-	128,300,000
					$ 273,151,209	$ 128,300,000	$ 25,415,000	$ 376,036,209

Taxable General Obligation Bonds, 2004 Election, Series D
In July 2011, the District issued Taxable General Obligation Bonds, 2004 Election, Series D (Direct-Pay Qualified School Construction Bonds), totaling $20,151,209 to finance the acquisition, construction and rehabilitation of school facilities for the District. These serial bonds have interest rate of 5.78% and mature in varying amounts through July 1, 2027. At June 30, 2021, the principal balance outstanding was $12,226,209.

2012 General Obligation Refunding Bonds
In June 2012, the District issued General Obligation Refunding Bonds. totaling $45,175,000 to refund a portion of the 1990 Series E and 2004 Series A bonds. These bonds have interest rates ranging from 2.00% to 5.00% and mature in varying amounts through August 1, 2033. At June 30, 2021, the principal balance outstanding was $27,805,000.

2013 General Obligation Refunding Bonds
In February 2013, the District issued General Obligation Refunding Bonds, totaling $65,200,000 to refund a portion of the 2004 Series A and 2004 Series B Bonds. These bonds have interest rates ranging from 2.00% to 5.00% and mature in varying amounts through August 1, 2030. At June 30, 2021, the principal balance outstanding was $46,355,000.

2014 General Obligation Refunding Bonds
In November 2014, the District issued General Obligation Refunding Bonds, totaling $40,135,000 to refund a portion of the 2004 Series C Bonds. These bonds have interest rates ranging from 3.25% to 5.00% and mature in varying amounts through August 1, 2036. At June 30, 2021, the principal balance outstanding was $33,515,000.

General Obligation Bonds, 2004 Election, Series E
In June 2016, the District issued General Obligation Bonds, 2004 Election, Series E, totaling $28,845,000 to finance the acquisition and construction of school facilities for the District. These serial bonds have interest rates ranging from 2.00% to 4.00% and mature in varying amounts through August 1, 2027. At June 30, 2021, the principal balance outstanding was $17,570,000.

NOTE 8 – LONG-TERM LIABILITIES (continued)

A. General Obligation Bonds (continued)

General Obligation Bonds, 2016 Election, Series A
In May 2017, the District issued General Obligation Bonds, 2016 Election, Series A, totaling $87,700,000 to finance the acquisition and construction of school facilities for the District. These serial bonds have interest rates ranging from 2.00% to 4.00% and mature in varying amounts through August 1, 2029. At June 30, 2021, the principal balance outstanding was $60,765,000.

General Obligation Bonds, 2016 Election, Series B
In June 2018, the District issued General Obligation Bonds, 2016 Election, Series B, totaling $64,000,000 to finance the acquisition and construction of school facilities for the District. These serial bonds have interest rates ranging from 3.125% to 5.00% and mature in varying amounts through August 1, 2034. At June 30, 2021, the principal balance outstanding was $49,500,000.

General Obligation Bonds, 2016 Election, Series C
In September 2020, the District issued General Obligation Bonds, 2016 Election, Series C, totaling $128,300,000 to finance the acquisition and construction of school facilities for the District. These serial bonds have interest rates ranging from 2.00% to 4.00% and mature in varying amounts through August 1, 2035. At June 30, 2021, the principal balance outstanding was $128,300,000.

The annual requirements to amortize all general obligation bonds outstanding at June 30, 2021 were as follows:

Year Ended June 30,	Principal	Interest	Total
2022	$ 26,095,000	$ 12,422,341	$ 38,517,341
2023	25,525,000	11,361,919	36,886,919
2024	25,635,000	10,350,564	35,985,564
2025	23,130,000	9,339,889	32,469,889
2026	25,180,000	8,306,431	33,486,431
2027 - 2031	133,966,209	26,366,877	160,333,086
2032 - 2036	113,735,000	7,869,422	121,604,422
2037	2,770,000	69,250	2,839,250
Total	$ 376,036,209	$ 86,086,693	$ 462,122,902

B. Lease Revenue Notes

In April 2018, the District issued $99,665,000 of Lease Revenue Refunding Notes to pay the principal and interest coming due on the 2016 Lease Revenue Refunding Notes. These Notes have interest rates ranging from 3.00% to 5.00% and mature in varying amounts through May 1, 2021. At June 30, 2021, the principal balance outstanding was paid in full.

NOTE 8 – LONG-TERM LIABILITIES (continued)

C. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2021 amounted to $11,292,000. This amount is included as part of long-term liabilities in the government-wide financial statements.

D. Net Pension Liability

The District's beginning net pension liability was $503,973,967 and increased by $60,717,677 during the year ended June 30, 2021. The ending net pension liability at June 30, 2021 was $564,691,644. See Note 11 for additional information regarding the net pension liability.

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2021:

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable				
Revolving cash	$ 10,752	$ -	$ -	$ 10,752
Stores inventory	2,160,113	-	799,063	2,959,176
Prepaid expenditures	32,382	-	-	32,382
Total non-spendable	2,203,247	-	799,063	3,002,310
Restricted				
Educational programs	28,724,095	-	13,126,121	41,850,216
Food service	-	-	1,191,291	1,191,291
Associated student body	-	-	6,123,643	6,123,643
Capital projects	-	137,715,933	68,194,501	205,910,434
Debt service	-	-	85,171,227	85,171,227
Total restricted	28,724,095	137,715,933	173,806,783	340,246,811
Committed				
Stabilization	60,000,000	-	-	60,000,000
Other commitments	34,434,248	-	-	34,434,248
Total committed	94,434,248	-	-	94,434,248
Assigned				
Other assignments	22,304,941	-	-	22,304,941
Deferred maintenance	2,912,034	-	-	2,912,034
Total assigned	25,216,975	-	-	25,216,975
Total Fund Balance	$ 150,578,565	$ 137,715,933	$ 174,605,846	$ 462,900,344

The District is committed to maintaining a prudent level of financial resources to protect against the need to reduce service levels because of temporary revenue shortfalls or unpredicted expenditures. At June 30, 2021, The District's Minimum Fund Balance Policy established a stabilization amount of $40,000,000 for general stabilization purposes and $20,000,000 specifically for stabilization related to increasing pension contribution expenditures.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description

The Kern High School District Early Retiree Health Benefit Plan (the "Plan") is a single employer defined benefit health and welfare plan administered by the District. Employees of the District, hired on or before June 6, 2006, with 10 or more years of consecutive service or employees hired after June 6, 2006 who have 20 years of service with the last 10 years being consecutive, will be eligible for the Plan at age 55. The plan does not issue separate financial statements. On October 2, 2006, the District joined the SISC GASB 75 Trust (the "Trust), a multiple employer agent plan, to pre-fund these other post-employment benefits ("OPEB") liabilities. The Trust is an irrevocable trust under the law of the State of California and a tax-exempt governmental trust under the Internal Revenue Code Section 115. The Trust funds are divided into individual employer accounts for each participating employer, which may be pooled for investment purposes. The District establishes and amends benefit provisions. At the reporting date of June 30, 2021, the District holds $107,307,300 of assets in the Trust.

B. Benefits Provided

The District will contribute health and welfare benefits to eligible retirees, their spouses and dependents until the employee becomes eligible for other health and welfare benefits.

C. Contributions

California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the Governing Board. Retirees participating in the group insurance plans offered by the District are required to contribute 100% of the active premiums. In future years, contributions are assumed to increase at the same rate as premiums. The District's premium rates being charged to these retirees are lower than the expected cost for a retiree population under age 65. Thus, an implicit subsidy exists as a result of this difference between the actual cost and the true retiree cost. For fiscal year 2020-2021, the District did not contribute to the Plan. Employees are not required to contribute to the OPEB plan.

D. Plan Membership

Membership of the Plan consisted of the following:

	Number of participants
Inactive employees receiving benefits	207
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	3,744
Total number of participants**	3,951

*Information not provided
**As of the June 30, 2019 valuation date

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

E. Net OPEB Liability/(Asset)

The components of the net OPEB liability/(asset) of the District at June 30, 2021, were as follows:

Total OPEB liability	$ 88,801,300
Plan fiduciary net position	(107,307,300)
District's net OPEB liability/(asset)	$ (18,506,000)
Plan fiduciary net position as a percentage of total OPEB liability	120.84%

F. Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement.

Economic assumptions:

Wage Inflation rate	2.75%
Investment rate of return	6.50%
Discount rate	6.50%
Healthcare cost trend ultimate rate	4.00%

Non-economic assumptions:

Mortality Rate: Rates are from the CalSTRS experience study of the five years ending June 30, 2015 and the CalPERS school employer experience study for the fourteen years ending June 30, 2011. In particular, CalSTRS mortality for actives and disabled retirees is the RP-2014 White Collar Employee and Disabled Retiree Mortality Tables, respectively, set back two years and projected generationally from 2014 with 110% of the ultimate MP-2016 projection scale.

Retirement Rate: Retirement rates match rates developed in the most recent experience studies for California PERS (2011) and California STRS (2010).

Termination Rate: Termination rates match rates developed in the most recent experience studies for California PERS (2014) and California STRS (2010).

Disability Rate: Disability rates match rates developed in the most recent experience studies for California PERS (2011) and California STRS (2015).

Medicare Coverage: All current and future participating retirees and spouses will qualify for Medicare coverage and enroll in Parts A and B upon age 65.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

G. Changes in Net OPEB Liability/(Asset)

	June 30, 2021
Total OPEB Liability	
Service cost	$ 3,599,000
Interest on total OPEB liability	5,570,300
Difference between expected and actual experience	(2,124,500)
Benefits payments	(4,270,700)
Net change in total OPEB liability	2,774,100
Total OPEB liability - beginning	86,027,200
Total OPEB liability - ending (a)	$ 88,801,300
Plan fiduciary net position	
Contributions - employer	$ 3,523,300
Net investment income	(187,645)
Benefit payments	(4,270,700)
Administrative expenses	(52,755)
Net change in plan fiduciary net position	(987,800)
Plan fiduciary net position - beginning	108,295,100
Plan fiduciary net position - ending (b)	$ 107,307,300
District's net OPEB liability/(asset) - ending (a) - (b)	$ (18,506,000)
Plan fiduciary net position as a percentage of the total OPEB liability	120.8%
Covered-employee payroll	$ 305,000,000
District's net OPEB liability/(asset) as a percentage of covered-employee payroll	-6.07%

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

The following presents the net OPEB liability/(asset) of the Kern High School 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 percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (5.50%)	Valuation Discount Rate (6.50%)	1% Increase (7.50%)
Net OPEB liability/(asset)	$ (12,432,200)	$ (18,506,000)	$ (24,219,600)

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

I. 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 Kern High School 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 percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease (various initial rates grading to ultimate 3.00%)	Healthcare Cost Trend Rate (various initial rates grading to ultimate 4.00%)	1% Increase (various initial rates grading to ultimate 5.00%)
Net OPEB liability/(asset)	$ (26,497,600)	$ (18,506,000)	$ (9,258,000)

J. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the Kern High School District recognized OPEB expense of $499,976. At June 30, 2021, the Kern High School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 5,942,127	$ 1,603,540
Differences between expected and actual experience	-	22,306,049
Changes in assumptions	88,080	-
Total	$ 6,030,207	$ 23,909,589

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

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 1,508,414	$ 3,217,315
2023	1,508,414	2,293,003
2024	1,508,414	1,953,389
2025	1,447,925	1,953,389
2026	7,760	1,953,389
Thereafter	49,280	12,539,104
Total	$ 6,030,207	$ 23,909,589

NOTE 11 – PENSION PLANS

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS), and classified employees are members of the California Public Employees' Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	$ 357,365,097	$ 114,261,346	$ 11,725,807	$ 53,656,756
PERS Pension	207,326,547	42,613,604	-	41,684,299
Total	$ 564,691,644	$ 156,874,950	$ 11,725,807	$ 95,341,055

A. California State Teachers' Retirement System (CalSTRS)

Plan Description
The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

Benefits Provided
The CalSTRS defined benefit plan has two benefit formulas:

1. CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2021, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2021 was 19.10% of annual payroll reduced to 16.15% pursuant to California Senate Bill 90 (SB 90). The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were $32,891,261 for the year ended June 30, 2021.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately $20,848,438 to CalSTRS.

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

At June 30, 2021, the District reported a 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	$	357,365,097
State's proportionate share of the net pension liability associated with the District		184,220,259
Total	$	541,585,356

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.369 percent, which was an increase of 0.018 percent from its proportion measured as of June 30, 2019.

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

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

For the year ended June 30, 2021, the District recognized pension expense of $53,656,756. In addition, the District recognized pension expense and revenue of $5,759,913 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	$ 8,488,938	$ -
Differences between expected and actual experience	630,586	10,078,308
Changes in assumptions	34,848,158	-
Changes in proportion and differences between District contributions and proportionate share of contributions	37,402,403	1,647,499
District contributions subsequent to the measurement date	32,891,261	-
Total	$ 114,261,346	$ 11,725,807

The $32,891,261 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2022	$ 14,379,816	$ 3,418,148
2023	22,455,738	2,710,122
2024	25,283,845	2,079,534
2025	11,760,731	1,541,432
2026	4,825,815	1,478,742
2027	2,664,140	497,829
Total	$ 81,370,085	$ 11,725,807

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

* Net of investment expenses, but gross of administrative expenses.

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return*
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	100%	

*20-year geometric average

NOTE 11 – PENSION PLANS (continued)

A. California State Teachers' Retirement System (CalSTRS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan'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.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 539,928,882	$ 357,365,097	$ 206,632,984

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits Provided

The benefits for the defined benefit plan are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years of credited service.

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 7.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021 was 22.68% of annual payroll reduced to 20.70% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the District were $20,213,783 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of $207,326,547 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.676 percent, which was an increase of 0.034 percent from its proportion measured as of June 30, 2019.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)
For the year ended June 30, 2021, the District recognized pension expense of $41,684,299. At June 30, 2021, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between projected and actual earnings on plan investments	$ 4,315,879
Differences between expected and actual experience	10,282,760
Changes in assumptions	760,275
Changes in proportion and differences between District contributions and proportionate share of contributions	7,040,907
District contributions subsequent to the measurement date	20,213,783
Total	$ 42,613,604

The $20,213,783 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2022	$ 8,043,052
2023	6,767,394
2024	5,528,449
2025	2,060,926
Total	$ 22,399,821

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Actuarial Assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2017, and rolling forward the total pension liability to June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period from 1997 to 2015.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, both short-term and long-term market return expectations as well as the expected pension fund cash flows were taken into account. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10*	Real Return Years 11+**
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	100.0%		

*An expected inflation of 2.00% used for this period.
**An expected inflation of 2.92% used for this period.

NOTE 11 – PENSION PLANS (continued)

B. California Public Employees' Retirement System (CalPERS) (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 298,069,718	$ 207,326,547	$ 132,014,269

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received 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 General Fund or other applicable funds. 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, 2021.

B. 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, 2021.

C. Construction Commitments

As of June 30, 2021, the District had commitments with respect to unfinished capital projects of $125,818,609.

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

The District participates in two joint ventures under joint powers authorities (JPAs), the Self-Insured Schools of California (SISC), and the Southern California Regional Liability Excess Fund (SoCal ReLiEF). SISC arranges for and provides health and welfare insurance for its members. The membership includes school districts in Kern County and the County Office of Education. SISC is governed by an Executive Board consisting of representatives from member districts. The Executive Board controls the operations of SISC, including selections of management and approval of operating budgets. SoCal ReLiEF provides property and liability coverage for its members. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. The relationships between the District and the JPAs are such that the JPAs are not component units of the District for financial reporting purposes.

The JPAs have budgeting and financial reporting requirements independent of member units, and their financial statements are not presented in these financial statements. However, fund transactions between the JPAs and the District are included in these statements. The audited financial statements are generally available from the respective entities.

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

A. Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* the District recognized deferred outflows or inflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2021, the deferred amount on refunding was $5,617,999.

B. Pension Plans

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 11. At June 30, 2021, total deferred outflows related to pensions was $156,874,950 and total deferred inflows related to pensions was $11,725,807.

C. Other Postemployment Benefits

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2021, total deferred outflows related to other postemployment benefits was $6,030,207 and total deferred inflows related to other postemployment benefits was $23,909,589.

NOTE 15 – RESTATEMENT OF NET POSITION AND FUND BALANCE

The beginning net position for Governmental Activities and the beginning fund balance for the Student Activity Fund have been restated due to the implementation of GASB Statement No. 84, *Fiduciary Activities*. Based on the clarifications provided by GASB Statement No. 84 and California Education Code regarding associated student body (ASB) accounts, it has been determined that the District's ASB accounts are not considered fiduciary because they do not meet the criteria established by GASB Statement No. 84, paragraph 11(c)(2) regarding administrative involvement. The effect on beginning balances is presented as follows:

	Governmental Activities
Net Position - Beginning, as Previously Reported	$ 416,424,622
Restatement	7,137,478
Net Position - Beginning, as Restated	$ 423,562,100

	Student Activity Fund
Fund Balance - Beginning, as Previously Reported	$ -
Restatement	7,137,478
Fund Balance - Beginning, as Restated	$ 7,137,478

REQUIRED SUPPLEMENTARY INFORMATION

KERN HIGH SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	$ 463,524,907	$ 463,524,907	$ 464,543,413	$ 1,018,506
Federal sources	57,806,931	68,107,813	72,246,716	4,138,903
Other state sources	69,550,766	73,289,269	97,986,222	24,696,953
Other local sources	1,118,151	1,119,201	7,091,106	5,971,905
Total Revenues	592,000,755	606,041,190	641,867,457	35,826,267
EXPENDITURES				
Certificated salaries	209,844,207	211,222,198	216,840,188	(5,617,990)
Classified salaries	93,942,552	90,799,032	91,294,955	(495,923)
Employee benefits	156,232,908	155,504,525	150,879,646	4,624,879
Books and supplies	36,465,843	45,143,576	45,620,124	(476,548)
Services and other operating expenditures	56,142,849	56,687,898	54,485,975	2,201,923
Capital outlay	774,995	4,862,519	5,521,903	(659,384)
Other outgo				
Excluding transfers of indirect costs	5,191,705	5,475,385	4,883,324	592,061
Transfers of indirect costs	(1,603,000)	(1,532,000)	(1,420,302)	(111,698)
Total Expenditures	556,992,059	568,163,133	568,105,813	57,320
Excess (Deficiency) of Revenues Over Expenditures	35,008,696	37,878,057	73,761,644	35,883,587
Other Financing Sources (Uses)				
Transfers in	-	-	76,036	76,036
Transfers out	(4,462,603)	(2,119,558)	(32,050,447)	(29,930,889)
Net Financing Sources (Uses)	(4,462,603)	(2,119,558)	(31,974,411)	(29,854,853)
NET CHANGE IN FUND BALANCE	30,546,093	35,758,499	41,787,233	6,028,734
Fund Balance - Beginning	63,574,357	63,574,357	63,574,357	-
Fund Balance - Ending	$ 94,120,450	$ 99,332,856	$ 105,361,590	$ 6,028,734

*Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund and Special Reserve Fund for Other than Capital Outlay Projects in accordance with the fund type definitions promulgated by GASB Statement No. 54.

See accompanying note to required supplementary information.

KERN HIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability				
Service cost	$ 3,599,000	$ 4,104,600	$ 4,102,300	$ 4,102,300
Interest on total OPEB liability	5,570,300	6,669,400	6,446,600	6,216,900
Difference between expected and actual experience	(2,124,500)	(22,728,000)	(1,304,900)	-
Changes of assumptions	-	103,600	-	-
Benefits payments	(4,270,700)	(5,332,300)	(6,289,500)	(7,263,900)
Net change in total OPEB liability	2,774,100	(17,182,700)	2,954,500	3,055,300
Total OPEB liability - beginning	86,027,200	103,209,900	100,255,400	97,200,100
Total OPEB liability - ending (a)	$ 88,801,300	$ 86,027,200	$ 103,209,900	$ 100,255,400
Plan fiduciary net position				
Contributions - employer	$ 3,523,300	$ 3,335,700	$ 7,554,000	$ 6,966,500
Net investment income	(187,645)	6,388,063	7,902,010	10,138,147
Benefit payments	(4,270,700)	(5,332,300)	(6,289,500)	(7,263,900)
Administrative expenses	(52,755)	(51,263)	(49,310)	(44,247)
Net change in plan fiduciary net position	(987,800)	4,340,200	9,117,200	9,796,500
Plan fiduciary net position - beginning	108,295,100	103,954,900	94,837,700	85,041,200
Plan fiduciary net position - ending (b)	$ 107,307,300	$ 108,295,100	$ 103,954,900	$ 94,837,700
District's net OPEB liability/(asset) - ending (a) - (b)	$ (18,506,000)	$ (22,267,900)	$ (745,000)	$ 5,417,700
Plan fiduciary net position as a percentage of the total OPEB liability	120.8%	125.9%	100.72%	94.6%
Covered-employee payroll	$ 305,000,000	$ 289,000,000	$ 270,000,000	$ 249,000,000
District's net OPEB liability/(asset) as a percentage of covered-employee payroll	-6.07%	-7.71%	-0.28%	2.18%

See accompanying note to required supplementary information.

KERN HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.369%	0.351%	0.333%	0.316%	0.323%	0.322%	0.239%
District's proportionate share of the net pension liability	$ 357,365,097	$ 316,808,513	$ 305,970,807	$ 292,504,000	$ 261,276,000	$ 217,080,000	$ 171,014,000
State's proportionate share of the net pension liability associated with the District	184,220,259	172,841,590	175,183,455	173,044,000	148,754,000	114,811,000	103,266,000
Total	$ 541,585,356	$ 489,650,103	$ 481,154,262	$ 465,548,000	$ 410,030,000	$ 331,891,000	$ 274,280,000
District's covered payroll	$ 209,661,133	$ 196,629,000	$ 178,994,000	$ 167,631,000	$ 160,993,000	$ 149,660,000	$ 130,345,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	170.4%	161.1%	170.9%	174.5%	162.3%	145.0%	131.2%
Plan fiduciary net position as a percentage of the total pension liability	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying note to required supplementary information.

KERN HIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.676%	0.642%	0.625%	0.616%	0.602%	0.616%	0.621%
District's proportionate share of the net pension liability	$ 207,326,547	$ 187,165,454	$ 166,671,041	$ 147,060,000	$ 118,834,000	$ 90,751,000	$ 70,444,000
District's covered payroll	$ 98,935,456	$ 90,581,000	$ 83,655,000	$ 78,544,000	$ 72,185,000	$ 68,161,000	$ 65,139,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	209.6%	206.6%	199.2%	187.2%	164.6%	133.1%	108.1%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

See accompanying note to required supplementary information.

KERN HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 32,891,261	$ 34,370,687	$ 31,140,881	$ 25,828,898	$ 21,568,709	$ 17,274,534	$ 13,289,808
Contributions in relation to the contractually required contribution*	(32,891,261)	(34,370,687)	(31,140,881)	(25,828,898)	(21,568,709)	(17,274,534)	(13,289,808)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 214,632,289	$ 209,661,133	$ 196,629,000	$ 178,994,000	$ 167,631,000	$ 160,993,000	$ 149,660,000
Contributions as a percentage of covered payroll	15.32%	16.39%	15.84%	14.43%	12.87%	10.73%	8.88%

*Amounts do not include on-behalf contributions

See accompanying note to required supplementary information.

KERN HIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 20,213,783	$ 19,390,757	$ 16,372,088	$ 12,992,486	$ 10,938,652	$ 8,551,755	$ 8,023,231
Contributions in relation to the contractually required contribution*	(20,213,783)	(19,390,757)	(16,372,088)	(12,992,486)	(10,938,652)	(8,551,755)	(8,023,231)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 97,783,451	$ 98,935,456	$ 90,581,000	$ 83,655,000	$ 78,544,000	$ 72,185,000	$ 68,161,000
Contributions as a percentage of covered payroll	20.67%	19.60%	18.07%	15.53%	13.93%	11.85%	11.77%

*Amounts do not include on-behalf contributions

See accompanying note to required supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule
This schedule is required by GASB Statement No. 34 as required supplementary information (RSI) for the General Fund and for each major special revenue fund that has a legally adopted annual budget. The budgetary comparison schedule presents both (a) the original and (b) the final appropriated budgets for the reporting period as well as (c) actual inflows, outflows, and balances, stated on the District's budgetary basis. A separate column to report the variance between the final budget and actual amounts is also presented, although not required.

Schedule of Changes in Net OPEB Liability/(Asset) and Related Ratios
This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the net OPEB liability/(asset), and the components of the net OPEB liability/(asset) and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability, and the net OPEB liability/(asset) as a percentage of covered-employee payroll.

Changes in Benefit Terms
There were no changes in benefit terms since the previous valuations for OPEB.

Changes in Assumptions
There were no changes in assumptions since the previous valuations for OPEB.

Schedule of the District Contributions for OPEB
This 10-year schedule is not required to be presented as there was no actuarially determined contribution, nor any contribution requirement established by statute or contract.

Schedule of the District's Proportionate Share of the Net Pension Liability
This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's proportion (percentage) of the collective net pension liability, the District's proportionate share (amount) of the collective net pension liability, the District's covered payroll, the District's proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Changes in Benefit Terms
There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

Changes in Assumptions
There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

Schedule of District Contributions
This 10-year schedule is required by GASB Statement No. 68 for each cost-sharing pension plan. Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 68 was applicable. The schedule presents the District's statutorily or contractually required employer contribution, the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the difference between the statutorily or contractually required employer contribution and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution, the District's covered payroll, and the amount of contributions recognized by the pension plan in relation to the statutorily or contractually required employer contribution as a percentage of the District's covered payroll.

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2021, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code, as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Certificated salaries	$ 211,222,198	$ 216,840,188	$ 5,617,990
Classified salaries	$ 90,799,032	$ 91,294,955	$ 495,923
Books and supplies	$ 45,143,576	$ 45,620,124	$ 476,548
Capital outlay	$ 4,862,519	$ 5,521,903	$ 659,384

SUPPLEMENTARY INFORMATION

KERN HIGH SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
Passed through California Department of Education:			
Title I, Part A **[1]**			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	$ 13,022,114
Comprehensive Support and Improvement for LEAs	84.010	15438	398,892
Subtotal Title I, Part A			13,421,006
Adult Education			
Adult Education: Adult Basic Education & ESL	84.002A	14508	567,802
Adult Education: Adult Secondary Education	84.002	13978	495,204
Adult Education: English Literacy and Civics Education	84.002A	14109	210,327
Adult Education: Institutionalized Adults (Section 225)	84.002	13971	47,540
Subtotal Adult Education			1,320,873
Title I, Migrant Education	84.011	14838	1,074,931
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	1,213,026
Title III, English Learner Student Program	84.365	14346	347,463
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	723,554
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14349	83,674
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	6,525,278
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	384,983
IDEA Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	46,056
Subtotal Special Education Cluster			6,956,317
Vocational Education:			
Carl D. Perkins Career and Technical Education: Adult, Section 132	84.048	14893	1,208,194
Carl D. Perkins Career and Technical Education: Secondary, Section 131	84.048	14894	168,126
Subtotal Vocational Education			1,376,320
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants: **[1]**			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	2,193,020
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	10,449,452
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	95,607
COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	856,967
Subtotal Education Stabilization Fund Discretionary Grants			13,595,046
Total U. S. Department of Education			40,112,210
U. S. DEPARTMENT OF LABOR:			
Passed through California Department of Education:			
WIOA Cluster			
Workforce Innovation and Opportunity Act (WIOA) - Youth Program	17.259	10055	516,628
Workforce Innovation and Opportunity Act (WIOA) - Adult Program	17.258	10055	221,317
Subtotal WIOA Cluster			737,945
Total U. S. Department of Labor			737,945
U. S. DEPARTMENT OF DEFENSE:			
Direct Award:			
Junior ROTC	12.609	*	154,773
Total U. S. Department of Defense			$ 154,773

(Continued on the following page)

See accompanying note to supplementary information.

Federal Grantor/Pass-Through Grantor/Program or Cluster	AL Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE:			
Passed through California Department of Education:			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster			
School Breakfast Program - Basic	10.553	13525	$ 6,454
School Breakfast Program - Needy	10.553	13526	4,637,542
National School Lunch Program	10.555	13391	7,385,090
Meal Supplements	10.555	*	8,693
Subtotal Child Nutrition Cluster			12,037,779
CACFP Claims - Centers and Family Day Care **[1]**	10.558	13393	6,408,797
Total U. S. Department of Agriculture			18,446,576
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Passed through California Department of Education:			
Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act- One-time Stipend	93.575	15555	25,358
Federal Child Care, Center-based	93.596	13609	87,138
Total U. S. Department of Health & Human Services			112,496
U. S. DEPARTMENT OF THE TREASURY:			
Passed through California Department of Education:			
COVID-19 Emergency Acts Funding:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation **[1]**	21.019	25516	32,059,635
Total U. S. Department of the Treasury			32,059,635
Total Federal Expenditures			$ 91,623,635

[1] - Major Program
***** - Pass-Through Entity Identifying Number not available or not applicable

See accompanying note to supplementary information.

KERN HIGH SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE YEAR ENDED JUNE 30, 2021

DISTRICT

Grade Level	2020-21 Number of Days	Status
Grade 9	180	Complied
Grade 10	180	Complied
Grade 11	180	Complied
Grade 12	180	Complied

CHARTER SCHOOL - KERN WORKFORCE 2000 ACADEMY

Grade Level	2020-21 Number of Days	Status
Grade 9	180	Complied
Grade 10	180	Complied
Grade 11	180	Complied
Grade 12	180	Complied

See accompanying note to supplementary information.

KERN HIGH SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

	2022 (Budget)	2021	2020	2019
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	$ 646,387,022	$ 641,943,493	$ 550,859,809	$ 558,742,929
Expenditures And Other Financing Uses	640,018,393	600,156,260	558,735,562	558,580,859
Net change in Fund Balance	$ 6,368,629	$ 41,787,233	$ (7,875,753)	$ 162,070
Ending Fund Balance	$ 111,730,219	$ 105,361,590	$ 63,574,357	$ 71,450,110
Available Reserves*	$ 60,000,000	$ 60,000,000	$ 70,972,022	$ 75,649,506
Available Reserves As A Percentage Of Outgo	9.37%	10.00%	12.70%	13.54%
Long-term Liabilities	$ 948,689,402	$ 978,748,894	$ 879,230,331	$ 887,831,198
Average Daily Attendance At P-2***	39,342	38,701	38,701	37,890

The General Fund ending fund balance has increased by $33,911,480 over the past two years. The fiscal year 2021-22 budget projects a further increase of $6,368,629. For a District this size, the State recommends available reserves of at least 2% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses in two of the past three years and anticipates incurring an operating surplus during the 2021-22 fiscal year. Total long-term obligations have increased by $90,917,696 over the past two years.

Average daily attendance has increased by 811 ADA over the past two years. An increase of 641 ADA is anticipated during the 2021-22 fiscal year.

*Available reserves consist of all stabilization arrangements within the General Fund and Special Reserve Fund for Other than Capital Outlay Projects.

**The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund and Special Reserve Fund for Other than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

***Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

See accompanying note to supplementary information.

KERN HIGH SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Deferred Maintenance Fund	Special Reserve Fund for Other Than Capital Outlay Projects
June 30, 2021, annual financial and budget report fund balance	$ 105,361,590	$ 2,912,034	$ 42,304,941
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	45,216,975	(2,912,034)	(42,304,941)
Net adjustments and reclassifications	45,216,975	(2,912,034)	(42,304,941)
June 30, 2021, audited financial statement fund balance	$ 150,578,565	$ -	$ -

See accompanying note to supplementary information.

KERN HIGH SCHOOL DISTRICT
SCHEDULE OF CHARTER SCHOOLS
FOR THE YEAR ENDED JUNE 30, 2021

Charter #	Charter School	Status	Included in Audit Report
0071	Kern Workforce 2000 Academy	Active	Yes

See accompanying note to supplementary information.

KERN HIGH SCHOOL DISTRICT
SCHEDULE OF FIRST 5 REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2021

	First 5/School Readiness	All Other Programs	Total Child Development Fund
REVENUES			
Federal sources	$ -	$ 112,496	$ 112,496
Other state sources	-	537,647	537,647
Other local sources	105,000	12,327	117,327
Total Revenues	105,000	662,470	767,470
EXPENDITURES			
Classified salaries	63,322	334,999	398,321
Employee benefits	52,582	237,565	290,147
Books and supplies	18,212	22,276	40,488
Services and other operating expenditures	1,987	6,767	8,754
Other outgo	4,038	28,967	33,005
Total Expenditures	140,141	630,574	770,715
Excess (Deficiency) of Revenues Over Expenditures	(35,141)	31,896	(3,245)
Other Financing Sources (Uses)			
Transfers in	35,141	3,922	39,063
Net Financing Sources (Uses)	35,141	3,922	39,063
NET CHANGE IN FUND BALANCE	-	35,818	35,818
Fund Balance - Beginning	-	20,527	20,527
Fund Balance - Ending	$ -	$ 56,345	$ 56,345

See accompanying note to supplementary information.

KERN HIGH SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2021

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
ASSETS											
Cash and investments	$ 6,245,117	$ 5,927,700	$ 4,216,120	$ -	$ 10,833	$ 12,901,217	$ -	$ 26,309,829	$ 42,337,318	$ 42,650,760	$ 140,598,894
Accounts receivable	-	971,341	1,137,643	92,474	1,655,608	1,510,684	8,285	21,470	96,388	87,496	5,581,389
Due from other funds	-	1,037,720	6,785	-	-	-	-	27,805,648	-	-	28,850,153
Stores inventory	-	-	-	-	799,063	-	-	-	-	-	799,063
Total Assets	$ 6,245,117	$ 7,936,761	$ 5,360,548	$ 92,474	$ 2,465,504	$ 14,411,901	$ 8,285	$ 54,136,947	$ 42,433,706	$ 42,738,256	$ 175,829,499
LIABILITIES											
Accrued liabilities	$ 580	$ 20,121	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,701
Due to other funds	120,894	-	-	36,129	475,150	354,347	8,285	-	-	735	995,540
Unearned revenue	-	205,577	1,835	-	-	-	-	-	-	-	207,412
Total Liabilities	121,474	225,698	1,835	36,129	475,150	354,347	8,285	-	-	735	1,223,653
FUND BALANCES											
Non-spendable	-	-	-	-	799,063	-	-	-	-	-	799,063
Restricted	6,123,643	7,711,063	5,358,713	56,345	1,191,291	14,057,554	-	54,136,947	42,433,706	42,737,521	173,806,783
Total Fund Balances	6,123,643	7,711,063	5,358,713	56,345	1,990,354	14,057,554	-	54,136,947	42,433,706	42,737,521	174,605,846
Total Liabilities and Fund Balance	$ 6,245,117	$ 7,936,761	$ 5,360,548	$ 92,474	$ 2,465,504	$ 14,411,901	$ 8,285	$ 54,136,947	$ 42,433,706	$ 42,738,256	$ 175,829,499

See accompanying note to supplementary information.

KERN HIGH SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

	Student Activity Fund	Charter Schools Fund	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Bond Interest and Redemption Fund	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
REVENUES											
LCFF sources	$ -	$ 5,638,036	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,638,036
Federal sources	-	385,643	1,710,316	112,496	19,303,543	-	-	-	-	-	21,511,998
Other state sources	-	622,872	12,088,964	537,647	1,242,261	-	3,592,432	-	170,261	-	18,254,437
Other local sources	2,528,059	13,740	842,907	117,327	281,290	8,034,781	8,576	245,672	34,021,521	157,787	46,251,660
Total Revenues	2,528,059	6,660,291	14,642,187	767,470	20,827,094	8,034,781	3,601,008	245,672	34,191,782	157,787	91,656,131
EXPENDITURES											
Current											
Instruction	-	2,526,361	7,135,912	107,340	-	-	-	-	-	-	9,769,613
Instruction-related services											
Instructional supervision and administration	-	904,263	-	-	-	-	-	-	-	-	904,263
Instructional library, media, and technology	-	26,193	-	-	-	-	-	-	-	-	26,193
School site administration	-	91,603	4,073,705	169,384	-	-	-	-	-	-	4,334,692
Pupil services											
Food services	-	-	-	-	17,950,327	-	-	-	-	-	17,950,327
All other pupil services	-	189,701	258,400	-	-	-	-	-	-	-	448,101
General administration											
All other general administration	-	588,760	461,131	33,005	862,264	-	-	-	-	-	1,945,160
Plant services	-	222,807	1,008,892	-	24,149	-	-	-	-	-	1,255,848
Facilities acquisition and maintenance	-	-	-	-	-	3,809,594	3,601,008	11,934,187	-	-	19,344,789
Ancillary services	3,716,350	-	-	-	-	-	-	-	-	-	3,716,350
Community services	-	-	-	460,986	-	-	-	-	-	-	460,986
Debt service											
Principal	-	-	-	-	-	-	-	-	25,415,000	70,295,000	95,710,000
Interest and other	-	-	-	-	-	26,625	-	-	13,541,472	3,624,605	17,192,702
Total Expenditures	3,716,350	4,549,688	12,938,040	770,715	18,836,740	3,836,219	3,601,008	11,934,187	38,956,472	73,919,605	173,059,024
Excess (Deficiency) of Revenues Over Expenditures	(1,188,291)	2,110,603	1,704,147	(3,245)	1,990,354	4,198,562	-	(11,688,515)	(4,764,690)	(73,761,818)	(81,402,893)
Other Financing Sources (Uses)											
Transfers in	250,492	299,956	-	39,063	-	-	-	30,000,000	-	23,459,654	54,049,165
Other sources	-	-	-	-	-	-	-	-	9,033,378	-	9,033,378
Transfers out	(76,036)	-	(39,063)	-	-	(17,390,668)	-	-	-	-	(17,505,767)
Net Financing Sources (Uses)	174,456	299,956	(39,063)	39,063	-	(17,390,668)	-	30,000,000	9,033,378	23,459,654	45,576,776
NET CHANGE IN FUND BALANCE	(1,013,835)	2,410,559	1,665,084	35,818	1,990,354	(13,192,106)	-	18,311,485	4,268,688	(50,302,164)	(35,826,117)
Fund Balance - Beginning, as Restated	7,137,478	5,300,504	3,693,629	20,527	-	27,249,660	-	35,825,462	38,165,018	93,039,685	210,431,963
Fund Balance - Ending	$ 6,123,643	$ 7,711,063	$ 5,358,713	$ 56,345	$ 1,990,354	$ 14,057,554	$ -	$ 54,136,947	$ 42,433,706	$ 42,737,521	$ 174,605,846

See accompanying note to supplementary information.

Kern High School District is located in Bakersfield, California and was established on November 8, 1892. The District serves the county of Kern and there were no changes in the boundaries of the District during the year. The District operates eighteen comprehensive high schools and five continuation high schools. In addition, the District also maintains three vocational career centers, a career technical education center, a charter school, and an adult school.

GOVERNING BOARD

Member	Office	Term Expires
Jeff Flores	President	December 2024
J. Bryan Batey	Vice President	December 2022
Cynthia Brakeman	Clerk	December 2022
Janice Graves	Clerk Pro Tem	December 2022
David Manriquez	Member	December 2024

DISTRICT ADMINISTRATORS

Bryon J. Schaefer, Ed.D.
Superintendent

Brenda Lewis, Ed.D.
Associate Superintendent - Instruction

Dean McGee, Ed.D.
Associate Superintendent - Educational Services & Innovative Programs

William Sandoval
Associate Superintendent - Human Resources

Mike Zulfa, Ed.D.
Deputy Superintendent, Business

See accompanying note to supplementary information.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the 10 percent de minimis indirect cost rate.

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2021 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2021.

	AL Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		$ 93,773,414
Coronavirus Relief Fund (CRF): Learning Loss Mitigation	21.019	(2,149,779)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		$ 91,623,635

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Annual Financial and Budget Report Unaudited Actuals to the audited financial statements.

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District and displays information for each charter school on whether or not the charter school is included in the District audit.

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of First 5 Revenues and Expenses
This schedule provides revenues and expenses for the First 5 Kern County Program.

Combining Statements – Non-Major Funds
These statements provide information on the District’s non-major funds.

Local Education Agency Organization Structure
This schedule provides information about the District's boundaries and schools operated, members of the governing board, and members of the administration.

OTHER INDEPENDENT AUDITORS' REPORTS

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*

Independent Auditors' Report

Governing Board
Kern High School District
Bakersfield, California

We have audited, in accordance with the 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 governmental activities, each major fund, and the aggregate remaining fund information of Kern High School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Kern High School District's basic financial statements, and have issued our report thereon dated January 11, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kern High School 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 Kern High School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Kern High School 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 entity'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, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kern High School 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*.

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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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
January 11, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE FIRST 5 KERN COUNTY PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH A PROGRAM-SPECIFIC AUDIT

Independent Auditors' Report

Governing Board
Kern High School District
Bakersfield, California

Report on Compliance for First 5 Kern County Program

We have audited Kern High School District's compliance with the types of compliance requirements described in the Program Guidelines for the First 5 Kern County Program that have a direct and material effect on its First 5 Kern County Program for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its First 5 Kern County Program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Kern High School District's First 5 Kern County Program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the First 5 Kern County Program occurred. An audit includes examining, on a test basis, evidence about Kern High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination of Kern High School District's compliance with those requirements.

Opinion on First 5 Kern County Program

In our opinion, Kern High School District complied, in all material respects, with the compliance requirements referred to above that have a direct and material effect on its First 5 Kern County Program for the year ended June 30, 2021

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Report on Internal Control Over Compliance

Management of Kern High School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Kern High School District's internal control over compliance with requirements that could have a direct and material effect on its First 5 Kern County Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the First 5 Kern County Program and to test and report on internal control over compliance in accordance with the First 5 Kern County Program Guidelines, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kern High School District's internal control over compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the First 5 Kern County 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 the First 5 Kern County 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 the First 5 Kern County Program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of First 5 Kern County Program Guidelines. Accordingly, this report is not suitable for any other purpose.

Christy White, Inc.

San Diego, California
January 11, 2022

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

Independent Auditors' Report

Governing Board
Kern High School District
Bakersfield, California

Report on Compliance for Each Major Federal Program

We have audited Kern High School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Kern High School District's major federal programs for the year ended June 30, 2021. Kern High School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Kern High School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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Report on Internal Control Over Compliance

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

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

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

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.

Christy White, Inc.

San Diego, California
January 11, 2022

CHRISTY WHITE
Certified Public Accountants serving
K-12 School Districts and Charter
Schools throughout California

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Governing Board
Kern High School District
Bakersfield, California

Report on State Compliance

We have audited Kern High School District's compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* prescribed in Title 5, *California Code of Regulations*, section 19810 that could have a direct and material effect on each of Kern High School District's state programs for the fiscal year ended June 30, 2021, as identified below.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Kern High School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Kern High School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Kern High School District's compliance with those requirements.

Opinion on State Compliance

In our opinion, Kern High School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2021.

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Procedures Performed

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

PROGRAM NAME	PROCEDURES PERFORMED
Local Education Agencies Other Than Charter Schools	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Not Applicable
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Charter Schools	
Independent Study-Course Based; for charter schools	Not Applicable
Attendance; for charter schools	Yes
Mode of Instruction; for charter schools	Yes
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

Christy White, Inc.

San Diego, California
January 11, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

KERN HIGH SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)?	No
Identification of major programs:	

AL Number(s)	Name of Federal Program or Cluster
84.425, 84.425C, 84.425D	Education Stabilization Fund Discretionary Grants
84.010	Title I, Part A
21.019	Coronavirus Relief Fund (CRF): Learning Loss Mitigation
10.558	CACFP Claims - Centers and Family Day Care

Dollar threshold used to distinguish between Type A and Type B programs:	$ 2,748,709
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over state programs:	
Material weaknesses identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditors' report issued on compliance for state programs:	Unmodified

FIVE DIGIT CODE	AB 3627 FINDING TYPE
20000	Inventory of Equipment
30000	Internal Control

There were no financial statement findings for the year ended June 30, 2021.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
50000	Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2021.

FIVE DIGIT CODE	AB 3627 FINDING TYPE
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2021.

KERN HIGH SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

There were no findings or questioned costs for the year ended June 30, 2020.

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APPENDIX C

GENERAL INFORMATION ABOUT THE CITY OF BAKERSFIELD AND THE KERN COUNTY

*The following information concerning the Kern County (the "**County**") and the City of Bakersfield (the "**City**") is included only for the purpose of supplying general information regarding the area of the District. The Bonds are not a debt (or a pledge of the full faith and credit) of the City, the County, the State or any of its political subdivisions, other than the District, and neither the City, the State nor any of its political subdivisions, other than the District, is liable therefor.*

The historical data and results presented in the tables that follow may differ materially from future results as a result of economic or other factors. For more information on the impact of the COVID-19 pandemic, see "SECURITY FOR THE BONDS – Disclosure Relating to COVID-19 Pandemic" herein. See also references to COVID-19 in the section entitled "PROPERTY TAXATION", and in APPENDIX A under the heading "DISTRICT GENERAL INFORMATION" and "STATE FUNDING OF EDUCATION; RECENT STATE BUDGETS."

General

The City. The City is located in the County, California, at the southern end of the San Joaquin Valley, approximately 110 miles north of Los Angeles and 290 miles south of San Francisco. The City maintains an incorporated area of approximately 148 square miles, with an additional 170 square miles of land located within the City's sphere of influence.

The City was incorporated on January 11, 1898, under the general laws of the State. The City is a charter city with a council/manager form of government. The City Council is comprised of seven council members, elected by ward on a staggered basis for a term of four years. The mayor is directly elected for a four-year term. The council appoints the City Attorney and the City Manager, who also serves as the Executive Director of the Bakersfield Redevelopment Agency.

The City is a regional center for industry, government, transportation, retail trade, medical services, and oil field operations. Major manufacturing activities include iron and steel fabrication, plastic foam products, food products, petroleum refining, and textiles. The City is one of the leading convention centers in the State and is the commercial hub of the County. As the County seat, it is the location of many county, state, and federal offices.

The County. The County is located approximately 100 miles north of Los Angeles County in south-central California. The County is the third largest county in California, covering 8,073 square miles. Surrounded by three major mountain ranges, the County has three climatic zones: valley, mountain and high desert. Bordered on the west by San Luis Obispo and Santa Barbara Counties, to the east by San Bernardino County and on the north by Kings, Tulare and Inyo Counties, the County measures 120 miles east to west and 67 miles north to south.

The County's economy is heavily linked to agriculture and to petroleum extraction. There is also a strong aviation, space, and military presence, such as Edwards Air Force Base, the China Lake Naval Air Weapons Station, and the Mojave Air and Space Port.

Population

The most recent estimate of the County's population at January 1, 2022 was 909,813 persons according to the State Department of Finance. The City has an estimated population of 408,865 persons at January 1, 2022. The table below shows population estimates for the cities in the County for the last five years, as of January 1.

KERN COUNTY
Population Estimates
Calendar Years 2018 through 2022
(As of January 1st)

Area	2018	2019	2020	2021	2022
Arvin	21,035	21,565	19,749	19,833	19,639
Bakersfield	**384,704**	**388,588**	**402,857**	**406,129**	**408,865**
California City	14,398	14,488	15,014	14,942	14,952
Delano	52,372	52,482	51,577	50,045	51,258
Maricopa	1,144	1,139	1,025	1,028	1,018
Mcfarland	14,860	14,885	14,178	14,034	13,902
Ridgecrest	28,873	29,112	27,850	28,059	28,061
Shafter	19,094	19,746	19,890	19,950	20,486
Taft	9,490	9,426	8,697	7,355	7,011
Tehachapi	12,412	13,070	13,062	12,260	12,375
Wasco	27,366	27,582	27,116	25,235	26,689
Unincorporated	313,076	314,982	308,220	308,454	305,557
County Total	**898,824**	**907,065**	**909,235**	**907,324**	**909,813**

Source: State Department of Finance estimates.

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Employment and Industry

The District is included in the Bakersfield Metropolitan Statistical Area (the "**MSA**"), which consists of the County. The unemployment rate in the Kern County was 7.7 percent in March 2022, down from a revised 8.4 percent in February 2022, and below the year-ago estimate of 12.3 percent. This compares with an unadjusted unemployment rate of 4.2 percent for California and 3.8 percent for the nation during the same period.

The table below provides information about employment rates and employment by industry type for the County for calendar years 2017 through 2021.

BAKERSFIELD METROPOLITAN STATISTICAL AREA
(KERN COUNTY)
Annual Averages Civilian Labor Force, Employment and Unemployment,
Employment by Industry
(March 2021 Benchmark)

	2017	**2018**	**2019**	**2020**	**2021**
Civilian Labor Force (1)	384,100	385,800	388,800	385,900	384,000
Employment	348,500	354,400	358,100	335,900	345,400
Unemployment	35,600	31,400	30,700	49,900	38,600
Unemployment Rate	9.3%	8.1%	7.9%	12.9%	10.0%
Wage and Salary Employment: (2)					
Agriculture	61,400	61,500	62,100	58,400	60,900
Mining and Logging	8,600	9,300	9,600	7,900	7,300
Construction	14,900	15,900	16,300	15,400	15,400
Manufacturing	13,400	13,200	12,900	12,300	12,100
Wholesale Trade	8,200	8,300	8,000	7,500	7,700
Retail Trade	32,000	31,800	31,100	30,100	32,200
Transportation, Warehousing, Utilities	11,500	13,200	13,700	15,000	19,200
Information	2,000	2,000	1,900	1,500	1,500
Finance and Insurance	4,700	4,400	4,300	4,100	4,100
Real Estate and Rental and Leasing	3,000	3,100	3,200	3,100	3,200
Professional and Business Services	25,400	26,500	27,700	26,900	25,900
Educational and Health Services	36,400	38,100	40,900	40,800	41,400
Leisure and Hospitality	25,900	26,700	27,600	23,200	26,200
Other Services	7,700	7,900	8,300	7,400	7,800
Federal Government	10,400	10,600	10,900	11,300	11,300
State Government	10,100	10,200	10,200	10,200	9,900
Local Government	44,700	45,300	46,500	44,000	43,500
Total, All Industries (3)	320,300	328,100	335,300	319,300	329,500

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The following table shows the major employers in the County as of May 2022, in alphabetical order without regard to the number of employees.

KERN COUNTY
Major Employers
(Listed Alphabetically)

Employer Name	Location	Industry
Adventist Health Bakersfield	Bakersfield	Hospitals
Bolthouse Farms	Bakersfield	Agricultural Consultants
California Correctional Inst	Tehachapi	Government Offices-State
Chevron Corp	Bakersfield	Management Services
Dignity Health Mercy Downtown	Bakersfield	Hospitals
Edwards Air Force Base	Edwards	Military Bases
Ensign United States Drilling	Bakersfield	Energy Management Systems & Products
Foster Care Human Svc	Bakersfield	Foster Care
Frito-Lay Inc	Bakersfield	Potato Chips (whls)
Grimmway Farms	Arvin	Farms
Kern County	Kernville	Government Offices-County
Kern County Human Svc Dept	Bakersfield	Government Offices-County
Marko Zaninovich Inc	Mc Farland	Fruits & Vegetables-Growers & Shippers
Memorial Hospital Bakersfield	Bakersfield	Hospitals
Nabors Completion-Production	Bakersfield	Oil Field Service
Nasa/Armstrong Flight Research	Edwards	Research Service
NAVAL Air Warfare Ctr	Ridgecrest	Military Bases
Paramount Farms Huller 4	Lost Hills	Farms
Ridgecrest Regional Hospital	Ridgecrest	Hospitals
Sierra Sands Unified Sch Dist	Ridgecrest	School Districts
Sun Pacific	Bakersfield	Fruits & Vegetables-Growers & Shippers
US Naval Air Weapons Station	Ridgecrest	Federal Government-National Security
US Navy Public Affairs Office	Ridgecrest	Government Offices-Federal
Vasinda Investments Inc	Bakersfield	Home Health Service
Wasco State Prison Fire Dept	Wasco	Fire Departments

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database, 2022 2nd Edition.

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Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the median household effective buying income for the City, the County, the State of California, and the United States for the years 2018 through 2022.

CITY OF BAKERSFIELD, KERN COUNTY, THE STATE OF CALIFORNIA AND THE UNITED STATES
Median Household Effective Buying Income
as of January 1, 2018 through 2022

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2018	City of Bakersfield	$8,150,194	$53,692
	Kern County	16,598,425	47,525
	California	1,113,648,181	59,646
	United States	8,640,770,229	50,735
2019	City of Bakersfield	$7,798,290	$49,880
	Kern County	15,778,809	44,937
	California	1,183,264,399	62,637
	United States	9,017,967,563	52,841
2020	City of Bakersfield	$8,104,007	$51,326
	Kern County	16,273,026	45,789
	California	1,243,564,816	65,870
	United States	9,487,165,436	55,303
2021	City of Bakersfield	$8,294,051	$51,901
	Kern County	16,635,009	46,320
	California	1,290,894,604	67,956
	United States	9,809,944,764	56,790
2022	City of Bakersfield	$9,935,717	$61,602
	Kern County	19,889,061	54,336
	California	1,452,426,153	77,058
	United States	11,208,582,541	64,448

Source: The Nielsen Company (US), Inc for 2018; Claritas, LLC for 2019 through 2022.

Commercial Activity

A summary of historic taxable sales within the City during the past five years in which data is available is shown in the following table.

Total taxable sales during calendar year 2021 in the City were reported to be $7,828,324,094, a 23.16% increase over the total taxable sales of $6,356,165,806 reported during calendar year 2020.

CITY OF BAKERSFIELD
Annual Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2017	6,315	$4,872,067	9,246	$6,037,168
2018	6,680	5,156,811	9,937	6,378,358
2019	6,985	5,256,931	10,489	6,500,090
2020	7,666	5,227,272	11,582	6,305,848
2021	7,419	6,570,455	11,300	7,828,324

Source: State Department of Tax and Fee Administration.

Total taxable sales during calendar year 2021 in the County were reported to be $19,381,810,348, a 21.53% increase over the total taxable sales of $15,947,610,647 reported during calendar year 2020.

KERN COUNTY
Annual Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	**Taxable Transactions**	**Number of Permits**	**Taxable Transactions**
2017	12,253	$9,021,040	18,743	$13,883,734
2018	12,558	9,716,458	19,612	15,130,972
2019	13,152	10,076,907	20,757	15,688,343
2020	14,564	10,673,146	23,038	15,947,611
2021	13,760	13,218,065	22,039	19,381,810

Source: State Department of Tax and Fee Administration.

Construction Activity

Provided below are the building permits and valuations for the City and County for calendar years 2016 through 2020.

CITY OF BAKERSFIELD
Total Building Permit Valuations
(Valuations in Thousands)

	2016	2017	2018	2019	2020
Permit Valuation					
New Single-family	$359,121.7	$256,061.5	$281,016.2	$382,456.0	$404,061.0
New Multi-family	11,824.0	1,869.0	17,813.9	10,771.9	73,841.0
Res. Alterations/Additions	14,445.0	26,715.6	14,323.2	12,022.4	16,871.6
Total Residential	$385,390.7	$284,646.1	$313,153.3	$405,250.3	$494,773.6
New Commercial	$40,325.3	$48,251.1	$75,183.3	$35,903.4	$31,058.5
New Industrial	2,380.8	0.0	0.0	0.0	781.8
New Other	12,430.8	31,361.4	9,732.8	7,171.7	13,265.2
Com. Alterations/Additions	86,915.8	75,846.0	65,011.1	60,092.2	71,873.5
Total Nonresidential	$142,052.7	$155,458.5	$149,927.2	$103,167.3	$116,979.0
New Dwelling Units					
Single Family	1,338	930	997	1,379	1,369
Multiple Family	56	6	126	56	376
TOTAL	1,394	936	1,123	1,435	1,745

Source: Construction Industry Research Board, Building Permit Summary

KERN COUNTY
Total Building Permit Valuations
(Valuations in Thousands)
Calendar Years 2016 through 2020

	2016	2017	2018	2019	2020
Permit Valuation					
New Single-family	$489,908.4	$396,101.1	$425,996.3	$521,228.1	$543,418.9
New Multi-family	12,500.9	2,169.0	43,680.2	36,336.2	79,037.3
Res. Alterations/Additions	30,119.6	44,923.7	29,973.5	29,902.1	34,492.8
Total Residential	$532,528.9	$443,193.8	$499,650.0	$587,466.4	$656,949.0
New Commercial	$121,385.2	$182,439.2	$385,525.8	$188,922.6	$202,980.3
New Industrial	5,469.5	14,027.3	5,884.3	596.9	1,084.7
New Other	89,364.6	52,473.8	62,362.4	32,677.2	36,270.5
Com. Alterations/Additions	132,775.7	121,754.7	116,848.6	140,850.1	169,596.1
Total Nonresidential	$348,995.0	$370,695.0	$570,621.1	$363,046.8	$409,931.6
New Dwelling Units					
Single Family	2,181	1,844	1,894	2,260	2,272
Multiple Family	66	10	346	659	460
TOTAL	2,247	1,854	2,240	2,919	2,732

Source: Construction Industry Research Board, Building Permit Summary.

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APPENDIX D

PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL]

_________, 2022

Board of Trustees
Kern High School District
277-A Karen Way
Bakersfield, California 94920

OPINION: $___________ Kern High School District
(Kern County, California)
2022 Refunding General Obligation Bonds

Members of the Board of Trustees:

We have acted as bond counsel to the Kern High School District (the "District") in connection with the issuance by the District of $_______ principal amount of Kern High School District (Kern County, California) 2022 Refunding General Obligation Bonds (the "Bonds"). The Bonds have been authorized to be issued under the provisions of under the provisions of Articles 9 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53550 of said Code, and a resolution adopted by the Board of Trustees of the District (the "Board") on April 4, 2022 (the "Bond Resolution"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Board contained in the Bond Resolution and in the certified proceedings and other certifications and opinions furnished to us, without undertaking to verify such facts by independent investigation.

Based upon our examination, we are of the opinion, under existing law, as follows:

1. The District is a duly created and validly existing school district with the power to issue the Bonds, and to perform its obligations under the Bond Resolution and the Bonds.

2. The Bond Resolution has been duly adopted by the Board, and constitutes a valid and binding obligation of the District enforceable against the District in accordance with its terms.

3. The Bonds have been duly authorized, executed and delivered by the District and are valid and binding general obligations of the District, and the Board of Supervisors of the County of Kern is obligated under the laws of the State of California to cause to be levied a tax

without limit as to rate or amount upon the property in the District subject to taxation by the District for the payment when due of the principal of and interest on the Bonds.

4. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the District comply with all requirements of the Internal Revenue Code of 1986, as amended, relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenants in order to comply with each such requirement. Inaccuracy of those representations, or failure to comply with certain of those covenants, may cause the inclusion of such interest in gross income for federal income tax purposes, which may be retroactive to the date of issuance of the Bonds.

5. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

We express no opinion regarding any other tax consequences arising with respect to the ownership, sale or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

The rights of the owners of the Bonds and the enforceability of the Bonds are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law that may hereafter occur.

Respectfully submitted,

A Professional Law Corporation

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$________
KERN HIGH SCHOOL DISTRICT
(Kern County, California)
2022 Refunding General Obligation Bonds

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "**Disclosure Certificate**") is executed and delivered by the Kern High School District (the "**District**") in connection with the execution and delivery of the captioned bonds (the "**Bonds**"). The Bonds are being executed and delivered pursuant to a resolution adopted by the Board of Trustees of the District on April 4, 2022 (the "**Bond Resolution**"). The District covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"*Annual Report*" means any Annual Report provided by the District under and as described in Sections 3 and 4.

"*Annual Report Date*" means the date that is nine months after the end of the District's fiscal year (currently April 1 based on the District's fiscal year end of June 30).

"*Dissemination Agent*" means, initially, Dale Scott & Company Inc. or any successor third party Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a).

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Participating Underwriter*" means the original purchaser of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to provide, not later than nine months after the end of the District's fiscal year (which currently would be March 31), commencing no later than March 31, 2023, with the report for the 2021-22 Fiscal Year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4. Not later than 15 business days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 business days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide in a timely manner (or cause the Dissemination Agent to provide in a timely manner) an Annual Report by the Annual Report Date, the District shall provide (or cause the Dissemination Agent to provide) notice in a timely manner to the MSRB, in an electronic format as prescribed by the MSRB.

(c) With respect to the Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, the District shall include in its Annual Report the following information:

(i) Assessed value of taxable property in the jurisdiction of the District as shown on the most recent equalized assessment roll;

(ii) Assessed value of the top twenty property taxpayers in the District as shown on the most recent equalized assessment roll;

(iii) Property tax collection delinquencies in the District for the most recently completed Fiscal Year, but only if the District's general obligation bond tax levies are not included in Kern County's Teeter Plan and such information is available from the County; and

(iv) The District's most recently adopted budget or interim report showing budgeted figures available at the time of filing the Annual Report.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

(1) Principal and interest payment delinquencies.

(2) Non-payment related defaults, if material.

(3) Unscheduled draws on debt service reserves reflecting financial difficulties.

(4) Unscheduled draws on credit enhancements reflecting financial difficulties.

(5) Substitution of credit or liquidity providers, or their failure to perform.

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security.

(7) Modifications to rights of security holders, if material.

(8) Bond calls, if material, and tender offers.

(9) Defeasances.

(10) Release, substitution, or sale of property securing repayment of the securities, if material.

(11) Rating changes.

(12) Bankruptcy, insolvency, receivership or similar event of the District.

(13) The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(15) Incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material.

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Listed Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Bond Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), (a)(14), and (a)(15) of this Section contain the qualifier “if material” and that subparagraph (a)(6) also contains the qualifier “material” with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event’s occurrence is material for purposes of U.S. federal securities law. Whenever the District obtains knowledge of the occurrence of any of these Listed Events, the District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

(e) For purposes of Section 5(a)(15) and (16), "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term financial obligation shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision hereof, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended under the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 9. Additional Information. Nothing in this Disclosure Certificate prevents the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. If the District fails to comply with any provision of this Disclosure Certificate, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____________, 2022

KERN HIGH SCHOOL DISTRICT

By: _______________________________________

Name: ____________________________________

Title: _____________________________________

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APPENDIX F

DTC AND THE BOOK-ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the District nor the Paying Agent take any responsibility for the information contained in this Section.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC") will act as securities depository for the securities (in this Appendix, the "Bonds"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding

company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive Bonds representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

6. Redemption notices will be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting

rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Paying Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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APPENDIX G

KERN COUNTY INVESTMENT POLICY AND REPORT

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OFFICE OF THE TREASURER-TAX COLLECTOR
COUNTY OF KERN

TREASURER'S STATEMENT OF INVESTMENT POLICY
Approved By the Board of Supervisors December 7, 2021

SCOPE:

The County of Kern's Investment Policy has been prepared in accordance with California Government Code (CGC) sections *53630* et seq. The complete text of California Government Code Section *53630* is set forth on the Internet at www.leginfo.ca.gov.

This policy shall be reviewed annually by the County's Treasury Oversight Committee and approved by the County Board of Supervisors. The purpose of this policy is to establish cash management and investment guidelines for the County Treasurer, who is responsible for the management and investment of the County Treasurer's Pool, which consists of pooled monies held on behalf of the County, school districts, community college districts and certain special districts within the County.

This policy shall apply to all investments held within the County Treasurer's Pool and made on behalf of the County and member agencies of the Pool with the exception of certain bond funds for which the Board of Supervisors may specifically authorize other allowable investments, consistent with State law. Also exempt from this policy are retirement funds and other post employment benefit (OPEB) funds managed through an external trust. The Treasurer and Treasurer's staff are responsible for the full-time, active management of the Pool. All investments and activities of the Treasurer and staff are conducted with the understanding that the Treasurer holds a public trust with the citizens of the County, which cannot be compromised.

FIDUCIARY RESPONSIBILITY:

CGC Section 27000.3, declares each Treasurer, or governing body authorized to make investment decisions on behalf of local agencies, to be a fiduciary subject to the prudent investor standard as stated in CGC Section 53600.3:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law."

PORTFOLIO OBJECTIVES:

It is the policy of the Treasurer to invest public funds in a manner which will preserve the safety and liquidity of all investments within the County investment pool while obtaining a reasonable return within established investment guidelines. The portfolio should be actively managed in a manner that is responsive to the public trust and consistent with State law. Accordingly, the County Treasurer's Pool will be guided by the following principles, in order of importance:

1. The primary objective of the Treasurer's investment of public funds is to safeguard investment principal.
2. The secondary objective is to maintain sufficient liquidity to insure that funds are available to meet daily cash flow requirements.
3. The third and last consideration is to achieve a reasonable rate of return or yield consistent with these objectives.

AUTHORIZED INVESTMENTS:

Investments shall be restricted to those authorized in the CGC and as further restricted by this policy statement, with the exception of certain bond funds in which the Board of Supervisors has specifically authorized other allowable investments. All investments shall be further governed by the restrictions shown in Schedule I which defines the type of investments authorized, maturity limitations, portfolio diversification (maximum percent of portfolio), credit quality standards, and purchase restrictions that apply. Whenever a maximum allowable percentage of the portfolio is stipulated for any type of security or structural maturity range, the limit or maximum allowable is determined by the portfolio size at the close of the date on which the security is settled.

In conjunction with these restrictions, County Treasurer staff shall diversify its investments by security type, issuer and maturity. The purpose of this diversification is to reduce portfolio risk by avoiding an over concentration in any particular maturity sector, asset class or specific issuer. As Agency security holdings are the largest portion of the pool, diversification among the Agency issuers should be considered to the extent practical when making investments.

PROHIBITED INVESTMENTS:

No investment shall be made that is prohibited by *53601.6* as may be from time to time amended.

STAFF AUTHORIZED TO MAKE INVESTMENTS:

Only the Treasurer, Assistant Treasurer, Principal Treasury Investment Officer and department Accountants, when acting as the Investment Officer, are authorized to make investments and to order the receipt and delivery of investment securities among custodial security clearance accounts.

AUTHORIZED BROKER/DEALERS:

The County Treasurer shall maintain an 'Eligible Broker/Dealer List'. Firms eligible to do business with the County are:

- Primary Broker/Dealers eligible to trade with the New York branch of the Federal Reserve Bank

- Regional Broker/Dealers meeting the minimum capital requirements of the Securities Exchange Commission

- Introducing Brokers meeting the minimum capital requirements of the Securities Exchange Commission

- National or State banks, domestic branches of properly licensed foreign banks, credit unions, savings and loan institutions, thrift associations

- Direct Issuers meeting the appropriate credit criteria for the securities being offered

- Other institutions as authorized by law

All firms with whom the County does business shall comply with the requirements set forth in Schedule IV. County Treasurer staff shall conduct an annual review of each Broker/Dealer's current financial condition and performance in servicing the County over the prior year.

Further, in compliance with CGC Section 27133(c) & (d), no dealer and/or securities firm shall be eligible if they have made a political contribution in excess of the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board or exceeded the limit on honoraria, gifts, and gratuities set by State law, or by the Fair Political Practices Commission, by County Ordinance or Departmental Policy.

DUE DILIGENCE:

County Treasurer staff shall conduct a thorough review and perform due diligence of all firms seeking to do business with the County prior to conducting transactions with those parties and on a continuing basis. This due diligence may include a periodic review of recent news, financial statements and SEC filings related to each entity.

INTERNAL CONTROL:

The County Treasurer has established a system of internal control to provide reasonable assurance that the investment objectives are met and to ensure that the assets of the County Treasury Pool are protected from loss, theft or misuse. The concept of reasonable assurance recognizes that the cost of control shall not exceed the benefits likely to be derived and that the valuation of costs and benefits require estimates and judgments by management. The County Treasurer shall develop and maintain written procedures for the operation of the investment program, which are consistent with this policy. These procedures shall include reference to separation of duties, safekeeping, collateralization, wire transfers and banking related activities.

Except for declared emergencies, the County Treasurer's Office shall observe the following procedures on a daily basis:

1. All investment transactions conducted by the County Treasurer's Office shall be immediately confirmed and entered into the Treasurer's Portfolio Accounting System.
2. A copy of each day's investment transactions shall be filed with the County Auditor-Controller.

3. County investments shall be executed, confirmed, accounted for, and audited by different people.

SECURITY CUSTODY & DELIVERIES:

All securities purchased shall be deposited for safekeeping with the Custodial Bank that has contracted to provide the County Treasurer with custodial security clearance services or with a tri-party custodian bank under a written tri-party custody agreement. These third party trust department arrangements provide the County with a perfected interest in, ownership of and control over the securities held by the bank custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are not to be held in investment firm/broker dealer accounts. All security holdings shall be reconciled monthly by the County Treasurer and audited at least quarterly by the County Auditor.

All security transactions are to be conducted on a "delivery-versus-payment basis". All trades will be immediately confirmed with the Broker/Dealer and reconfirmed through the Custodian Bank.

COMPETITIVE PRICING:

Investment transactions are to be made at current market prices. Wherever possible, competitive prices should be obtained through obtaining multiple bids or offers. When possible, bids and offers for any investment security shall be taken from a minimum of three security dealers/brokers or banks and awards shall be made to the best bid or offer. The primary source of pricing information and guidance will be that information available through Bloomberg LLP, a world-wide financial news service to which the County subscribes.

LIQUIDITY:

The portfolio will maintain a weighted-average maturity of no greater than 2 years. To provide sufficient liquidity to meet daily expenditure requirements, the portfolio will maintain at least 30% of its total book value in securities having a maturity of one (1) year or less.

PORTFOLIO EVALUATION:

The portfolio is monitored and evaluated daily, monthly, and quarterly by the County Treasurer's Office. Monthly market value pricing is provided by a third party. Earned yield is calculated each month. Benchmarks for earned yield and investment performance will be commensurate with the pool's investment goals, credit limits, and target weighted average maturity and duration.

MITIGATING MARKET & CREDIT RISKS:

Safety of principal is the primary objective of the portfolio. Each investment transaction shall seek to minimize the County's exposure to market and credit risks by giving careful and ongoing attention to the: (1) credit quality standards issued by Standard & Poor's, Moody's and Fitch's rating services on the credit worthiness of each issuer of securities, (2) limiting the duration of investments to the time frames noted in Schedule I, and (3) by maintaining the diversification and liquidity standards expressed within this policy.

In the event of a downgrade of a security held in the portfolio, the Principal Treasury Investment Officer shall report the downgrade to the Treasurer within a maximum of 3 days. In the event of a downgrade below the minimum credit ratings authorized by this policy, the security shall be evaluated on a case-by-case basis to determine whether the security shall be sold or held. Every effort will be made to sell such a security without a book loss. In the event of a potential loss upon sale, the Treasurer will evaluate whether to hold or sell the security based on the amount of loss, remaining maturity and any other relevant factors including the issuer's default risk, headline risk, and short term vs. long term financial metrics.

TRADING & EARLY SALE OF SECURITIES:

Securities should be purchased with the intent of holding them until maturity. However, in an effort to minimize market risks, credit risks, and increase the return of the portfolio, securities may be sold prior to maturity either at a profit or loss when economic circumstances or a deterioration in credit worthiness of the issuer warrant a sale of the securities to either enhance overall portfolio return or to minimize loss of investment principal. In measuring a profit or loss, the sale proceeds shall be compared to the original cost of the security plus accrued interest earned and/or any accretion or amortization of principal on the security from the date of purchase or the last coupon date, to the date of sale.

PORTFOLIO REPORTS/AUDITING:

On a monthly basis, the County Treasurer shall prepare and file with the Board of Supervisors, the County Administrative Officer, and County Auditor-Controller, a report consisting of, but not limited to, the following:

1. Monthly investment transactions, investments detailing each by type, issuer, date of maturity, par value and stating the book vs. current market value together with all other portfolio information required by law.
2. Compliance of investments to the existing County Investment Policy.
3. A statement confirming the ability of the Pool to meet anticipated cash requirements for the Pool for the next six months.

TREASURY OVERSIGHT COMMITTEE:

In accordance with the CGC Section 27131, the Board of Supervisors has established a Treasury Oversight Committee. The Treasury Oversight Committee will render unbiased and objective opinions on matters involving the Treasurer's investment of public funds. Specifically, the law requires that the Treasury Oversight Committee meet to:

1. Review the Treasurer's annual Investment Policy Statement and any subsequent changes thereto, prior to its submission to the Board of Supervisors for review and adoption,
2. Review the Treasurer's investment portfolio reports and the portfolio's compliance with law and this Investment Policy,
3. Cause an annual audit to be conducted on the Treasurer's Pooled Investment portfolio.

All meetings of the Oversight Committee are to be open to the public and subject to the Ralph

M. Brown Act. By law, the Treasury Oversight Committee is not allowed to direct individual investment decisions, nor select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the County Treasury.

QUARTERLY DISTRIBUTION OF INVESTMENT EARNINGS:

All moneys deposited in this pool by the participants represent an individual interest in all assets and investments in the pool based upon the amount deposited. Portfolio income shall be reconciled daily against cash receipts, and quarterly prior to the distribution of earnings among those entities sharing in pooled fund investment income. Nonetheless, actual portfolio income and/or losses, net of any reserves, will be distributed quarterly using the accrual basis of accounting, in compliance with the CGC Section 53684, among those participants sharing in pooled investment income. Except for specific investments in which the interest income is to be credited directly to the fund from which the investment was made, all investment income is to be distributed pro-rata based upon each participant's average daily cash balance for the calendar quarter.

QUARTERLY APPORTIONMENT OF ADMINISTRATIVE COSTS:

Prior to the quarterly apportionment of pooled fund investment income, the County Treasurer is permitted by CGC Section 53684 to deduct from investment income before the distribution thereof, the actual cost of the investments, auditing, depositing, handling and distribution of such income. Accordingly, the Treasurer shall deduct from pooled fund investment earnings the actual cost incurred for banking and investment related services including but not limited to*:* wire transfers, custodial safekeeping charges, necessary capital outlay*s*, the costs of investment advisory services, credit ratings, the pro-rata annual cost of the salaries including fringe benefits for the personnel in the Treasurer-Tax Collector's Office engaged in the administration, investment, auditing, cashiering, accounting, reporting, remittance processing and depositing of public funds for investment, together with the related computer and office expenses associated with the performance of these functions.

WITHDRAWAL OF FUNDS:

The Treasurer's Investment Policy establishes guidelines for unusual or unexpected withdrawal of cash and provides for adequate liquidity to cover day-to-day operations of pool depositors. On occasion, depositors have need of withdrawals that exceed those normally associated with operations. To accommodate such withdrawals, the Treasurer-Tax Collector's Office has established written notification requirements as set forth below to allow for adjustments to the liquidity position of the Portfolio. The notification required is as follows:

Withdrawals of up to $10,000,000	24 hours
Withdrawals of $10,000,001 and more	72 hours

Notification should be by email toTTC@kerncounty.com. Failure to adhere to these requirements may result in payment being delayed by the Treasurer-Tax Collector's office.

Pursuant to CGC Section 27136, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool is required to first submit a request for the withdrawal to the county Treasurer-Tax Collector before withdrawing funds from the county treasury pool. Prior to approving such a request, the county

Treasurer-Tax Collector will find that the withdrawal will not adversely affect other depositors in the county treasury pool. Approval of the withdrawal does not constitute approval or endorsement of the investment.

POLICY CRITERIA FOR AGENCIES SEEKING VOLUNTARY ENTRY INTO COUNTY INVESTMENT POOL:

The County Treasurer is not soliciting nor accepting any new agency's voluntary entry into the County Treasurer's Pool.

ETHICS & CONFLICTS OF INTEREST:

Officers and staff members involved in the investment process shall refrain from any personal business activity that compromises the security and integrity of the County's investment program or impairs their ability to make impartial and prudent investment decisions. The County Treasurer-Tax Collector, Assistant Treasurer-Tax Collector, Principal Treasury Investment Officer and department Accountants are required to file annually the applicable financial disclosure statements as mandated by the Fair Political Practices Commission (FPPC) and/or by County Ordinance. In addition, the Principal Treasury Investment Officer and department Accountants are required to sign and abide by an Ethics Policy instituted by the Treasurer.

POLICY ADOPTION & AMENDMENTS:

This policy statement will become effective immediately following adoption by the Board of Supervisors, and will remain in force as long as the delegation of authority to the Treasurer to invest is in effect and until subsequently amended in writing by the County Treasurer, reviewed by the Treasury Oversight Committee and approved by the Board of Supervisors.

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OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

Schedule I

Authorized Investments

AUTHORIZED INVESTMENTS	MAXIMUM HOLDINGS	PURCHASE RESTRICTIONS	MAXIMUM MATURITY	CREDIT QUALITY (S&P/MOODY'S/ FITCH)
Inactive Accounts aka Money Market Accounts	$50,000,000 per account	Limited to depository's described in CGC 53630.5	Daily	Collateralization requirements per Govt Code section 53652.
U.S. Treasury Obligations	100%	None	5 years	Not Applicable
Notes, participation's or obligations issued by an agency of the Federal Government or U.S. government-sponsored enterprises	75%	Maximum per issuer limit of 40%	5 years	Not Applicable
Bonds, notes, warrants or certificates of indebtedness issued by the State of California	10%	None	5 years	AA by at least 2 of the 3 rating agencies
Cash substitutes issued by the State of California	25%	Applies only to cash substitutes issued by the State during periods of fiscal emergency	5 years	Not Applicable
Bonds, notes, warrants or certificates of indebtedness issued by agencies within the State of California	10%	None	5 years	AAA by at least 2 of the 3 rating agencies
Bonds, notes, warrants or certificates of indebtedness issued by any of the other 49 states	10%	See Note 1	5 years	AAA by at least 2 of the 3 rating agencies
Bankers Acceptances	30%	See Note 1	180 Days	Minimum A-1, P-1 or F1

Commercial paper of U.S. Corps with total assets in excess of $500 MM	40% total for all Commercial Paper	Max 10% of outstanding paper of any one issuer & max. See Note 1	270 Days	Minimum A-1, P-1 or F1
Asset-backed Commercial Paper	Included in Commercial Paper Requirements	Issuer must have program-wide credit enhancements	270 Days	Minimum A-1, P-1 or F1
Local Agency Investment Fund (LAIF)	Maximum amount permitted by LAIF	LAIF Policies	Daily	Not Applicable
Negotiable CD's issued by US National or State chartered banks or a savings association or a federal association, a state or federal credit union, or by a federally licensed or state licensed branch of a foreign bank	30%	See Note 1	5 years	Minimum A-1, P-1 or F1 for CDs issued with a maturity of one year or less. AA for CDs issued with a maturity of more than one year (must be rated by 2 of the 3 rating agencies)
Collateralized Certificates of Deposit/Deposits	10%	As stipulated in Article 2, Section 53630 et al of the Calif. Government Code	1 year	See Section 53630 et al of the California Government Code
Repurchase Agreements with 102% collateral	40%	Repurchase Agreements(contracts) must be on file	180 days	Restricted to Primary Dealers on Eligible Dealer list
Reverse Repurchase Agreements	10%	See Schedule II	92 days (See Schedule III)	Restricted to Primary Dealers on Eligible Dealer list
Medium Term Notes of corporations organized and operating within the U.S. or by depository institutions licensed by the U.S. or any state and operating within the U.S.	30%	See Note 1	5 years	Minimum rating of AA for maturities exceeding 1 year. A for maturities of one year or less. (must be rated by 2 of the 3 rating agencies)
Money Market Mutual Funds that meet requirements of Calif. Gov't. Code	20%	Registered with SEC. No NAV adjustments. No Front-end loads. No more than 10% per MMF.	Daily	AAAm or equivalent by at least 2 of the 3 rating agencies or advisor requirements

Shares of beneficial interest issued by a JPA aka Local Government Investment Pools (LGIPs)	10%	Max 20% of a JPA pool at time of purchase	Daily	Advisor requirements
Asset-Backed Securities	10%	See Note 1	5 years	AAA by at least 2 of the 3 ratings agencies
Supranationals	10%	International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB) only. Permitted by CGC 53601 (q) and this policy effective January 1, 2015.	5 years	AAA by at least 2 of the 3 rating agencies

Note 1: Maximum investment per issuer across all investment types will not exceed 6% of the total book value of the Pool as of date of purchase.
Note 2: Consistent with the Government Code, rating criteria in this policy do not specify any modifier (+/– or 1/2/3) and it is implied that ratings with a modifier still meet the rating requirements of this policy regardless of modifier.
Note 3: While references to ratings of AAA, AA, A are in S&P's nomenclature, they imply the equivalent ratings by all other rating agencies.

MATURITY STRUCTURE		
Maturity Range	No less Than	No more than
0-366 Days - 0 to 12months	30%	n/a
367- 1097 Days - 1 to 3 years	n/a	70%
1097-1827 Days - 3 to 5 years	n/a	30%

The weighted-average maturity of the portfolio will not exceed 2 years.

Some securities purchased by the Pool will be callable securities. Callable securities are subject to redemption prior to the final maturity date. For accounting purposes, premiums will be amortized to the next applicable call date, whereas discounts will be accreted to the final maturity date. Callable securities will not exceed 20% of the portfolio.

Some callable securities have coupons that increase at specified periods if the security is not called (step-up notes). Step-up notes will be included in the 20% allocation of callable notes, but will not exceed 10% of the total portfolio.

REPURCHASE AGREEMENTS
Repurchase agreements are restricted to primary dealers of the Federal Reserve Bank of New York. All counterparties must sign a PSA Master Repurchase Agreement and for tri-party repurchase agreements a Tri-Party Repurchase Agreement as well before engaging in any repurchase agreement transactions. Collateral for repurchase agreements shall have a market value of at least 102% of the amount invested and must be marked to market by staff or by an independent third-party or custodial bank acting under contract to the County. Collateral for term repurchase agreements should be marked to market on a regular basis. Repurchase agreements are required to be collateralized by securities authorized under Section 53601 et.

seq. of the California Government Code. Confirmations resulting from securities purchased under repurchase agreements should clearly state (A) the exact and complete nomenclature of the underlying securities purchased; (B) that these securities have been sold to the County under a repurchase agreement; and (C) the stipulated date and amount of the resale by the County back to the seller of the securities.

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OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

SCHEDULE II

POLICY STATEMENT ON REVERSE REPURCHASE AGREEMENTS

The Treasurer hereby institutes the following policies as further safeguards governing investments in Reverse Repurchase Agreements.

The total of Reverse Repurchase Agreement transactions shall not exceed 10 percent of the base value of the portfolio. The term of such agreements shall not exceed 92 calendar days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using such an agreement and the final maturity date of the same security.

1. All loaned securities subject to Reverse Repurchase Agreements shall be properly flagged and immediately accounted for in the Treasurer's financial system.

2. Investments purchased from the loaned proceeds of the Reverse Repurchase Agreement shall have maturities not exceeding the due date for repayment of the Reverse Repurchase Agreement transaction.

3. Only U.S. Treasury Notes and Federal Agency securities owned, fully paid for, and held in the Treasurer's portfolio for a minimum of 30 days can be subject to Reverse Repurchase Agreements.

4. Reverse Repurchase Agreements shall only be placed on portfolio securities:

   (a) intended to be held to maturity
   (b) fully paid for and held in the portfolio for a minimum of 30 days

5. Reverse Repurchase Agreements shall only be made with the authorized primary dealers of the Federal Reserve.

6. A contractual agreement must be in place prior to entering into a Reverse Repurchase Agreement with any authorized primary dealer.

7. Reverse Repurchase Agreement transactions shall have the approval of the County Treasurer.

OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

SCHEDULE III

POLICY CRITERIA FOR COLLATERALIZED CERTIFICATE OF DEPOSITS

1. The issuing bank must provide us with an executed copy of the authorization for deposit of moneys.

2. The money-market yield on the certificate of deposit must be competitive to negotiable CD's offered by banks on the County's pre-approved list in the maturities desired by the County. The County Treasurer's Office reserves the right to negotiate higher yields based on market conditions at the time.

3. Collateral Requirements – The County will only accept municipal government securities ("muni bonds") or U.S. Treasury and Agency securities as collateral. The collateral must be held by a separate custodial bank in an account in the name of Kern County. The County must have a perfected interest in the collateral.
   a. For municipal government securities, the following requirements are listed:
      i. Securities must be issued by governmental agencies located within the State of California (generally general obligation bonds and revenue bonds only)
      ii. Securities must be "AAA" rated
      iii. Maximum maturity of securities is 5 years
      iv. Collateral must be priced at 110% of the face value of the CD on a daily basis
      v. Minimum face value of $5 million per pledged security
   b. For U.S. Treasuries and Agency securities, the following requirements are listed:
      i. Maximum maturity of securities is 5 years
      ii. Collateral must be priced at 110% of the face value of the CD on a daily basis
      iii. Minimum face value of $5 million per pledged security

   The County Treasury must receive written confirmation that these securities have been pledged in repayment of the time deposit. Additionally, a statement of the collateral shall be provided on a monthly basis from the custodial bank.

4. The County Treasurer must be given a current audited financial statement for the financial year just ended. The financial reports must both include a statement of financial condition as well as an income statement depicting current and prior year operations.

5. The County Treasurer must receive a certificate of deposit which specifically expresses the terms governing the transaction, deposit amount, issue date, maturity date, name of depositor, interest rate, interest payment terms (monthly, quarterly, etc.)

6. Deposits will only be made with banks and savings and loans having branch office locations within Kern County.

OFFICE OF THE TREASURER
COUNTY OF KERN
STATEMENT OF INVESTMENT POLICY

SCHEDULE IV

POLICY CRITERIA FOR SELECTION OF BROKER/DEALERS

1. All financial institutions wishing to be considered for the County of Kern's Broker/Dealer List must confirm that they are a member of the Financial Industry Regulatory Authority (FINRA), registered with the Securities & Exchange Commission (SEC), and possess all other required licenses.

2. The County Treasurer's intent is to enter into a long-term relationship. Therefore, the integrity of the firm and the personnel assigned to our account is of primary importance.

3. The assigned staff members must complete a Brokers Certificate stating in writing their acceptance and understanding of the County Treasurer's written Investment Policy guidelines. *Such Certificate must be renewed annually.* This is critical for the establishment of a stable, long-term relationship.

4. It is important that the firm provide related services that will enhance the account relationship which could include:

   (a) An active secondary market for its securities.
   (b) Internal credit research analysis on the securities offered for sale.
   (c) Be willing to purchase securities from our portfolio.
   (d) Be capable of providing market analysis, economic projections, newsletters.

5. The firm must provide the County with annual financial statements. All firms with whom the County does business must have a stable financial condition.

6. The County Treasury is prohibited from the establishment of a broker/dealer account for the purpose of holding the County's securities. All securities must be subject to delivery at the County's Custodial Bank.

7. Without exception, all transactions are to be conducted on a delivery vs. payment (DVP) basis or for repurchase agreements, on a tri-party basis.

8. The broker/dealer must have been in operation for more than five (5) years.

9. Firms must have adequate financial strength and capital to support the level of trading that is approved. Adequate financial strength will be assessed by a review of the balance sheet and income statement of the dealer.

10. Repurchase Agreement Counterparty Minimum Requirements:
    Repurchase agreement counterparties will be limited to (i) primary government securities

dealers who report daily to the Federal Reserve Bank of New York, or (ii) banks, savings and loan associations or diversified securities broker-dealers subject to regulation of capital standards by any State or federal regulatory agency.

Counterparties must have:

(a) short-term credit ratings of at least A-1/P-1; and
(b) a minimum asset and capital size of $25 billion in assets and $350 million in capital for primary dealers

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GLOSSARY OF TERMS

ACCRUED INTEREST – Interest that has accumulated but has not yet been received.

AGENCY ISSUES – Securities issued by federal agencies, those chartered by the federal government or Government Sponsored Enterprises that are considered to be backed by the federal government. See also Government Sponsored Enterprises.

AMORTIZED COST – The original cost of the principal adjusted for the periodic reduction of any discount or premium from the settlement date until a specific future date (also called "Book Value").

BANKERS ACCEPTANCE – Money market instrument created from transactions involving foreign trade. Payment is guaranteed by a shipping manifest and a bank Letter of Credit accepted by the seller's bank.

BASIS POINT – A unit of measurement equal to 1/100 of 1 percent. As an example, the difference between a security yielding 3.25% and one yielding 3.20% is five basis points.

BENCHMARK – An index or security used to compare the performance of a portfolio.

BOND – A long-term debt instrument of a government or corporation promising payment of the original investment plus periodic interest payments by a specified future date.

BOOK RETURN – The sum of all investment income plus changes in the realized gains or losses of a portfolio for a given period.

BULLET – A colloquial term for a bond that cannot be redeemed, or called, prior to maturity.

CALLABLE BOND – A bond in which all or a portion of its outstanding principal may be redeemed prior to maturity by the issuer under specified conditions.

COLLATERALIZATION – Process by which a borrower pledges securities, property or other deposits for the purpose of securing the repayment of a loan and/or security.

COLLATERALIZED CERTIFICATE OF DEPOSIT – A non-negotiable instrument representing a deposit into a bank. The interest rate and maturity are specified on the receipt. It is collateralized by the bank with securities at a minimum of 110% of the deposit amount.

COMMERCIAL PAPER – An unsecured short-term promissory note of a corporation or special purpose entity issued at a specified rate of return for a specified period of time.

COUPON – The stated interest rate on a debt security that an issuer promises to pay.

CREDIT QUALITY – An indication of the risk that an issuer of a security will fulfill its obligation.

CREDIT RATING – A standardized assessment, expressed in alphanumeric characters, of a company's credit quality.

CREDIT RISK – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

CUSIP – A unique identifier for a security developed by the Committee on Uniform Security Identification Procedures (CUSIP). The identifier is a nine-digit alphanumeric character *string*. The first six characters identify the issuer, the following two identify the issue, and the final character is a Check-digit.

DERIVATIVES – Securities which derive their value from that of another security or an underlying index, currency or other measure. Floating rate notes (also "floaters") are not considered derivatives.

DISCOUNT INSTRUMENTS – Securities that are sold at a discount to face value.

DIVERSIFICATION – The practice or concept of investing in a range of securities by sector, maturity, asset class or credit quality in order to reduce and spread financial risk.

DOLLAR WEIGHTED AVERAGE MATURITY – The sum of the cost of each security investment multiplied by the number of days to maturity, divided by the total cost of security investments.

EFFECTIVE DURATION – Is a measure of the price volatility of a portfolio that provides an estimate of the projected increase or decrease in the value of that portfolio based upon a decrease or increase in market interest rates. An effective duration of 1.0 means that for every one percent increase in interest rates, the market value of the Portfolio would be expected to decrease by 1.0 percent.

EARNINGS APPORTIONMENT – Is the quarterly interest distribution to the Pool Participants. The actual investment costs incurred by the Treasurer are deducted from the interest earnings of the Pool prior to apportionment.

GOVERNMENT OBLIGATIONS – Securities issued by the U.S. Treasury and Federal Agencies. U.S. Treasuries are direct obligations of the Federal Government. Agencies are not direct obligations of the Federal Government, but involve federal sponsorship or guarantees.

GOVERNMENT SPONSORED ENTERPRISES (GSE'S) – Private, shareholder-owned companies with a relationship with government agencies. These agencies generally are viewed to have an implied guarantee of the U.S. government. These include:

Federal National Mortgage Association (FNMA)
Federal Home Loan Bank (FHLB)
Federal Farm Credit Bank (FFCB)
Federal Home Loan Mortgage Corporation (FHLMC)

LIQUID – A security that is easily converted to cash because there are many interested buyers and sellers to trade large quantities at a reasonable price.

ILLIQUID – A security that is difficult to buy or sell or has a wide spread between the bid price and offer price in the secondary market. There are few buyers and sellers willing to trade large quantities at a reasonable price.

INTEREST RATE RISK – The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value. It is also called “Market Risk”.

INVERSE FLOATERS – Floating rate notes which pay interest in inverse relationship to an underlying index.

LOCAL AGENCY OBLIGATION – An indebtedness issued by a local agency, department, board, or authority within the State of California.

LONG-TERM – The term used to describe a security when the maturity is greater than one year.

MARKET VALUE – The value of a security at which the principal could be sold from a willing seller to a willing buyer at the date of pricing.

MEDIUM TERM NOTES – These are Corporate Notes and Bank Notes that are debt obligations of banks, corporations, and insurance companies. They are issued at a specific rate of return for a specific period of time.

MONEY MARKET MUTUAL FUND – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty.

NEGOTIABLE CERTIFICATE OF DEPOSIT – A Money Market instrument representing a receipt from a bank for a deposit at a specified rate of interest for a specified period of time, that is traded in secondary markets.

PAR – The stated maturity value, or face value, of a security.

PASS-THROUGH SECURITIES – A debt instrument that reflects an interest in a mortgage pool, consumer receivables pool and equipment lease-backed pool that serves as collateral for a bond. Principal and interest are ‘passed through’ to investors at specified intervals.

POOL – The pooled monies of different government agencies administered by the County Treasurer. Each pool member owns a fractional interest in the securities held in the Pool.

PORTFOLIO VALUE – The total book value amount of all the securities held in the Treasurer’s Pooled Money Fund.

PRIMARY DEALER – A dealer or bank that can buy and sell securities directly with the Federal Reserve Bank of New York.

PRIVATE PLACEMENTS – Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors. Effective December 8, 2020, Rule 501(a) and Rule 144A of the Securities Act were amended to include government bodies in the definitions of “accredited investor” and “qualified institutional buyer” thereby allowing broker/dealers to sell private placement securities to government entities.

RANGE NOTES – Notes which pay interest only if the underlying index upon which it is benchmarked, falls within a certain range.

REPURCHASE AGREEMENT – A repurchase agreement consists of two simultaneous transactions. One is the purchase of securities by an investor (i.e., the County), the other is the commitment by the seller (i.e. a broker/dealer) to repurchase the securities at the same price, plus interest, at some mutually agreed future date.

REVERSE REPURCHASE AGREEMENT – The mirror image of Repurchase Agreements. In this instance the County Pool is the seller of securities to an investor (i.e. brokers).

SAFEKEEPING – A Custodian Bank's action to store and protect an investor's securities by segregating and identifying the securities.

SETTLEMENT DATE – The date on which cash and securities are exchanged and the transaction completed.

SHORT-TERM – The term used to describe a security when the maturity is one year or less.

SUPRANATIONAL SECURITIES – A supranational organization is formed by a group of countries through an international treaty with specific objectives such as promoting economic development. Supranational organizations also issue debt in the United States. The most commonly recognized supranational debt is issued by the International Bank for Reconstruction and Development (IBRD or World Bank).

TOTAL RETURN – The sum of all investment income plus changes in the capital value of a portfolio for a given period.

VOLUNTARY PARTICIPANTS – Local agencies that are not required to deposit their funds with the County Treasurer.

WEIGHTED AVERAGE MATURITY – The remaining average maturity of all securities held in a portfolio. See Dollar Weighted Average Maturity.

WHEN-ISSUED SECURITIES – A security traded before it is actually *issued.* All Treasury bills, notes and bonds trade in the when-issued market before they are auctioned by the Treasury Department. Agencies and GSE's also use this method of trading. It serves to establish the initial offering price of the securities.

YIELD – The percentage return that an investor derives from a financial asset.

YIELD TO MATURITY – The percentage rate of return paid if the security is held to its maturity date. The calculation is based on the coupon rate, length of time to maturity, and market price. It assumes that coupon interest paid over the life of the security is reinvested at the same rate.

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Jordan Kaufman
Treasurer and Tax Collector
Chase Nunneley
Assistant Treasurer and Tax Collector

BROKER/DIRECT ISSUER RECEIPT FOR INVESTMENT POLICY AND CERTIFICATE OF COMPLIANCE

TO:

Jordan Kaufman, Kern County Treasurer-Tax Collector
Mary Bedard, Kern County Auditor-Controller-County Clerk
1115 Truxtun Avenue
Bakersfield, CA 93301

By signing below, I____________________________ of ___________________________
(Name) (Company)

hereby certify that:

1) I have reviewed the Investment Policy governing the Kern County Treasurer's Pooled Cash Portfolio, and that I understand its content. I am not expected to enforce provisions concerning Average Maturity, Category Limits or Issuer Limits. I am expected to offer only those investments that qualify under the County's credit requirement as directed in the Policy. The responsibility for overall portfolio structure and composition remains with the County.

2) I further certify that I have not made, nor do I intend to make, political contributions to any candidate for any Kern County elective office.

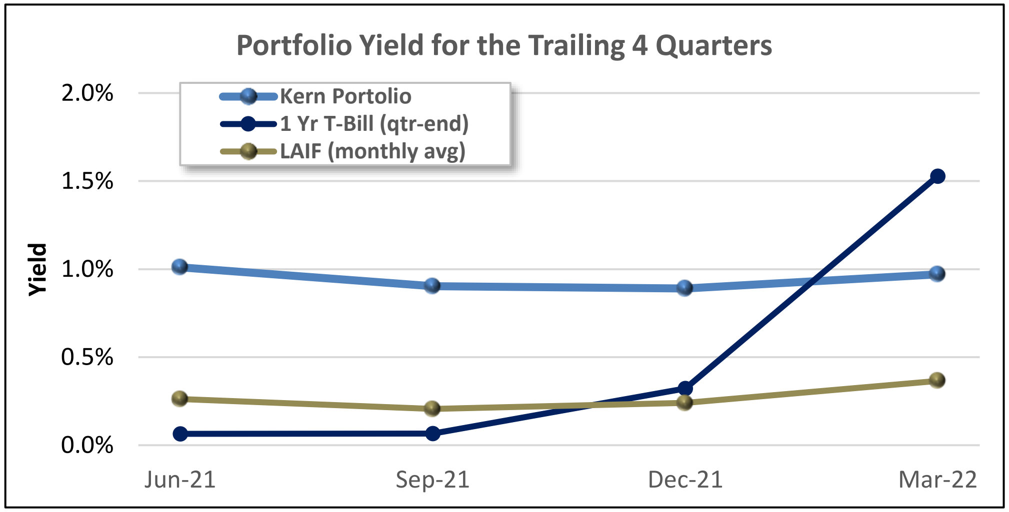
Signed:

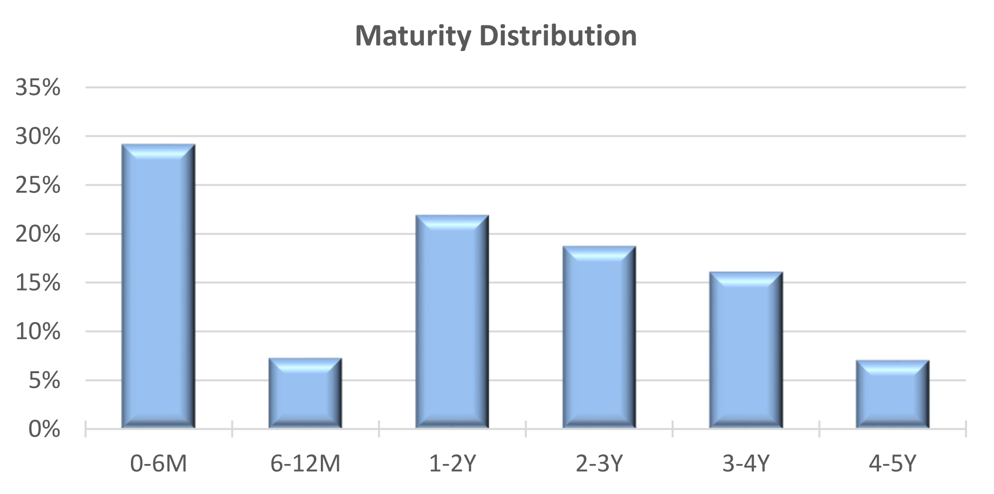
____ Date:_______________________

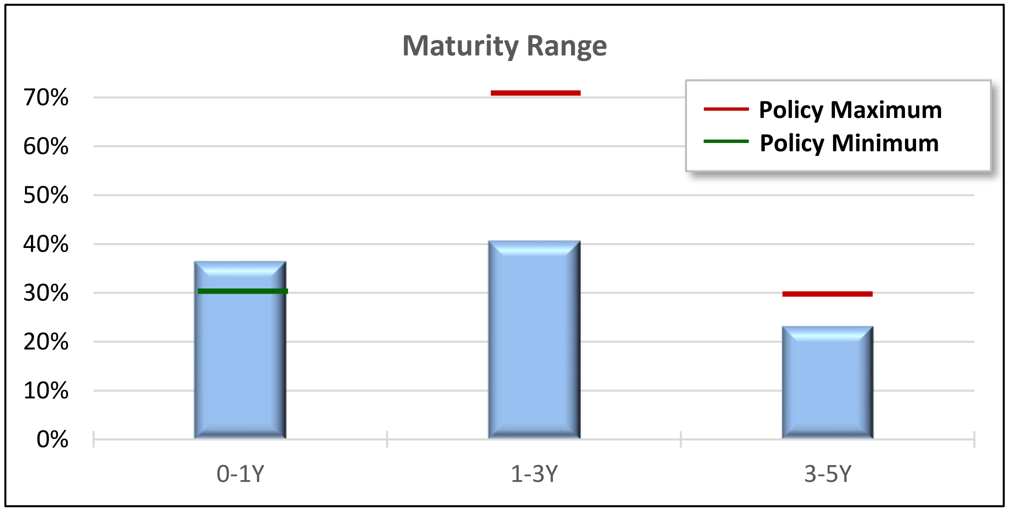
TOC Approved 11/17/2021
BOS Approved 12/07/2021

Kern County Treasurer's Pooled Cash
Portfolio Summary
4/30/2022

Total Market Value	$ 4,964,573,909
Yield to Maturity at Cost	1.03%
Yield to Maturity at Market	2.05%
Effective Duration	1.61
Weighted Average Years to Maturity	1.70







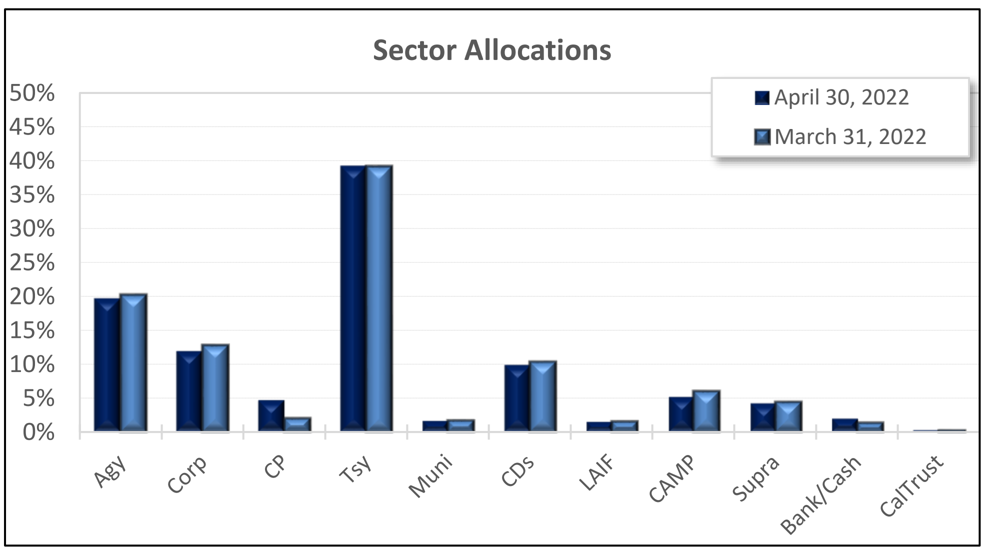
*The County Treasurer believes the Treasury Investment Pool contains sufficient cash flow from liquid and maturing securities, bank deposits, and incoming cash to meet the next six months of expected expenditures.

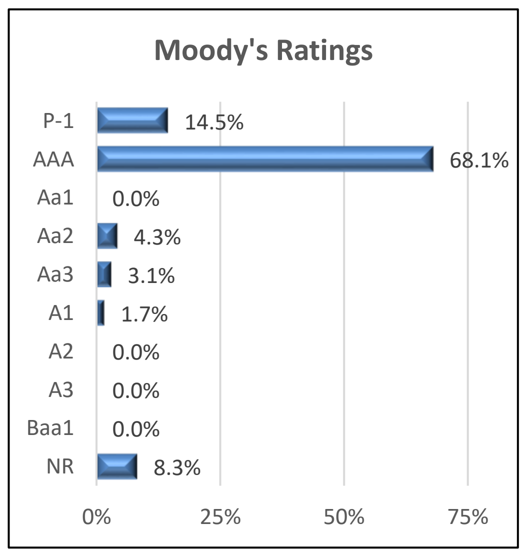
Kern County Treasurer's Pooled Cash

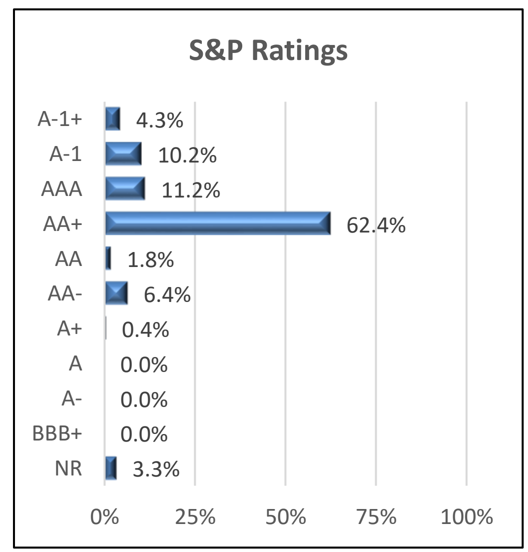
Portfolio Summary

4/30/2022

Sector	Par Amount	Original Cost	Market Value	Original Yield	% of Total Assets	Policy Limit Rating	Days to Maturity
Local Agency Investment Fund	74,978,385	74,978,385	74,978,385	0.52%	1.51%	$75 Million	1
California Asset Management Program	264,743,557	264,743,557	264,743,557	0.53%	5.33%	10%	1
CalTRUST	11,574,838	11,574,838	11,574,838	0.34%	0.23%	10%	1
Money Markets	25,000,000	25,000,000	25,000,000	0.25%	0.50%	10%	1
Bank Sweep (ICS)	15,105,902	15,105,902	15,105,902	0.68%	0.30%	10%	1
U.S. Treasuries	1,980,000,000	2,013,481,293	1,911,250,498	0.93%	38.50%	100%	904
Federal Agencies	1,003,434,000	1,008,711,679	979,049,681	1.22%	19.72%	75%	656
Municipal Bonds	81,000,000	81,758,700	79,444,530	1.83%	1.60%	10%	579
Supranationals	210,506,000	216,114,593	207,048,769	1.05%	4.17%	10%	568
Negotiable CDs	506,000,000	505,979,118	504,240,102	0.31%	10.16%	30%	105
Commercial Paper	240,000,000	239,538,771	239,606,382	0.67%	4.83%	40%	49
Corporate Notes	610,818,000	610,378,200	593,619,980	1.97%	11.96%	30%	694
Total Securities	5,023,160,682	5,067,365,036	4,905,662,624	1.03%	98.81%		620
Total Cash	58,911,285	58,911,285	58,911,285		1.19%		
Total Assets	5,082,071,967	5,126,276,321	4,964,573,909		100.00%		







Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
April 30, 2022

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Pooled Funds												
00499KTX1	8940	JPM Short Term Inv Fund			325,714.53	325,714.53	325,714.53	0.001	Aaa	AAA	0.001	
539995217	419	Local Agency Investment Fund			74,652,670.86	74,652,670.86	74,652,670.86	0.520			0.520	
		Subtotal and Average	**75,018,714.03**		**74,978,385.39**	**74,978,385.39**	**74,978,385.39**				**0.518**	
Negotiable CD's												
06367CHG5	15919	Bank of Montreal Chicago		06/24/2021	50,000,000.00	49,918,377.00	50,000,000.00	0.210	P-1	A-1	0.213	07/12/2022
06367CHG5	15920	Bank of Montreal Chicago		06/24/2021	50,000,000.00	49,918,377.00	50,000,000.00	0.210	P-1	A-1	0.213	07/12/2022
06367CKH9	15938	Bank of Montreal Chicago		08/26/2021	50,000,000.00	49,822,357.00	50,000,000.00	0.190	P-1	A-1	0.193	08/19/2022
22535CW64	15934	Credit Agricole NY		08/23/2021	25,000,000.00	24,945,109.50	25,000,000.00	0.170	P-1	A-1	0.172	07/19/2022
22536ABB9	15975	Credit Agricole NY		12/09/2021	25,000,000.00	24,817,858.50	25,000,000.00	0.420	P-1	A-1	0.426	11/04/2022
607106VX0	16004	Mizuho Bank NY		03/03/2022	25,000,000.00	25,000,000.00	25,000,000.00	0.530	P-1	A-1	0.537	05/03/2022
63873QRR7	15980	Natixis NY		12/10/2021	35,000,000.00	34,721,689.45	35,000,000.00	0.490	P-1	A-1	0.497	11/07/2022
21684XTL0	15956	RABOBANK NED NY		09/28/2021	25,000,000.00	24,953,953.00	25,000,000.00	0.170	P-1	A-1	0.172	07/15/2022
21684XTV8	15984	RABOBANK NED NY		12/15/2021	25,000,000.00	24,773,322.25	24,979,117.71	0.340	P-1	A-1	0.436	11/15/2022
78012UX91	15968	Royal Bank of Canada NY		11/01/2021	36,000,000.00	35,843,279.40	36,000,000.00	0.270	P-1	A-1	0.274	09/06/2022
89114WTU9	16017	Toronto Dominion HDG USA		03/30/2022	25,000,000.00	24,992,481.50	25,000,000.00	1.000	P-1	A-1	1.014	07/15/2022
89114WEZ4	15937	Toronto Dominion Bank NY		08/25/2021	50,000,000.00	49,884,178.50	50,000,000.00	0.180	P-1	A-1	0.183	07/21/2022
89114WF42	15940	Toronto Dominion Bank NY		08/26/2021	50,000,000.00	49,785,710.00	50,000,000.00	0.190	P-1	A-1	0.193	08/26/2022
89114WJS5	15964	Toronto Dominion Bank NY		10/27/2021	35,000,000.00	34,863,408.65	35,000,000.00	0.250	P-1	A-1	0.253	08/23/2022
		Subtotal and Average	**505,979,117.71**		**506,000,000.00**	**504,240,101.75**	**505,979,117.71**				**0.306**	
Commercial Paper - Discount												
06743VEL0	15936	Barclays Capital, Inc		08/24/2021	50,000,000.00	49,981,071.00	49,921,541.67	0.210	P-1	A-1	0.216	05/20/2022
06742XT98	16012	Barclays US CCP		03/18/2022	25,000,000.00	24,996,066.00	24,974,236.11	0.700	P-1	A-1	0.720	05/10/2022
06742X4U8	16028	Barclays US CCP		04/20/2022	25,000,000.00	24,981,575.00	24,978,000.00	0.720	P-1	A-1	0.741	06/03/2022
22533UHB2	16022	Credit Agricole		04/13/2022	25,000,000.00	24,905,894.50	24,901,666.67	1.180	P-1	A-1	1.218	08/11/2022
22533UEB5	16025	Credit Agricole		04/18/2022	20,000,000.00	19,996,840.00	19,993,100.00	0.540	P-1	A-1	0.555	05/11/2022
22533UEG4	16036	Credit Agricole NY		04/25/2022	20,000,000.00	19,995,003.80	19,993,233.33	0.580	P-1	A-1	0.596	05/16/2022
62479MFD0	16021	MUFG BANK LTD/NY		04/12/2022	25,000,000.00	24,973,281.25	24,968,138.89	0.740	P-1	A-1	0.762	06/13/2022
63873KJL2	16024	Natixis NY		04/18/2022	25,000,000.00	24,849,800.00	24,846,076.39	1.430	P-1	A-1	1.479	09/20/2022
78015DGN4	15963	Royal Bank of Canada NY		10/27/2021	25,000,000.00	24,926,850.00	24,962,777.78	0.200	P-1	A-1	0.206	07/22/2022
		Subtotal and Average	**180,698,824.50**		**240,000,000.00**	**239,606,381.55**	**239,538,770.84**				**0.674**	

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Federal Agency Issues - Coupon												
3133EHVS9	15255	Federal Farm Credit Bank		09/29/2017	8,065,000.00	8,088,609.88	8,019,594.05	1.840	Aaa	AA	1.961	08/23/2022
3133EHTS2	15259	Federal Farm Credit Bank		09/29/2017	10,000,000.00	10,030,498.80	9,980,100.00	1.900	Aaa	AA	1.943	08/03/2022
3133EJV63	15439	Federal Farm Credit Bank		11/28/2018	11,311,000.00	11,410,859.62	11,324,573.20	3.050	Aaa	AA	3.023	08/23/2023
3133EJWV7	15454	Federal Farm Credit Bank		12/12/2018	10,589,000.00	10,661,660.45	10,622,355.35	2.900	Aaa	AA	2.827	08/14/2023
3133EJP60	15463	Federal Farm Credit Bank		12/20/2018	15,000,000.00	15,137,988.90	15,140,100.00	3.000	Aaa	AA	2.771	05/02/2023
3133EJQX0	15466	Federal Farm Credit Bank		01/04/2019	15,000,000.00	15,124,344.15	15,249,900.00	2.900	Aaa	AA	2.498	05/30/2023
3133EJQX0	15478	Federal Farm Credit Bank		01/15/2019	10,000,000.00	10,082,896.10	10,106,600.00	2.900	Aaa	AA	2.640	05/30/2023
3133EJ5G0	15479	Federal Farm Credit Bank		01/16/2019	20,000,000.00	20,077,088.20	20,006,600.00	2.700	Aaa	AA	2.693	01/16/2024
3133EJ7C7	15485	Federal Farm Credit Bank		02/06/2019	10,000,000.00	10,036,926.70	9,994,500.00	2.700	Aaa	AA	2.712	02/06/2024
3133EKRD0	15532	Federal Farm Credit Bank		06/25/2019	10,000,000.00	10,012,431.50	10,016,460.00	1.875	Aaa	AA	1.818	06/14/2022
3133EKSN7	15535	Federal Farm Credit Bank		06/28/2019	5,500,000.00	5,465,059.55	5,481,960.00	1.770	Aaa	AA	1.856	06/26/2023
3133EKUA2	15537	Federal Farm Credit Bank		07/01/2019	10,000,000.00	10,010,005.70	10,007,200.00	1.850	Aaa	AA	1.829	02/01/2023
3133EKTV8	15538	Federal Farm Credit Bank		07/01/2019	12,650,000.00	12,454,882.48	12,650,253.00	1.900	Aaa	AA	1.900	07/01/2024
3133ELDK7	15598	Federal Farm Credit Bank		12/16/2019	25,000,000.00	25,027,662.25	24,998,675.50	1.630	Aaa	AA	1.632	06/15/2022
3133ELJH8	15633	Federal Farm Credit Bank		03/16/2020	10,000,000.00	9,972,496.20	10,240,163.80	1.600	Aaa	AA	0.747	01/23/2023
3133EJBP3	15647	Federal Farm Credit Bank		04/01/2020	10,000,000.00	10,043,587.10	10,580,500.00	2.500	Aaa	AA	0.438	02/02/2023
3133EGAM7	15662	Federal Farm Credit Bank		04/28/2020	10,160,000.00	9,974,104.21	10,653,064.80	1.800	Aaa	AA	0.586	05/16/2024
3133EET67	15665	Federal Farm Credit Bank		04/28/2020	7,174,000.00	7,186,826.54	7,576,891.84	2.300	Aaa	AA	0.474	06/05/2023
3133ELGV0	15669	Federal Farm Credit Bank		04/30/2020	25,000,000.00	24,623,178.75	26,063,500.00	1.550	Aaa	AA	0.389	01/10/2024
3133ELZN7	15680	Federal Farm Credit Bank		05/19/2020	15,000,000.00	14,995,710.30	14,971,500.00	0.160	Aaa	AA	0.255	05/18/2022
3133EMNG3	15829	Federal Farm Credit Bank		01/20/2021	15,000,000.00	14,440,006.95	15,006,300.00	0.230	Aaa	AA	0.216	01/19/2024
3133EMNG3	15830	Federal Farm Credit Bank		01/20/2021	15,000,000.00	14,440,006.95	15,006,150.00	0.230	Aaa	AA	0.216	01/19/2024
3133ENKD1	16040	Federal Farm Credit Bank		04/29/2022	18,000,000.00	17,019,434.16	17,063,460.00	1.400	Aaa	AA	2.890	01/13/2026
3130ADRG9	15376	Federal Home Loan Bank		04/12/2018	15,000,000.00	15,089,348.40	15,030,300.00	2.750	Aaa	AA	2.705	03/10/2023
3130AEBM1	15396	Federal Home Loan Bank		06/27/2018	20,000,000.00	20,044,909.40	19,969,600.00	2.750	Aaa	AA	2.790	06/10/2022
313383QR5	15469	Federal Home Loan Bank		01/08/2019	20,000,000.00	20,207,464.80	20,502,000.00	3.250	Aaa	AA	2.644	06/09/2023
3130AFWX1	15496	Federal Home Loan Bank		03/28/2019	10,000,000.00	10,030,225.00	10,132,300.00	2.550	Aaa	AA	2.248	05/30/2023
313379Q69	15553	Federal Home Loan Bank		09/06/2019	10,000,000.00	10,016,594.40	10,159,600.00	2.125	Aaa	AA	1.532	06/10/2022
3130AJ7E3	15630	Federal Home Loan Bank		02/21/2020	15,000,000.00	14,939,203.50	14,972,400.00	1.375	Aaa	AA	1.438	02/17/2023
313380GJ0	15650	Federal Home Loan Bank		04/08/2020	10,000,000.00	10,027,412.10	10,366,177.80	2.000	Aaa	AA	0.476	09/09/2022
3130A2UW4	15663	Federal Home Loan Bank		04/28/2020	13,140,000.00	13,160,132.45	14,412,740.40	2.875	Aaa	AA	0.627	09/13/2024
3133834G3	15668	Federal Home Loan Bank		04/30/2020	11,570,000.00	11,550,639.46	12,196,862.60	2.125	Aaa	AA	0.370	06/09/2023
3133834G3	15674	Federal Home Loan Bank		05/05/2020	15,000,000.00	14,974,899.90	15,814,424.40	2.125	Aaa	AA	0.359	06/09/2023
3130AKWV4	15838	Federal Home Loan Bank		01/29/2021	10,000,000.00	9,194,857.30	10,000,000.00	0.500	Aaa	AA	0.500	01/29/2026
3130AKVV5	15842	Federal Home Loan Bank		02/18/2021	20,000,000.00	18,286,791.60	20,000,000.00	0.500	Aaa	AA	0.500	02/18/2026
3130AL7M0	15844	Federal Home Loan Bank		02/25/2021	15,000,000.00	13,833,073.95	15,000,000.00	0.625	Aaa	AA	0.625	02/24/2026

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Federal Agency Issues - Coupon												
3130ALDB7	15845	Federal Home Loan Bank		02/25/2021	10,000,000.00	9,233,516.70	10,000,000.00	0.660	Aaa	AA	0.660	02/25/2026
3130AM4H2	15888	Federal Home Loan Bank		04/29/2021	9,000,000.00	8,533,759.41	9,000,000.00	0.600	Aaa	AA	0.600	10/29/2024
3130AM4H2	15889	Federal Home Loan Bank		04/29/2021	15,000,000.00	14,222,932.35	15,000,000.00	0.600	Aaa	AA	0.600	10/29/2024
3130AMFE7	15902	Federal Home Loan Bank		05/26/2021	16,650,000.00	15,583,800.93	16,650,000.00	0.500	Aaa	AA	1.005	05/26/2026
3130AN3A6	15929	Federal Home Loan Bank		07/08/2021	15,000,000.00	13,908,116.10	15,000,000.00	0.960	Aaa	AA	0.960	07/08/2026
3130ANNA4	15948	Federal Home Loan Bank		08/30/2021	15,000,000.00	14,201,500.65	15,322,200.00	1.500	Aaa	AA	1.057	08/28/2026
3130ANWD8	15951	Federal Home Loan Bank		09/16/2021	15,000,000.00	13,912,079.25	15,000,000.00	0.900	Aaa	AA	0.951	06/16/2026
3130AQ6D0	15974	Federal Home Loan Bank		12/08/2021	15,000,000.00	14,166,449.70	15,000,000.00	1.310	Aaa	AA	1.310	06/08/2026
3130AQ7E7	15997	Federal Home Loan Bank		12/30/2021	9,320,000.00	8,866,324.58	9,320,000.00	1.500	Aaa	AA	1.473	06/30/2026
3130AQR70	16002	Federal Home Loan Bank		02/07/2022	40,000,000.00	38,029,930.80	40,000,000.00	1.250	Aaa	AA	1.631	08/07/2026
3134GBJM5	15158	Federal Home Loan Mort Corp		05/03/2017	20,000,000.00	20,000,619.60	20,000,000.00	1.910	Aaa	AA	1.910	05/03/2022
3137EAER6	15678	Federal Home Loan Mort Corp		05/07/2020	30,000,000.00	29,447,237.40	29,987,400.00	0.375	Aaa	AA	0.112	05/05/2023
3137EAEV7	15807	Federal Home Loan Mort Corp		12/11/2020	10,000,000.00	9,720,260.30	10,009,900.00	0.250	Aaa	AA	0.213	08/24/2023
3137EAEV7	15810	Federal Home Loan Mort Corp		12/14/2020	10,000,000.00	9,720,260.30	10,015,600.00	0.250	Aaa	AA	0.192	08/24/2023
3137EAEZ8	15812	Federal Home Loan Mort Corp		12/15/2020	25,000,000.00	24,150,536.00	25,034,500.00	0.250	Aaa	AA	0.202	11/06/2023
3137EAEZ8	15817	Federal Home Loan Mort Corp		12/17/2020	10,000,000.00	9,660,214.40	10,013,000.00	0.250	Aaa	AA	0.205	11/06/2023
3134GXJK1	15823	Federal Home Loan Mort Corp		12/30/2020	20,000,000.00	18,866,701.80	20,000,000.00	0.360	Aaa	AA	0.360	09/30/2024
3134GW6C5	16039	Federal Home Loan Mort Corp		04/28/2022	25,000,000.00	22,602,467.25	22,769,075.00	0.800	Aaa	AA	2.931	10/28/2026
3135G0T78	15304	Federal National Mortgage Assn		12/12/2017	10,000,000.00	10,028,039.70	9,901,300.00	2.000	Aaa	AA	2.217	10/05/2022
3135G0U43	15440	Federal National Mortgage Assn		11/28/2018	10,000,000.00	10,053,091.10	9,942,300.00	2.875	Aaa	AA	3.005	09/12/2023
3135G0W33	15554	Federal National Mortgage Assn		09/06/2019	5,000,000.00	5,003,015.75	4,982,600.00	1.375	Aaa	AA	1.494	09/06/2022
3135G0W33	15555	Federal National Mortgage Assn		09/06/2019	5,000,000.00	5,003,015.75	4,982,600.00	1.375	Aaa	AA	1.494	09/06/2022
3135G04Q3	15682	Federal National Mortgage Assn		05/22/2020	10,000,000.00	9,794,301.20	9,969,900.00	0.250	Aaa	AA	0.351	05/22/2023
3135G05G4	15802	Federal National Mortgage Assn		12/10/2020	25,000,000.00	24,394,270.25	25,020,250.00	0.250	Aaa	AA	0.219	07/10/2023
3135G05G4	15809	Federal National Mortgage Assn		12/14/2020	10,000,000.00	9,757,708.10	10,016,200.00	0.250	Aaa	AA	0.187	07/10/2023
3135G05G4	15813	Federal National Mortgage Assn		12/15/2020	25,000,000.00	24,394,270.25	25,045,250.00	0.250	Aaa	AA	0.179	07/10/2023
3135G05G4	15816	Federal National Mortgage Assn		12/17/2020	20,000,000.00	19,515,416.20	20,038,200.00	0.250	Aaa	AA	0.175	07/10/2023
3135G06H1	15818	Federal National Mortgage Assn		12/17/2020	20,000,000.00	19,292,921.40	20,022,000.00	0.250	Aaa	AA	0.213	11/27/2023
3135GACA7	15837	Federal National Mortgage Assn		01/29/2021	15,305,000.00	14,205,101.43	15,297,347.50	0.375	Aaa	AA	0.387	04/15/2025
880591EN8	15457	Tennessee Valley Authority		12/13/2018	15,000,000.00	15,036,201.15	14,471,550.00	1.875	Aaa	AA	2.893	08/15/2022
880591EN8	15624	Tennessee Valley Authority		02/03/2020	10,000,000.00	10,024,134.10	10,117,300.00	1.875	Aaa	AA	1.402	08/15/2022
880591EN8	15639	Tennessee Valley Authority		03/25/2020	20,000,000.00	20,048,268.20	20,538,600.00	1.875	Aaa	AA	0.736	08/15/2022
880591ER9	15654	Tennessee Valley Authority		04/15/2020	10,000,000.00	10,001,401.10	10,927,800.00	2.875	Aaa	AA	0.736	09/15/2024
		Subtotal and Average	**979,602,895.74**		**1,003,434,000.00**	**979,049,680.90**	**1,008,711,679.24**				**1.222**	

Treasurer's Pooled Cash
Portfolio Management
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Medium Term Notes 30/360												
023135BW5	15911	Amazon		06/14/2021	10,000,000.00	9,546,239.80	10,031,600.00	0.450	A	AA	0.341	05/12/2024
023135BW5	15973	Amazon		12/03/2021	5,000,000.00	4,773,119.90	4,942,950.00	0.450	A	AA	0.924	05/12/2024
037833DE7	15356	Apple		04/03/2018	10,000,000.00	10,029,437.90	9,724,200.00	2.400	Aa	AA	3.023	01/13/2023
037833DE7	15399	Apple		06/28/2018	14,000,000.00	14,041,213.06	13,519,520.00	2.400	Aa	AA	3.218	01/13/2023
037833CQ1	15498	Apple		03/29/2019	15,000,000.00	15,003,390.15	14,956,350.00	2.300	Aa	AA	2.397	05/11/2022
084670BJ6	15402	Berkshire Hathaway		06/29/2018	13,094,000.00	13,181,568.22	13,006,663.02	3.000	Aa	AA	3.156	02/11/2023
084670BJ6	15446	Berkshire Hathaway		12/04/2018	8,460,000.00	8,516,577.60	8,324,809.20	3.000	Aa	AA	3.412	02/11/2023
084670BR8	15579	Berkshire Hathaway		10/30/2019	11,339,000.00	11,386,100.62	11,650,142.16	2.750	Aa	AA	1.906	03/15/2023
19416QEL0	15539	Colgate-Palmolive		07/08/2019	8,340,000.00	8,346,051.84	8,439,996.60	2.250	Aa	AA	1.879	11/15/2022
166764BK5	15484	Chevron Corp		02/01/2019	10,000,000.00	9,943,721.50	9,839,500.00	2.566	Aa	AA	2.966	05/16/2023
166764BK5	15501	Chevron Corp		04/01/2019	10,000,000.00	9,943,721.50	10,042,400.00	2.566	Aa	AA	2.457	05/16/2023
166764AH3	15524	Chevron Corp		05/23/2019	10,000,000.00	10,046,034.80	10,216,000.00	3.191	Aa	AA	2.630	06/24/2023
166764AH3	15528	Chevron Corp		06/21/2019	5,000,000.00	5,023,017.40	5,179,000.00	3.191	Aa	AA	2.252	06/24/2023
166764BK5	15552	Chevron Corp		08/29/2019	5,000,000.00	4,971,860.75	5,145,500.00	2.566	Aa	AA	1.753	05/16/2023
166764BK5	15567	Chevron Corp		10/10/2019	2,000,000.00	1,988,744.30	2,061,000.00	2.566	Aa	AA	1.689	05/16/2023
166764BK5	15568	Chevron Corp		10/10/2019	8,145,000.00	8,099,161.16	8,393,422.50	2.566	Aa	AA	1.689	05/16/2023
166764BK5	15596	Chevron Corp		12/11/2019	15,000,000.00	14,915,582.25	15,321,450.00	2.566	Aa	AA	1.917	05/16/2023
40139LBD4	15895	Guardian Life Global Funding		05/19/2021	6,800,000.00	6,182,757.34	6,800,000.00	1.250	Aa	AA	1.250	05/13/2026
57629WCG3	15977	MassMutual Global Funding		12/15/2021	5,000,000.00	4,945,796.85	5,264,650.00	2.950	Aa	AA	1.548	01/11/2025
57629WCG3	15989	MassMutual Global Funding		12/17/2021	13,396,000.00	13,250,778.92	14,071,426.32	2.950	Aa	AA	1.611	01/11/2025
59217GEK1	15853	Metropolitan Life Global Fundi		03/19/2021	21,568,000.00	20,908,321.58	21,579,431.04	0.450	Aa	AA	0.428	09/01/2023
59217GEH8	15854	Metropolitan Life Global Fundi		03/19/2021	10,000,000.00	9,796,711.70	10,109,200.00	0.900	Aa	AA	0.405	06/08/2023
59217GEJ4	15873	Metropolitan Life Global Fundi		04/15/2021	5,160,000.00	4,763,698.53	5,135,335.20	0.950	Aa	AA	1.066	07/02/2025
59217GEJ4	15900	Metropolitan Life Global Fundi		05/24/2021	13,590,000.00	12,546,252.53	13,622,751.90	0.950	Aa	AA	0.890	07/02/2025
59217GEN5	15908	Metropolitan Life Global Fundi		06/08/2021	3,000,000.00	2,829,279.06	3,000,000.00	0.550	Aa	AA	0.550	06/07/2024
59217GEN5	15909	Metropolitan Life Global Fundi		06/08/2021	7,000,000.00	6,601,651.14	6,999,860.00	0.550	Aa	AA	0.551	06/07/2024
59217GEJ4	15990	Metropolitan Life Global Fundi		12/17/2021	15,050,000.00	13,894,120.72	14,868,196.00	0.950	Aa	AA	1.300	07/02/2025
59217GER6	16000	Metropolitan Life Global Fundi		01/11/2022	20,000,000.00	18,326,489.40	20,047,600.00	1.875	Aa	AA	1.824	01/11/2027
594918BQ6	15483	Microsoft Corp		01/29/2019	11,683,000.00	11,645,014.83	11,296,526.36	2.000	Aaa	AAA	2.783	08/08/2023
594918BQ6	15527	Microsoft Corp		06/21/2019	5,000,000.00	4,983,743.40	4,970,700.00	2.000	Aaa	AAA	2.149	08/08/2023
594918BX1	15621	Microsoft Corp		01/27/2020	10,000,000.00	10,012,295.50	10,436,200.00	2.875	Aaa	AAA	1.748	02/06/2024
66815L2A6	15901	Northwesterrn Mutual Life		05/24/2021	10,000,000.00	9,062,809.20	9,888,600.00	0.800	Aaa	AA	1.047	01/14/2026
66815L2B4	16019	Northwesterrn Mutual Life		04/04/2022	17,232,000.00	16,400,988.01	16,524,971.04	0.600	Aaa	AA	2.749	03/25/2024
66815L2A6	16027	Northwesterrn Mutual Life		04/20/2022	28,860,000.00	26,155,267.35	26,473,566.60	0.800	Aaa	AA	3.166	01/14/2026
64952WCN1	15874	New York Life		04/15/2021	13,520,000.00	13,451,588.80	14,404,478.40	2.900	Aaa	AA	0.506	01/17/2024
64952WDQ3	15886	New York Life		04/26/2021	5,000,000.00	4,626,513.15	4,998,050.00	0.950	Aaa	AA	0.960	06/24/2025

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Medium Term Notes 30/360												
64952WDQ3	15928	New York Life		06/28/2021	13,105,000.00	12,126,090.97	13,131,603.15	0.950	Aaa	AA	0.898	06/24/2025
64952WED1	15947	New York Life		08/30/2021	9,860,000.00	8,947,602.24	9,912,159.40	1.150	Aaa	AA	1.036	06/09/2026
64952WED1	15960	New York Life		10/08/2021	10,383,000.00	9,422,206.29	10,368,879.12	1.150	Aaa	AA	1.180	06/09/2026
64952WEH2	15976	New York Life		12/15/2021	7,300,000.00	6,877,082.75	7,212,400.00	0.600	Aaa	AA	1.052	08/27/2024
64952WCH4	16018	New York Life		03/31/2022	20,000,000.00	18,973,899.80	19,456,800.00	2.350	Aaa	AA	3.030	07/14/2026
742718EU9	15408	Proctor & Gamble		08/16/2018	4,997,000.00	5,006,889.46	4,842,192.94	2.150	Aa	AA	2.980	08/11/2022
742718EU9	15410	Proctor & Gamble		08/23/2018	5,686,000.00	5,697,253.05	5,515,021.98	2.150	Aa	AA	2.959	08/11/2022
742718FL8	15978	Proctor & Gamble		12/15/2021	15,000,000.00	13,803,349.80	14,615,100.00	0.550	Aa	AA	1.231	10/29/2025
89236TGM1	15569	Toyota Motors Credit Corp		10/15/2019	10,000,000.00	9,704,176.10	10,000,000.00	1.875	A	A	1.963	07/31/2024
89233P7F7	15610	Toyota Motors Credit Corp		01/09/2020	10,000,000.00	10,042,337.40	10,233,000.00	2.625	A	A	1.824	01/10/2023
90331HNL3	15333	US Bank		01/25/2018	7,500,000.00	7,537,456.50	7,499,625.00	2.850	A	AA	2.851	01/23/2023
90331HNL3	15334	US Bank		01/25/2018	10,000,000.00	10,049,942.00	9,998,100.00	2.850	A	AA	2.854	01/23/2023
90331HNV1	15481	US Bank		01/22/2019	10,000,000.00	10,081,800.70	10,034,700.00	3.400	A	AA	3.316	07/24/2023
90331HNV1	15482	US Bank		01/22/2019	10,000,000.00	10,081,800.70	10,034,700.00	3.400	A	AA	3.316	07/24/2023
90331HPF4	15591	US Bank		12/10/2019	3,000,000.00	2,999,769.63	3,001,860.00	1.950	A	AA	1.929	01/09/2023
90331HPF4	15595	US Bank		12/12/2019	10,250,000.00	10,249,212.90	10,245,900.00	1.950	A	AA	1.964	01/09/2023
92826CAG7	15541	VISA INC		07/08/2019	10,000,000.00	10,016,867.70	10,043,000.00	2.150	Aa	AA	2.010	09/15/2022
931142EK5	15486	Wal-Mart Stores		03/05/2019	11,500,000.00	11,624,851.02	11,722,812.50	3.400	Aa	AA	2.917	06/26/2023
931142EK5	15487	Wal-Mart Stores		03/05/2019	10,000,000.00	10,108,566.10	10,197,700.00	3.400	Aa	AA	2.908	06/26/2023
931142EL3	15581	Wal-Mart Stores		10/30/2019	10,000,000.00	10,005,677.30	10,404,900.00	2.850	Aa	AA	1.942	07/08/2024
931142EK5	15600	Wal-Mart Stores		12/18/2019	10,000,000.00	10,108,566.10	10,511,000.00	3.400	Aa	AA	1.893	06/26/2023
30231GBB7	15550	Exxon-Mobil		08/23/2019	10,000,000.00	10,007,480.30	10,054,100.00	1.902	Aa	AA	1.715	08/16/2022
30231GBB7	15574	Exxon-Mobil		10/28/2019	10,000,000.00	10,007,480.30	10,056,600.00	1.902	Aa	AA	1.694	08/16/2022
		Subtotal and Average	**628,587,077.55**		**610,818,000.00**	**593,619,979.87**	**610,378,200.43**				**1.974**	
FDIC Insured Cash Sweep												
ICS	15628	ICS			15,105,901.95	15,105,901.95	15,105,901.95	0.680			0.680	
		Subtotal and Average	**15,104,481.87**		**15,105,901.95**	**15,105,901.95**	**15,105,901.95**				**0.680**	
CAMP												
CAMP	14800	CAMP			264,743,557.23	264,743,557.23	264,743,557.23	0.530		AAA	0.530	
		Subtotal and Average	**349,810,223.90**		**264,743,557.23**	**264,743,557.23**	**264,743,557.23**				**0.530**	

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CALTRUST												
CALTRUST	15476	CalTRUST			11,574,837.72	11,574,837.72	11,574,837.72	0.340		AAA	0.340	
		Subtotal and Average	**11,574,837.72**		**11,574,837.72**	**11,574,837.72**	**11,574,837.72**				**0.340**	
Money Market Mutual Funds												
3255565	16034	SSGA Government MMF - OPP		04/22/2022	25,000,000.00	25,000,000.00	25,000,000.00	0.250			0.250	
		Subtotal and Average	**7,500,000.00**		**25,000,000.00**	**25,000,000.00**	**25,000,000.00**				**0.250**	
Treasury Securities - Coupon												
912828XR6	15339	U S Treasury Note		02/02/2018	10,000,000.00	10,010,126.30	9,693,750.00	1.750	Aaa	AA	2.501	05/31/2022
9128284S6	15393	U S Treasury Note		06/15/2018	10,000,000.00	10,054,687.50	9,986,718.75	2.750	Aaa	AA	2.779	05/31/2023
912828U57	15491	U S Treasury Note		03/26/2019	10,000,000.00	9,933,203.10	9,955,468.75	2.125	Aaa	AA	2.225	11/30/2023
912828XG0	15495	U S Treasury Note		03/28/2019	10,000,000.00	10,023,692.30	9,994,140.63	2.125	Aaa	AA	2.143	06/30/2022
9128287C8	15556	U S Treasury Note		09/25/2019	10,000,000.00	10,018,359.40	10,042,187.50	1.750	Aaa	AA	1.595	07/15/2022
9128285K2	15564	U S Treasury Note		09/30/2019	10,000,000.00	10,048,437.50	10,509,765.63	2.875	Aaa	AA	1.581	10/31/2023
9128285K2	15565	U S Treasury Note		09/30/2019	10,000,000.00	10,048,437.50	10,509,375.00	2.875	Aaa	AA	1.582	10/31/2023
912828S92	15566	U S Treasury Note		10/09/2019	10,000,000.00	9,860,937.50	9,951,171.88	1.250	Aaa	AA	1.382	07/31/2023
9128287C8	15592	U S Treasury Note		12/10/2019	10,000,000.00	10,018,359.40	10,028,125.00	1.750	Aaa	AA	1.639	07/15/2022
912828UN8	15603	U S Treasury Note		12/19/2019	20,000,000.00	20,014,843.80	20,201,562.50	2.000	Aaa	AA	1.671	02/15/2023
912828TY6	15608	U S Treasury Note		01/08/2020	10,000,000.00	10,003,125.00	10,020,703.13	1.625	Aaa	AA	1.550	11/15/2022
912828M49	15609	U S Treasury Note		01/09/2020	15,000,000.00	15,033,984.30	15,114,843.75	1.875	Aaa	AA	1.595	10/31/2022
912828YK0	15612	U S Treasury Note		01/14/2020	10,000,000.00	9,999,218.80	9,940,625.00	1.375	Aaa	AA	1.596	10/15/2022
912828Z29	15616	U S Treasury Note		01/23/2020	10,000,000.00	9,976,953.10	9,991,406.25	1.500	Aaa	AA	1.530	01/15/2023
912828UN8	15617	U S Treasury Note		01/23/2020	20,000,000.00	20,014,843.80	20,307,812.50	2.000	Aaa	AA	1.484	02/15/2023
912828T26	15623	U S Treasury Note		01/30/2020	10,000,000.00	9,848,046.90	10,003,906.25	1.375	Aaa	AA	1.364	09/30/2023
912828WJ5	15827	U S Treasury Note		01/13/2021	20,000,000.00	19,907,812.40	21,485,156.25	2.500	Aaa	AA	0.263	05/15/2024
912828D56	15828	U S Treasury Note		01/13/2021	15,000,000.00	14,846,484.30	16,115,625.00	2.375	Aaa	AA	0.291	08/15/2024
91282CAP6	15836	U S Treasury Note		01/27/2021	5,000,000.00	4,830,664.05	4,997,265.63	0.125	Aaa	AA	0.162	10/15/2023
912828M56	15839	U S Treasury Note		02/11/2021	5,000,000.00	4,883,984.40	5,433,007.81	2.250	Aaa	AA	0.410	11/15/2025
912828K74	15840	U S Treasury Note		02/12/2021	10,000,000.00	9,708,593.80	10,719,531.25	2.000	Aaa	AA	0.388	08/15/2025
912828K74	15841	U S Treasury Note		02/17/2021	10,000,000.00	9,708,593.80	10,687,890.63	2.000	Aaa	AA	0.452	08/15/2025
91282CAJ0	15846	U S Treasury Note		02/26/2021	50,000,000.00	45,761,719.00	49,003,906.25	0.250	Aaa	AA	0.700	08/31/2025
912828XB1	15847	U S Treasury Note		02/26/2021	48,000,000.00	46,905,000.00	51,007,500.00	2.125	Aaa	AA	0.617	05/15/2025
912828XB1	15849	U S Treasury Note		03/10/2021	5,000,000.00	4,885,937.50	5,309,375.00	2.125	Aaa	AA	0.624	05/15/2025
912828D56	15850	U S Treasury Note		03/12/2021	17,000,000.00	16,826,015.54	18,115,625.00	2.375	Aaa	AA	0.445	08/15/2024
912828D56	15852	U S Treasury Note		03/16/2021	5,000,000.00	4,948,828.10	5,330,859.38	2.375	Aaa	AA	0.424	08/15/2024

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Treasury Securities - Coupon												
912828G38	15855	U S Treasury Note		03/18/2021	22,000,000.00	21,667,421.82	23,361,250.00	2.250	Aaa	AA	0.540	11/15/2024
912828K74	15856	U S Treasury Note		03/31/2021	50,000,000.00	48,542,969.00	52,738,281.25	2.000	Aaa	AA	0.727	08/15/2025
912828XB1	15863	U S Treasury Note		04/09/2021	50,000,000.00	48,859,375.00	53,007,812.50	2.125	Aaa	AA	0.636	05/15/2025
912828D56	15864	U S Treasury Note		04/09/2021	15,000,000.00	14,846,484.30	15,970,312.50	2.375	Aaa	AA	0.430	08/15/2024
912828J27	15868	U S Treasury Note		04/13/2021	40,000,000.00	39,056,250.00	42,178,125.00	2.000	Aaa	AA	0.565	02/15/2025
91282CBR1	15872	U S Treasury Note		04/14/2021	10,000,000.00	9,558,203.10	9,974,218.75	0.250	Aaa	AA	0.339	03/15/2024
912828K74	15876	U S Treasury Note		02/25/2021	15,000,000.00	14,562,890.70	15,930,468.75	2.000	Aaa	AA	0.592	08/15/2025
912828D56	15877	U S Treasury Note		04/15/2021	20,000,000.00	19,795,312.40	21,304,687.50	2.375	Aaa	AA	0.405	08/15/2024
91282CBM2	15880	U S Treasury Note		04/19/2021	25,000,000.00	23,899,414.00	24,884,765.63	0.125	Aaa	AA	0.289	02/15/2024
912828XB1	15881	U S Treasury Note		04/19/2021	25,000,000.00	24,429,687.50	26,539,062.50	2.125	Aaa	AA	0.592	05/15/2025
912828G38	15885	U S Treasury Note		04/22/2021	23,000,000.00	22,652,304.63	24,459,960.94	2.250	Aaa	AA	0.452	11/15/2024
912828D56	15892	U S Treasury Note		05/12/2021	10,000,000.00	9,897,656.20	10,640,625.00	2.375	Aaa	AA	0.397	08/15/2024
9128286Z8	15894	U S Treasury Note		05/18/2021	6,000,000.00	5,870,625.00	6,261,796.88	1.750	Aaa	AA	0.342	06/30/2024
91282CBM2	15897	U S Treasury Note		05/19/2021	20,000,000.00	19,119,531.20	19,932,031.25	0.125	Aaa	AA	0.249	02/15/2024
91282CCC3	15898	U S Treasury Note		05/19/2021	25,000,000.00	23,774,414.00	24,951,171.88	0.250	Aaa	AA	0.316	05/15/2024
91282CCC3	15899	U S Treasury Note		05/20/2021	16,000,000.00	15,215,624.96	15,961,250.00	0.250	Aaa	AA	0.332	05/15/2024
912828M56	15903	U S Treasury Note		05/26/2021	5,000,000.00	4,883,984.40	5,352,343.75	2.250	Aaa	AA	0.648	11/15/2025
91282CCC3	15906	U S Treasury Note		06/01/2021	34,000,000.00	32,333,203.04	33,946,875.00	0.250	Aaa	AA	0.303	05/15/2024
912828J27	15907	U S Treasury Note		06/01/2021	21,000,000.00	20,504,531.25	22,170,585.94	2.000	Aaa	AA	0.481	02/15/2025
912828K74	15912	U S Treasury Note		06/15/2021	30,000,000.00	29,125,781.40	31,734,375.00	2.000	Aaa	AA	0.594	08/15/2025
912828ZT0	15913	U S Treasury Note		06/16/2021	12,000,000.00	11,063,437.44	11,855,625.00	0.250	Aaa	AA	0.558	05/31/2025
912828P46	15914	U S Treasury Note		06/16/2021	16,000,000.00	15,241,249.92	16,671,875.00	1.625	Aaa	AA	0.708	02/15/2026
912828YY0	15915	U S Treasury Note		06/17/2021	21,500,000.00	20,880,195.42	22,407,871.09	1.750	Aaa	AA	0.543	12/31/2024
91282CAJ0	15917	U S Treasury Note		06/22/2021	27,000,000.00	24,711,328.26	26,469,492.19	0.250	Aaa	AA	0.727	08/31/2025
912828M56	15921	U S Treasury Note		06/24/2021	20,000,000.00	19,535,937.60	21,279,687.50	2.250	Aaa	AA	0.765	11/15/2025
912828XB1	15923	U S Treasury Note		06/24/2021	40,000,000.00	39,087,500.00	42,234,375.00	2.125	Aaa	AA	0.668	05/15/2025
912828Z86	15924	U S Treasury Note		06/24/2021	15,000,000.00	14,940,234.30	15,289,453.13	1.375	Aaa	AA	0.198	02/15/2023
912828ZP8	15925	U S Treasury Note		06/24/2021	15,000,000.00	14,683,007.85	14,968,945.31	0.125	Aaa	AA	0.235	05/15/2023
9128286Z8	15926	U S Treasury Note		06/24/2021	43,000,000.00	42,072,812.50	44,657,851.56	1.750	Aaa	AA	0.462	06/30/2024
91282CAK7	15939	U S Treasury Note		08/26/2021	9,000,000.00	8,719,804.71	8,977,500.00	0.125	Aaa	AA	0.247	09/15/2023
91282CCG4	15941	U S Treasury Note		08/26/2021	7,000,000.00	6,638,789.08	6,967,187.50	0.250	Aaa	AA	0.418	06/15/2024
912828WE6	15942	U S Treasury Note		08/26/2021	11,000,000.00	11,032,656.25	11,602,421.88	2.750	Aaa	AA	0.274	11/15/2023
91282CAJ0	15943	U S Treasury Note		08/26/2021	25,000,000.00	22,880,859.50	24,575,195.31	0.250	Aaa	AA	0.680	08/31/2025
91282CCL3	15944	U S Treasury Note		08/27/2021	50,000,000.00	47,443,359.50	49,951,171.88	0.375	Aaa	AA	0.409	07/15/2024
912828ZW3	15945	U S Treasury Note		08/27/2021	50,000,000.00	45,992,187.50	49,281,250.00	0.250	Aaa	AA	0.629	06/30/2025
912828G38	15946	U S Treasury Note		08/27/2021	40,000,000.00	39,395,312.40	42,289,062.50	2.250	Aaa	AA	0.456	11/15/2024

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Treasury Securities - Coupon												
9128282A7	15957	U S Treasury Note		09/28/2021	35,000,000.00	32,935,546.70	35,864,062.50	1.500	Aaa	AA	0.981	08/15/2026
912828R36	15958	U S Treasury Note		09/29/2021	9,000,000.00	8,545,429.71	9,284,062.50	1.625	Aaa	AA	0.927	05/15/2026
912828R36	15959	U S Treasury Note		10/05/2021	11,000,000.00	10,444,414.09	11,354,062.50	1.625	Aaa	AA	0.911	05/15/2026
91282CBQ3	15961	U S Treasury Note		10/20/2021	10,000,000.00	9,114,453.10	9,767,187.50	0.500	Aaa	AA	1.047	02/28/2026
912828K74	15962	U S Treasury Note		10/25/2021	12,000,000.00	11,650,312.56	12,479,062.50	2.000	Aaa	AA	0.930	08/15/2025
91282CCX7	15965	U S Treasury Note		10/27/2021	31,000,000.00	29,257,460.86	30,658,515.63	0.375	Aaa	AA	0.762	09/15/2024
912828YH7	15966	U S Treasury Note		10/27/2021	30,000,000.00	29,073,046.80	30,628,125.00	1.500	Aaa	AA	0.775	09/30/2024
91282CCL3	15967	U S Treasury Note		10/28/2021	22,000,000.00	20,875,078.18	21,799,765.63	0.375	Aaa	AA	0.714	07/15/2024
912828ZW3	15979	U S Treasury Note		12/10/2021	50,000,000.00	45,992,187.50	48,575,000.00	0.250	Aaa	AA	1.069	06/30/2025
91282CCL3	15982	U S Treasury Note		12/15/2021	50,000,000.00	47,443,359.50	49,374,000.00	0.375	Aaa	AA	0.866	07/15/2024
91282CBM2	15986	U S Treasury Note		12/15/2021	50,000,000.00	47,798,828.00	49,366,000.00	0.125	Aaa	AA	0.715	02/15/2024
912828M56	15991	U S Treasury Note		12/21/2021	30,000,000.00	29,303,906.40	31,299,609.38	2.250	Aaa	AA	1.112	11/15/2025
912828R36	15992	U S Treasury Note		12/21/2021	17,000,000.00	16,141,367.23	17,315,860.00	1.625	Aaa	AA	1.190	05/15/2026
912828J27	15994	U S Treasury Note		12/27/2021	25,000,000.00	24,410,156.25	25,750,000.00	2.000	Aaa	AA	1.025	02/15/2025
912828U24	15995	U S Treasury Note		12/28/2021	10,000,000.00	9,587,109.40	10,359,765.63	2.000	Aaa	AA	1.238	11/15/2026
912828P46	15996	U S Treasury Note		12/29/2021	10,000,000.00	9,525,781.20	10,169,140.63	1.625	Aaa	AA	1.204	02/15/2026
912828YY0	15998	U S Treasury Note		12/31/2021	37,000,000.00	35,933,359.56	37,870,078.13	1.750	Aaa	AA	0.953	12/31/2024
91282CDS7	16001	U S Treasury Note		01/27/2022	35,000,000.00	33,408,593.75	34,730,664.06	1.125	Aaa	AA	1.391	01/15/2025
912828ZY9	16005	U S Treasury Note		03/10/2022	6,000,000.00	5,841,796.86	5,890,078.13	0.125	Aaa	AA	1.500	07/15/2023
91282CCF6	16006	U S Treasury Note		03/10/2022	7,500,000.00	6,864,843.75	7,134,375.00	0.750	Aaa	AA	1.958	05/31/2026
912828R36	16007	U S Treasury Note		03/14/2022	10,000,000.00	9,494,921.90	9,859,765.63	1.625	Aaa	AA	1.977	05/15/2026
912828ZY9	16008	U S Treasury Note		03/11/2022	10,000,000.00	9,736,328.10	9,817,968.75	0.125	Aaa	AA	1.494	07/15/2023
912828ZY9	16009	U S Treasury Note		03/17/2022	22,000,000.00	21,419,921.82	21,563,437.50	0.125	Aaa	AA	1.638	07/15/2023
9128282A7	16010	U S Treasury Note		03/17/2022	22,000,000.00	20,702,343.64	21,400,060.00	1.500	Aaa	AA	2.150	08/15/2026
912828ZY9	16013	U S Treasury Note		03/21/2022	24,000,000.00	23,367,187.44	23,496,562.50	0.125	Aaa	AA	1.739	07/15/2023
912828U24	16014	U S Treasury Note		03/21/2022	24,000,000.00	23,009,062.56	23,712,187.50	2.000	Aaa	AA	2.273	11/15/2026
912828ZY9	16015	U S Treasury Note		03/30/2022	31,000,000.00	30,182,617.11	30,269,804.69	0.125	Aaa	AA	1.975	07/15/2023
912828ZY9	16023	U S Treasury Note		04/13/2022	36,000,000.00	35,050,781.16	35,195,625.00	0.125	Aaa	AA	1.933	07/15/2023
91282CAF8	16026	U S Treasury Note		04/18/2022	20,000,000.00	19,419,531.20	19,468,400.00	0.125	Aaa	AA	2.165	08/15/2023
912828D56	16035	U S Treasury Note		04/22/2022	15,000,000.00	14,846,484.30	14,851,171.88	2.375	Aaa	AA	2.819	08/15/2024
91282CAF8	16038	U S Treasury Note		04/27/2022	40,000,000.00	38,839,062.40	38,940,625.00	0.125	Aaa	AA	2.197	08/15/2023
		Subtotal and Average	**1,944,226,587.44**		**1,980,000,000.00**	**1,911,250,498.25**	**2,013,481,292.76**				**0.929**	
Municipal Bonds												
13063DDF2	15323	State of California		01/08/2018	10,000,000.00	10,042,300.00	10,004,600.00	2.500	Aa	AA	2.489	10/01/2022

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
Municipal Bonds												
13063DGN2	15416	State of California		09/18/2018	21,000,000.00	21,213,780.00	21,329,700.00	3.400	Aa	AA	3.051	08/01/2023
13063DRH3	15571	State of California		10/24/2019	10,000,000.00	10,042,300.00	10,205,000.00	2.500	Aa	AA	1.822	10/01/2022
13063DRH3	15572	State of California		10/24/2019	10,000,000.00	10,042,300.00	10,219,400.00	2.500	Aa	AA	1.770	10/01/2022
880541F28	15930	State of Tennessee		07/13/2021	15,000,000.00	14,184,450.00	15,000,000.00	0.645	Aaa	AAA	0.645	11/01/2024
880541F36	15931	State of Tennessee		07/13/2021	15,000,000.00	13,919,400.00	15,000,000.00	0.859	Aaa	AAA	0.902	11/01/2025
		Subtotal and Average	**81,758,700.00**		**81,000,000.00**	**79,444,530.00**	**81,758,700.00**				**1.833**	
Supranationals												
4581X0DA3	15490	INTER AMERICAN DEV BANK		03/27/2019	10,000,000.00	10,035,063.00	10,077,000.00	2.500	Aaa	AAA	2.287	01/18/2023
4581X0CC0	15507	INTER AMERICAN DEV BANK		04/05/2019	6,175,000.00	6,208,912.98	6,331,227.50	3.000	Aaa	AAA	2.403	10/04/2023
4581X0CC0	15534	INTER AMERICAN DEV BANK		06/28/2019	15,000,000.00	15,082,379.70	15,706,200.00	3.000	Aaa	AAA	1.847	10/04/2023
4581X0CZ9	15651	INTER AMERICAN DEV BANK		04/09/2020	8,300,000.00	8,302,158.83	8,531,570.00	1.750	Aaa	AAA	0.592	09/14/2022
4581X0DA3	15805	INTER AMERICAN DEV BANK		12/11/2020	20,000,000.00	20,070,126.00	20,949,800.00	2.500	Aaa	AAA	0.235	01/18/2023
4581X0DK1	15848	INTER AMERICAN DEV BANK		03/04/2021	10,000,000.00	9,683,531.00	10,454,000.00	1.750	Aaa	AAA	0.607	03/14/2025
459058GL1	15448	International Bank for Reconst		12/05/2018	15,000,000.00	15,113,865.00	15,022,200.00	3.000	Aaa	AAA	2.966	09/27/2023
459058GL1	15504	International Bank for Reconst		04/02/2019	10,000,000.00	10,075,910.00	10,321,700.00	3.000	Aaa	AAA	2.242	09/27/2023
459058GU1	15619	International Bank for Reconst		01/24/2020	20,000,000.00	20,029,992.00	20,265,600.00	2.125	Aaa	AAA	1.567	07/01/2022
459058JM6	15806	International Bank for Reconst		12/11/2020	15,000,000.00	14,479,062.00	14,992,500.00	0.250	Aaa	AAA	0.267	11/24/2023
459058JA2	15831	International Bank for Reconst		01/27/2021	20,000,000.00	18,815,034.00	20,298,000.00	0.750	Aaa	AAA	0.385	03/11/2025
459058JL8	15843	International Bank for Reconst		02/23/2021	15,000,000.00	13,758,579.00	14,930,850.00	0.500	Aaa	AAA	0.600	10/28/2025
45950VLH7	15649	International Finance Corp		04/08/2020	11,003,000.00	11,021,331.00	11,415,062.35	2.000	Aaa	AAA	0.517	10/24/2022
45950KCP3	15671	International Finance Corp		05/01/2020	15,028,000.00	15,101,650.73	16,226,483.00	2.875	Aaa	AAA	0.400	07/31/2023
45950KCR9	15878	International Finance Corp		04/16/2021	20,000,000.00	19,271,174.00	20,592,400.00	1.375	Aaa	AAA	0.520	10/16/2024
		Subtotal and Average	**216,114,592.85**		**210,506,000.00**	**207,048,769.24**	**216,114,592.85**				**1.050**	
		Total and Average	**5,048,959,797.03**		**5,023,160,682.29**	**4,905,662,623.85**	**5,067,365,036.12**				**1.026**	

Run Date: 05/11/2022 - 14:41

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