PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 26, 2022

NEW ISSUE—FULL BOOK-ENTRY

RATINGS: Moody's: "Aa2"; S&P: "AA-";
(See "MISCELLANEOUS – Ratings" herein)

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" herein with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

$200,000,000*
KERN COMMUNITY COLLEGE DISTRICT
FACILITIES IMPROVEMENT DISTRICT NO. 1
(Kern, San Bernardino, and Tulare Counties, California)
Election of 2016 General Obligation Bonds, Series D

Dated: Date of Delivery **Due: As shown on the inside cover**

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used but not otherwise defined on this cover page shall have the meanings assigned to such terms herein.

The Kern Community College District Facilities Improvement District No. 1 (Kern, San Bernardino, and Tulare Counties, California) Election of 2016 General Obligation Bonds, Series D (the "Bonds") were authorized at an election of the registered voters residing within the Kern Community College District Facilities Improvement District No. 1 (the "Improvement District") held on November 8, 2016 at which the requisite 55% of the persons voting on the proposition voted to authorize the issuance and sale of $502,821,000 principal amount of general obligation bonds. The Bonds are being issued by the Kern Community College District (the "District") to finance the acquisition, construction, modernization and equipping of District sites and facilities within the Improvement District and to pay the costs of issuing the Bonds.

The Bonds are general obligations of the District, payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of Kern, San Bernardino, and Tulare Counties are empowered and obligated to annually levy such *ad valorem* property taxes for the payment of the principal of and interest on the Bonds upon all property within the Improvement District subject to taxation by the District, without limitation as to rate or amount (except for certain personal property which is taxable at limited rates).

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 The Depository Trust Company, New York, New York (collectively referred to herein as "DTC"). Purchasers of interests in the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interest in the Bonds, but will instead receive credit balances on the books of their respective nominees.

The Bonds will be dated as of the date of initial delivery, and will be issued as current interest bonds such that interest thereon will accrue from such initial delivery date and be payable semiannually. Interest on the Bonds will be payable on February 1 and August 1 of each year, commencing February 1, 2023. The Bonds are issuable in denominations of $5,000 principal amount or any integral multiple thereof.

Payments of principal of and interest on the Bonds will be made by U.S. Bank Trust Company, National Association, as the designated Paying Agent, to DTC for subsequent disbursement to DTC Participants (defined herein) who will remit such payments to the Beneficial Owners of the Bonds.

The Bonds are subject to optional and mandatory sinking fund redemption as further described herein.*

Maturity Schedule*
(see inside front cover)

---

*The Bonds will be offered when, as and if issued and received by the Underwriters subject to the approval of legality by Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel and Disclosure Counsel. Certain matters will be passed on for the Underwriters by Katten, Muchin Rosenman, LLP, New York, New York. The Bonds, in book-entry form, will be available for delivery through the facilities of DTC in New York, New York on or about November 22, 2022.**

STIFEL UBS

Dated: ______ __, 2022.

* Preliminary, subject to change.

MATURITY SCHEDULE*

$200,000,000*
KERN COMMUNITY COLLEGE DISTRICT
FACILITIES IMPROVEMENT DISTRICT NO. 1
(Kern, San Bernardino, and Tulare Counties, California)
Election of 2016 General Obligation Bonds, Series D

Base CUSIP[(1)]: 492244

$__________ Serial Bonds

Maturity (August 1)	Principal Amount	Interest Rate	Yield	CUSIP[(1)] Suffix

$________ – _____% Term Bonds due August 1, 20__ – Yield ____%; CUSIP[(1)]:

---

* Preliminary, subject to change.

(1) CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2022 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data are not intended to create a database and do not serve in any way as a substitute for the CGS database. Neither the Underwriters, the Municipal Advisor nor the District is responsible for the selection or correctness of the CUSIP numbers set forth herein. CUSIP numbers have been assigned by an independent company not affiliated with the District or the Underwriters and are included solely for the convenience of the registered owners of the applicable Bonds. Neither the District, the Municipal Advisor nor the Underwriters is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This Official Statement does not constitute an offering of any security other than the original offering of the Bonds of the District. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained in this Official Statement, and if given or made, such other information or representation not so authorized should not be relied upon as having been given or authorized by the District.

The issuance and sale of the Bonds have not been registered under the Securities Act of 1933 or the Securities Exchange Act of 1934, both as amended, in reliance upon exemptions provided thereunder by Sections 3(a)2 and 3(a)12, respectively, for the issuance and sale of such municipal securities. The Bonds are not registered under the securities laws of any state. This Official Statement does not constitute an offer to sell or a solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

The information set forth herein, other than that provided by the District, has been obtained from sources outside the District which are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. 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.

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 in this Official Statement, 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 Underwriters have provided the following sentence for inclusion in this Official Statement: "The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT LEVELS ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS AND DEALER BANKS AND BANKS ACTING AS AGENT AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

The District maintains a website and certain social media accounts. However, the information presented on the District's website and any social media accounts is not incorporated into this Official Statement by any reference, and should not be relied upon in making investment decisions with respect to the Bonds.

PROFESSIONAL SERVICES

BOND COUNSEL AND DISCLOSURE COUNSEL

Stradling Yocca Carlson & Rauth, a Professional Corporation
San Francisco, California

MUNICIPAL ADVISOR

Dale Scott & Company Inc.
San Francisco, California

PAYING AGENT AND TRANSFER AGENT

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

TABLE OF CONTENTS

Page

TABLE OF CONTENTS (cont'd)

Page

$200,000,000*
KERN COMMUNITY COLLEGE DISTRICT
FACILITIES IMPROVEMENT DISTRICT NO. 1
(Kern, San Bernardino, and Tulare Counties, California)
Election of 2016 General Obligation Bonds, Series D

INTRODUCTION

This Official Statement, which includes the cover page, inside cover page, and appendices hereto, provides information in connection with the sale of the Kern Community College District Facilities Improvement District No. 1 (Kern, San Bernardino, and Tulare Counties, California) Election of 2016 General Obligation Bonds, Series D (the "Bonds").

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, including the cover page, inside cover page and appendices hereto, and the documents summarized or described herein. 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 Kern Community College District (the "District") provides collegiate level instruction in grades 13 and 14. The District encompasses approximately 24,800 square miles and includes most of Kern County (the "County"), a small portion of San Bernardino County, the southern portion of Tulare County, and portions of Inyo and Mono Counties. The District was formed in 1961.

The District operates three college campuses – Bakersfield College, Cerro Coso Community College and Porterville College (together, the "Colleges") – as well as seven instructional centers. The Colleges are all fully accredited by the Accrediting Commission for Community and Junior Colleges (the "ACCJC"). For fiscal year 2022-23, the District has budgeted an actual full-time equivalent students ("FTES") count of 22,404.

The governing board of the District is the Board of Trustees (the "Board"). The Board includes seven voting members elected by the voters of the District within seven trustee areas. Each member of the Board serves a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions. The management and policies of the District are administered by a Chancellor appointed by the Board. Dr. Sonya Christian currently serves as the District's Chancellor.

For more information regarding the District generally, see "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" and "KERN COMMUNITY COLLEGE DISTRICT" herein.

The Improvement District

The Kern Community College District Facilities Improvement District No. 1 (the "Improvement District") includes all portions of the District located in Kern, San Bernardino, and Tulare Counties, California (collectively, the "Counties"). For fiscal year 2022-23, the assessed valuation of taxable property within the boundaries of the Improvement District is $108,117,816,995, with approximately

* Preliminary, subject to change.

91.64% located in the County, 8.04% located in Tulare County, and 0.31% located in San Bernardino County.

For more information about the Improvement District generally, see "THE IMPROVEMENT DISTRICT" herein. For more information regarding the Improvement District's assessed valuation, including regarding risks related to outbreaks of disease and other factors that may affect the assessed value of property within the Improvement District, see "TAX BASE FOR REPAYMENT OF BONDS" and "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" herein.

Purpose of the Bonds

The Bonds are being issued to finance the acquisition, construction, modernization and equipping of District sites and facilities within the Improvement District and to pay the costs of issuing the Bonds. See "THE BONDS – Application and Investment of Bond Proceeds" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

Authority for Issuance of the Bonds

The Bonds are being issued pursuant to certain provisions of the Government Code and other applicable law, and pursuant to a resolution adopted by the Board on October 13, 2022 (the "Resolution"). See "THE BONDS – Authority for Issuance" herein.

Security and Sources of Payment for the Bonds

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes within the boundaries of the Improvement District. The Boards of Supervisors of the Counties are empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the Improvement District subject to taxation by the District (except with respect to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS" herein.

Description of the Bonds

Form and Registration. The Bonds will be issued in fully registered form only, without coupons, and will mature on August 1 in the years indicated on the inside cover page hereof. The Bonds will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), who will act as securities depository for the Bonds. See "THE BONDS – General Provisions" and "THE BONDS – Book-Entry Only System" herein. Purchasers of interests in the Bonds (the "Beneficial Owners") will not receive physical certificates representing their interests in the Bonds purchased, but will instead receive credit balances on the books of their respective nominees. In the event that the book-entry only system described below is no longer used with respect to the Bonds, the Bonds will be registered in accordance with the Resolution. See "THE BONDS – Discontinuation of Book-Entry Only System; Registration, Exchange and Transfer of Bonds" herein.

So long as Cede & Co. is the registered owner of the Bonds, as nominee of DTC, references herein to the "Owners," "Bondowners" or "Holders" of the Bonds (other than under the caption "TAX MATTERS" herein and in APPENDIX A attached hereto) will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

Denominations. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds in the denominations of $5,000 principal amount, or any integral multiples thereof.

Redemption*. The Bonds are subject to optional redemption prior to their stated maturity dates as further described herein. The Bonds are further subject to mandatory sinking fund redemption as further described herein. See "THE BONDS – Redemption" herein.

Payments. The Bonds will be dated as of the date of their initial delivery (the "Date of Delivery"). Interest on the Bonds maturing on and after August 1, 20__* is payable semiannually on each February 1 and August 1 (each, a "Bond Payment Date"), commencing February 1, 2023.

Payments of the principal of and interest on the Bonds will be made by U.S. Bank Trust Company, National Association, Los Angeles, California, as the designated paying agent, bond registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the Beneficial Owners. See also "THE BONDS – Book-Entry Only System" herein.

Tax Matters

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California ("Bond Counsel"), under existing statutes, regulations, rulings and judicial decisions, and assuming the accuracy of certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax. See "TAX MATTERS" with respect to tax consequences relating to the Bonds, including with respect to the alternative minimum tax imposed on certain large corporations for tax years beginning after December 31, 2022.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry form will be available for delivery through the facilities of DTC in New York, New York, on or about November 22, 2022. *

Bond Owner's Risks

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes which may be levied, without limitation as to rate or amount, upon all property within the Improvement District subject to taxation by the District (except with respect to certain personal property which is taxable at limited rates). For more complete information regarding the District's financial condition and the taxation of property within the Improvement District, and certain other considerations related thereto, see "TAX BASE FOR REPAYMENT OF BONDS," "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA," "KERN COMMUNITY COLLEGE DISTRICT" and "LIMITATIONS ON REMEDIES; BANKRUPTCY" herein.

* Preliminary, subject to change.

Continuing Disclosure

The District will covenant for the benefit of Owners and Beneficial Owners to make available certain financial information and operating data relating to the District and the Improvement District and to provide notices of the occurrence of certain listed events in compliance with Securities and Exchange Commission ("SEC") Rule 15c2-12(b)(5) (the "Rule"). These covenants have been made in order to assist the Underwriters (defined herein) in complying with the Rule. The specific nature of the information to be made available and of the notices of listed events is summarized below under "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE FOR THE BONDS" attached hereto.

Professionals Involved in the Offering

Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, is acting as Bond Counsel and Disclosure Counsel to the District with respect to the Bonds. Dale Scott & Company Inc., San Francisco, California, is acting as Municipal Advisor to the District with respect to the Bonds. Stradling Yocca Carlson & Rauth, a Professional Corporation and Dale Scott & Company Inc. will each receive compensation from the District contingent upon the sale and delivery of the Bonds. Certain matters will be passed on for the Underwriters (defined herein) by Katten, Muchin Rosenman, LLP, New York, New York. From time to time, Bond Counsel represents the Underwriters on matters unrelated to the Bonds or the District.

Forward Looking Statements

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "project," "budget," "intend," or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information regarding the District and Improvement District herein.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE DISTRICT DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THE FORWARD-LOOKING STATEMENTS SET FORTH IN THIS OFFICIAL STATEMENT.

Other Information

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Copies of documents referred to herein and information concerning the Bonds are available from the Kern Community College District, 2100 Chester Avenue, Bakersfield, California 93301, telephone: (661) 336-5134. The District may impose a charge for copying, mailing and handling.

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations other than as contained herein and, if given or made, such other information or representations must not be relied upon as having been authorized by the District.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall 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.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. The summaries and references to documents, statutes and constitutional provisions referred to herein do not purport to be comprehensive or definitive, and are qualified in their entireties by reference to each such documents, statutes and constitutional provisions.

The information set forth herein, other than that provided by the District, has been obtained from official sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the District. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereof. 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.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Resolution.

THE BONDS

Authority for Issuance

The Bonds are issued pursuant to the provisions of Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code (the "Act"), Article XIIIA of the State Constitution and other applicable law, and pursuant to the Resolution. The District received authorization at an election held on November 8, 2016, by the requisite 55% or more of the votes cast by eligible voters within the Improvement District to issue $502,821,000 aggregate principal amount of general obligation bonds (the "2016 Authorization"). On June 13, 2017, the District issued on behalf of the Improvement District the first series of bonds pursuant to the 2016 Authorization, the Election of 2016 General Obligation Bonds, Series A (Facilities Improvement District No. 1), in the aggregate principal amount of $40,225,000 (the "Series A Bonds"). On September 12, 2018, the District issued on behalf of the Improvement District the second series of bonds pursuant to the 2016 Authorization, the Election of 2016 General Obligation Bonds, Series B (Facilities Improvement District No. 1), in the aggregate principal amount of $71,230,000 (the "Series B Bonds"). On November 10, 2020, the District issued on behalf of the Improvement District the third series of bonds pursuant to the 2016 Authorization, the Election of 2016 General Obligation Bonds, Series C (Facilities Improvement District No. 1), in the aggregate principal amount of $64,000,000 (the "Series C Bonds"). On November 10, 2020, the District also issued on behalf of the Improvement District, the Kern Community College District Facilities Improvement District No. 1 (Kern, San Bernardino, and Tulare Counties, California) 2020 General Obligation Bond Anticipation Notes in the aggregate principal amount of $52,998,182.50. The Bonds are the fourth issuance of bonds under the 2016 Authorization, and following the issuance thereof, $127,366,000* of bonds will remain authorized and unissued. See also "KERN COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" herein.

* Preliminary, subject to change.

Security and Sources of Payment

The Bonds are general obligations of the District payable solely from the proceeds of *ad valorem* property taxes. The Boards of Supervisors of the Counties are empowered and obligated to annually levy such *ad valorem* property taxes, without limitation as to rate or amount, upon all property within the Improvement District subject to taxation by the District (except with respect to certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due.

Such *ad valorem* property taxes will be levied annually in addition to all other taxes during the period that the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due. The levy may include an allowance for an annual reserve, established for the purpose of avoiding fluctuating tax levies. The Counties, however, are not obligated to establish or maintain such a reserve for the Bonds, and the District can make no representation that such reserve will be established by the Counties or that such a reserve, if previously established by any of the Counties, will be maintained in the future. Such taxes, when collected, will be placed by the County into the Debt Service Fund (defined herein) established by the Resolution, which fund is required to be segregated and maintained by the County and which is designated for the payment of the principal of the Bonds and interest on the Bonds when due, and for no other purpose. Pursuant to the Resolution, the District has pledged funds on deposit in the Debt Service Fund to the payment of the Bonds. Although the Counties are obligated to levy *ad valorem* property taxes for the payment of the Bonds as described above, and although the County will maintain the Debt Service Fund, the Bonds are not a debt of any of the Counties.

Moneys in the Debt Service Fund, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, will be transferred by the County to the Paying Agent. The Paying Agent will in turn remit the funds to DTC for remittance of such principal of and interest on to its DTC Participants (as defined herein) for subsequent disbursement to the respective Beneficial Owners of such Bonds.

The rate of the annual *ad valorem* property taxes levied by the Counties to repay the Bonds as described above will be determined by the relationship between the assessed valuation of taxable property in the Improvement District and the amount of debt service due on the Bonds in any year. Fluctuations in the annual debt service on the Bonds and the assessed value of taxable property in the Improvement District may cause the annual tax rate to fluctuate. Economic and other factors beyond the District's control, such as general market decline in real property values, disruption in financial markets that may reduce the availability of financing for purchasers of property, outbreak of disease, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake (including the July 2019 earthquakes in Ridgecrest, California – see also "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations – Considerations Regarding Ridgecrest Earthquakes" herein), fire, wildfire, flood, drought, or toxic contamination, could cause a reduction in the assessed value of taxable property within the Improvement District and necessitate a corresponding increase in the annual tax rate. For further information regarding the Improvement District's assessed valuation, tax rates, overlapping debt, and other matters concerning taxation, see "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution," "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" and "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" herein.

Statutory Lien

Pursuant to Government Code Section 53515, the Bonds will be secured by a statutory lien on all revenues received pursuant to the levy and collection of *ad valorem* property taxes for the payment thereof. The lien automatically attaches, without further action or authorization by the Board, and is valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the *ad valorem* property tax will be immediately subject to the lien, and such lien will be enforceable against the District, its successor, transferees and creditors, and all other parties asserting rights therein, irrespective of whether such parties have notice of the lien and without the need for physical delivery, recordation, filing or further act.

This statutory lien, by its terms, secures not only the Bonds, but also any other bonds of the District issued after January 1, 2016 and payable, both as to principal and interest, from the proceeds of *ad valorem* property taxes that may be levied pursuant to paragraphs (2) and (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution. The statutory lien provision does not specify the relative priority of obligations so secured or a method of allocation in the event that the revenues received pursuant to the levy and collection of such *ad valorem* property taxes are insufficient to pay all amounts then due and owing that are secured by the statutory lien.

General Provisions

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. Beneficial Owners will not receive physical certificates representing their interests in the Bonds, but will instead receive credit balances on the books of their respective nominees. See "THE BONDS – Book-Entry Only System" herein.

Interest on the Bonds accrues from the Date of Delivery. Interest on the Bonds is payable semiannually on each Bond Payment Date, commencing February 1, 2023. Principal of the Bonds is payable on August 1 in the amounts and years set forth on the inside cover page hereof. Interest on the Bonds will be computed on the basis of a 360-day year of twelve 30-day months. Each Bond will bear interest from the Bond Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the 16th day of the month immediately preceding any Bond Payment Date to and including such Bond Payment Date, in which event it will bear interest from such Bond Payment Date, or unless it is authenticated on or before January 15, 2023, in which event it will bear interest from the Date of Delivery. The Bonds are issuable in denominations of $5,000 principal amount, or any integral multiple thereof.

Payment. Payment of interest on any Bond on any Bond Payment Date will be made to the person appearing on the registration books of the Paying Agent as the registered Owner thereof as of the 15th day of the month immediately preceding such Bond Payment Date (the "Record Date"), such interest to be paid by wire transfer to the bank and account number on file with the Paying Agent as of the Record Date. The principal of and redemption premiums, if any, payable on the Bonds will be payable upon maturity upon surrender at the designated office of the Paying Agent. The principal of, and interest, and redemption premiums, if any, on the Bonds will be payable in lawful money of the United States of America. The Paying Agent is authorized to pay the Bonds when duly presented for payment at maturity, and to cancel all Bonds upon payment thereof. So long as the Bonds are held in the book-entry system of DTC, all payments of principal of and interest on the Bonds will be made by the Paying Agent to Cede & Co. (as a nominee of DTC), as the registered Owner of the Bonds.

Annual Debt Service

The following table summarizes the annual debt service requirements of the District for the Bonds (assuming no optional redemptions):

Year Ending August 1	Annual Principal Payment	Annual Interest Payment[1]	Total Annual Debt Service Payment
Total			

[1] Interest on the Bonds will be payable semiannually on February 1 and August 1 of each year, commencing February 1, 2023.

See "KERN COMMUNITY COLLEGE DISTRICT – District Debt Structure – General Obligation Bonds" herein for the debt service requirements for the District's outstanding general obligation bonded debt.

Application and Investment of Bond Proceeds

The Bonds are being issued to finance the acquisition, construction, modernization and equipping of District sites and facilities within the Improvement District and to pay the costs of issuing the Bonds.

Building Fund. The net proceeds of the sale of the Bonds will be deposited into the fund held by the County and created by the Resolution, designated as the "Kern Community College District Facilities Improvement District No. 1 Election of 2016 General Obligation Bonds, Series D Building Fund" (the "Building Fund") and will be applied only for the purposes approved by the voters of the Improvement District pursuant to the 2016 Authorization. Any interest earnings on moneys held in the Building Fund will be retained therein. The County will have no responsibility for assuring the proper use of the proceeds of the Bonds.

Debt Service Fund. Any premium or accrued interest received by the District from the sale of the Bonds will be deposited in a fund created by the Resolution and designated as the "Kern Community College District Facilities Improvement District No. 1 Election of 2016 General Obligation Bonds, Series D Debt Service Fund" (the "Debt Service Fund"), which fund is held by the County for the payment of principal of and interest on the Bonds, and for no other purpose. Any interest earnings on moneys held in the Debt Service Fund will be retained therein. Any excess proceeds of the Bonds not needed for authorized purposes for which the Bonds are being issued will be transferred to the Debt Service Fund and applied to the payment of the principal of and interest on the Bonds. Pursuant to the Resolution, the District has pledged monies on deposit in the Debt Service Fund to the payment of the Bonds. If, after payment in full of the Bonds, there remain excess proceeds, any such excess amounts will be transferred to the general fund of the District.

Investment of Funds. Moneys in the Debt Service Fund and the Building Fund are expected to be invested through the County's pooled investment fund. See "APPENDIX E – KERN COUNTY INVESTMENT POOL" herein.

Redemption

Optional Redemption.* The Bonds maturing on and before August 1, 20__ are not subject to redemption prior to their fixed maturity dates. The Bonds maturing on and after August 1, 20__ are subject to redemption prior to their respective stated maturity dates, at the option of the District, from any source of available funds, in whole or in part, on any date on or after August 1, 20___ at a redemption price equal to the principal amount of the Bonds to be redeemed, plus interest accrued thereon to the date fixed for redemption, without premium.

Mandatory Redemption.* The Bonds maturing on August 1, 20__ (the "20__ Term Bonds"), are subject to redemption prior to maturity from mandatory sinking fund payments on August 1 of each year, on and after August 1, 20__, at a redemption price equal to the principal amount thereof, together with accrued interest to the date fixed for redemption, without premium. The principal amount of such 20__ Term Bonds to be so redeemed, the dates therefor, and the final payment date are as indicated in the following table:

Year Ending August 1	Principal To Be Redeemed

(1) Maturity.

In the event that a portion of the 20__ Term Bonds is optionally redeemed prior to maturity, the remaining mandatory sinking fund payments with respect thereto shall be reduced proportionately, or as otherwise directed by the District, in integral multiples of $5,000 of principal amount, in respect of the portion of such 20__ Term Bonds optionally redeemed.

Selection of Bonds for Redemption. Whenever provision is made for the optional redemption of Bonds and less than all outstanding Bonds are to be redeemed, the Paying Agent, upon written instruction from the District, will select Bonds for redemption as so directed and if not directed by the District, in

* Preliminary, subject to change.

inverse order of maturity. Within a maturity, the Paying Agent, will select Bonds for redemption as directed by the District and, if not so directed, by lot. Redemption by lot will be in such manner as the Paying Agent shall determine; provided, however, that, with respect to redemption by lot, the portion of any Bond to be redeemed in part will be in a principal amount of $5,000, or any integral multiple thereof.

Redemption Notice. When redemption is authorized or required pursuant to the Resolution, the Paying Agent, upon written instruction from the District, will give notice (a "Redemption Notice") of the redemption of the Bonds. Each Redemption Notice will 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 portion of 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.

The Paying Agent will take the following actions with respect to each such Redemption Notice: (a) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given to the respective Owners of Bonds designated for redemption by registered or certified mail, postage prepaid, at their addresses appearing on the bond register; (b) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, telephonically confirmed facsimile transmission, or overnight delivery service, to the Securities Depository; (c) at least 20 but not more than 45 days prior to the redemption date, such Redemption Notice will be given by registered or certified mail, postage prepaid, or overnight delivery service, to one of the Information Services; and (d) provide a Redemption Notice to such other persons as may be required pursuant to the Continuing Disclosure Certificate.

"Information Services" means the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System; or, such other services providing information with respect to called municipal obligations as the District may specify in writing to the Paying Agent or as the Paying Agent may select.

"Securities Depository" means The Depository Trust Company, 55 Water Street, New York, New York 10041.

A certificate of the Paying Agent or the District that a Redemption Notice has been given as provided in the Resolution will be conclusive as against all parties. Neither failure to receive any Redemption Notice nor any defect in any such Redemption Notice so given will affect the sufficiency of the proceedings for the redemption of the affected Bonds. Each check issued or other transfer of funds made by the Paying Agent for the purpose of redeeming Bonds will bear or include the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Payment of Redeemed Bonds. When a Redemption Notice has been given substantially as described above, and, when the amount necessary for the redemption of the Bonds called for redemption (principal, interest, and premium, if any) is irrevocably set aside in trust for that purpose, as described in "—Defeasance" herein, the Bonds designated for redemption in such notice will become due and payable on the date fixed for redemption thereof and upon presentation and surrender of said Bonds at the place specified in the Redemption Notice, said Bonds will be redeemed and paid at the redemption price out of such funds. All unpaid interest payable at or prior to the redemption date will continue to be payable to the respective Owners, but without interest thereon.

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

Effect of Redemption Notice. If on the applicable designated redemption date, money for the redemption of the Bonds to be redeemed, together with interest accrued to such redemption date, is held by an independent escrow agent selected by the District so as to be available therefor on such redemption date as described in the Resolution and in "—Defeasance" herein, and if a Redemption Notice thereof will have been given substantially as described above, then from and after such redemption date, interest on the Bonds to be redeemed will cease to accrue and become payable.

Rescission of Redemption Notice. With respect to any Redemption Notice in connection with the optional redemption of Bonds (or portions thereof) as described above, unless upon the giving of such notice such Bonds or portions thereof shall be deemed to have been defeased as described in "—Defeasance" herein, such Redemption Notice will state that such redemption will be conditional upon the receipt by an independent escrow agent selected by the District, on or prior to the date fixed for such redemption, of the moneys necessary and sufficient to pay the principal, premium, if any, and interest on, such Bonds (or portions thereof) to be redeemed, and that if such moneys shall not have been so received said Redemption Notice will be of no force and effect, no portion of the Bonds will be subject to redemption on such date and such Bonds will not be required to be redeemed on such date. In the event that such Redemption Notice contains such a condition and such moneys are not so received, the redemption will not be made and the Paying Agent will within a reasonable time thereafter (but in no event later than the date originally set for redemption) give notice to the persons to whom and in the manner in which the Redemption Notice was given that such moneys were not so received. In addition, the District will have the right to rescind any Redemption Notice, by written notice to the Paying Agent, on or prior to the date fixed for such redemption. The Paying Agent will distribute a notice of the rescission of such Redemption Notice in the same manner as such notice was originally provided.

Bonds No Longer Outstanding. When any Bonds (or portions thereof), which have been duly called for redemption prior to maturity, or with respect to which irrevocable instructions to call for redemption prior to maturity at the earliest redemption date have been given to the Paying Agent, in form satisfactory to it, and sufficient moneys shall be held irrevocably in trust for the payment of the redemption price of such Bonds or portions thereof, and, accrued interest thereon to the date fixed for redemption, then such Bonds will no longer be deemed outstanding and shall be surrendered to the Paying Agent for cancellation.

Book-Entry Only System

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but none of the District, the Municipal Advisor nor the Underwriters takes no responsibility for the accuracy or completeness thereof. The District, the Municipal Advisor and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants (as defined herein) will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates 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 Official Statement. The current "Rules" applicable *to DTC are on file with the Securities and Exchange Commission and the current "MMI Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.*

DTC will act as securities depository for 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 certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

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 3.6 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 is rated "AA+" by Standard & Poor's. 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. However, the information presented on such website is not incorporated herein by any reference to such website.

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 certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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 DTC 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.

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.

Redemption notices shall 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and distribution 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 the District or the 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and distribution to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the 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.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

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.

Discontinuation of Book-Entry Only System; Registration, Exchange and Transfer of Bonds

So long as any of the Bonds remain outstanding, the District will cause the Paying Agent to maintain at its designated office all books and records necessary for the registration, exchange and transfer of such Bonds, which shall at all times be open to inspection by the District, and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register, exchange or transfer or cause to be registered, exchanged or transferred, on said books, Bonds as provided in the Resolution.

In the event that the book-entry only system as described herein is no longer used with respect to the Bonds, the following provisions will govern the registration, transfer, and exchange of the Bonds.

The principal of, premium, if any, and interest on the Bonds upon the redemption thereof will be payable in lawful money of the United States of America upon presentation and surrender of the Bonds at the principal trust office of the Paying Agent. Interest on the Bonds will be paid by the Paying Agent by wire transfer to the person whose name appears on the registration books of the Paying Agent as the registered Owner, and to that person's address appearing on the registration books as of the close of business on the Record Date.

Any Bond may be exchanged for Bonds of like series, tenor, maturity and Transfer Amount (which with respect to any outstanding Bonds means the principal amount thereof) upon presentation and surrender at the designated office of the Paying Agent, together with a request for exchange signed by the registered Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. A Bond may be transferred on the Bond Register only upon presentation and surrender of the Bond at the designated office of the Paying Agent together with an assignment executed by the Owner or by a person legally empowered to do so in a form satisfactory to the Paying Agent. Upon exchange or transfer, the Paying Agent shall complete, authenticate and deliver a new Bond or Bonds of like series, tenor and of any authorized denomination or denominations requested by the Owner equal to the Transfer Amount of the Bond surrendered and bearing or accruing interest at the same rate and maturing on the same date.

Neither the District nor the Paying Agent will be required to (a) issue or transfer any Bonds during a period beginning with the opening of business on the 16th day next preceding either any Bond Payment Date, or any date of selection of Bonds to be redeemed and ending with the close of business on the Bond Payment Date, or any day on which the applicable Redemption Notice is given or (b) transfer any Bonds which have been selected or called for redemption in whole or in part.

Defeasance

All or any portion of the outstanding maturities of the Bonds may be defeased at any time prior to maturity in the following ways:

(a) Cash: by irrevocably depositing with an independent escrow agent selected by the District an amount of cash which, together with any amounts transferred from the Debt Service Fund, is sufficient to pay all such Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date; or

(b) Government Obligations: by irrevocably depositing with an independent escrow agent selected by the District noncallable Government Obligations together with any amounts transferred from the Debt Service Fund and any other cash, if required, in such amount as will, together with the interest to accrue thereon, in the opinion of an independent certified public accountant, be fully sufficient to pay and discharge all Bonds outstanding and designated for defeasance (including all principal thereof, accrued interest thereon and redemption premiums, if any) at or before their maturity date;

then, notwithstanding that any Bonds shall not have been surrendered for payment, all obligations of the District with respect to all outstanding Bonds being defeased shall cease and terminate, except only the obligation of the independent escrow agent selected by the District to pay or cause to be paid from funds deposited pursuant to paragraphs (a) or (b) above, to the Owners of the Bonds not so surrendered and paid all sums due with respect thereto.

"Government Obligations" means direct and general obligations of the United States of America, obligations that are unconditionally guaranteed as to principal and interest by the United States of America (which may consist of obligations of the Resolution Funding Corporation that constitute interest strips), and obligations secured or otherwise guaranteed, directly or indirectly, as to principal and interest by a pledge of the full faith and credit of the United States of America. In the case of direct and general obligations of the United States of America, Government Obligations shall include evidences of direct ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances where (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account, segregated from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated; provided that such obligations are rated or assessed at least as high as direct and general obligations of the United States of America by either S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") or Moody's Investors Service ("Moody's").

ESTIMATED SOURCES AND USES OF FUNDS

The proceeds of the Bonds are expected to be applied as follows:

Sources of Funds

Principal Amount of Bonds
[Net] Original Issue Premium
Total Sources

Uses of Funds

Building Fund
Debt Service Fund
Costs of Issuance[(1)]
Underwriters' Discount
Total Uses

---

(1) Reflects all costs of issuance of the Bonds to be paid from proceeds of the Bonds, including legal and municipal advisory fees, printing costs, rating agencies fees, and the costs and fees of the Paying Agent.

TAX BASE FOR REPAYMENT OF BONDS

The information in this section describes ad valorem property taxation, assessed valuation, and other measures of the tax base of the Improvement District. The Bonds are payable solely from ad valorem *property taxes levied and collected by the Counties on taxable property in the Improvement District, which taxes are unlimited as to rate or amount. The District's general fund is not a source for the repayment of the Bonds.*

Ad Valorem Property Taxation

Property taxes within the Improvement District are assessed and collected by the Counties at the same time and on the same tax rolls as county, city and special district property taxes. Assessed valuations are the same for both Improvement District and the Counties taxing purposes.

Taxes are levied for each fiscal year on taxable real and personal property which is located in the Improvement District as of the preceding January 1. For assessment and collection purposes, property is classified either as "secured" or "unsecured" and is listed accordingly on separate parts of the assessment roll. The "secured roll" is that part of the assessment roll containing State assessed public utilities property and real property having a tax lien which is sufficient, in the opinion of the assessor, to secure payment of the taxes. Unsecured property is assessed on the "unsecured roll." Unsecured property comprises certain property not attached to land, such as personal property or business property. Boats and airplanes are examples of such property. A supplemental roll is developed when property changes hands or new construction is completed. The Counties levy and collect all property taxes for property falling within the respective Counties' taxing boundaries.

The valuation of secured property is established as of January 1 and is subsequently equalized in August. Property taxes on the secured roll are payable in two installments, due November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent installment plus any additional amount determined by the tax-collecting authority of the respective Counties. After the second installment of taxes on the secured roll is delinquent, the tax-collecting authority of the respective Counties will collect a minimum $10 cost for preparing the delinquent tax records and giving notice of the delinquency. Property on the secured roll with delinquent taxes is declared tax-defaulted on July 1 of the calendar year. Such property may thereafter be redeemed, until the right of redemption is terminated, by payment of the delinquent taxes and the delinquency penalty, plus a $15 redemption fee and a redemption penalty of 1.5% 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 tax-collecting authority of the respective Counties.

Property taxes on the unsecured roll as of July 31 become delinquent if they are not paid by August 31 and are thereafter subject to a delinquent penalty of 10%. Taxes added to the unsecured tax roll after July 31, if unpaid are delinquent and subject to a penalty of 10% on the last day of the month succeeding the month of enrollment. In the case of unsecured property taxes, an additional penalty of 1.5% per month begins to accrue when such taxes remain unpaid on the last day of the second month after the 10% penalty attaches. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the assessee; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on specific property of the assessee; (3) filing a certificate of delinquency for record in the county recorder's office in order to obtain a lien on specified property of the assessee; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee. See also "–Tax Levies, Collections and Delinquencies" herein.

State law exempts from taxation $7,000 of the full cash value of an owner-occupied dwelling, but this exemption does not result in any loss of revenue to local agencies, since the State reimburses local agencies for the value of the exemptions.

All property is assessed using full cash value as defined by Article XIIIA of the State Constitution. State law provides exemptions from *ad valorem* property taxation for certain classes of property such as churches, colleges, non-profit hospitals, and charitable institutions.

Assessed valuation growth allowed under Article XIIIA (new construction, certain changes of ownership, 2% inflation) is allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs. Local agencies, including K-14 school districts (as defined herein) will share the growth of "base" revenues from the tax rate area. Each year's growth allocation becomes part of each agency's allocation in the following year.

Assessed Valuations

Property within the Improvement District has a total assessed valuation for fiscal year 2022-23 of $108,117,816,995. The following table shows the 10-year history of assessed valuations in the Improvement District.

ASSESSED VALUATION
Fiscal Years 2013-14 through 2022-23
Kern Community College District
Facilities Improvement District No. 1

	Local Secured	Utility	Unsecured	Total	% Change
			Kern County Portion		
2013-14	$68,342,741,550	$678,123,385	$6,381,684,328	$75,402,549,263	4.43%
2014-15	71,498,362,272	642,954,177	7,061,693,266	79,203,009,715	5.04
2015-16	67,585,717,468	701,605,289	7,231,724,848	75,519,047,605	(4.65)
2016-17	67,257,647,244	682,861,055	6,579,088,604	74,519,596,903	(1.32)
2017-18	70,884,242,132	598,404,383	6,376,299,095	77,858,945,610	4.48
2018-19	74,377,007,244	554,867,353	6,553,860,554	81,485,735,151	4.66
2019-20	77,424,549,221	686,277,611	6,727,124,482	84,837,951,314	4.11
2020-21	80,331,853,024	675,521,790	6,948,464,856	87,955,839,670	3.68
2021-22	81,617,923,160	675,794,900	7,804,361,868	90,098,079,928	2.44
2022-23	89,672,685,415	496,661,722	8,914,560,227	99,083,907,364	9.97
			Tulare County Portion		
2013-14	$5,550,261,739	$5,250,897	$277,221,224	5,832,733,860	3.51%
2014-15	5,747,609,881	5,241,096	328,923,533	6,081,774,510	4.27
2015-16	6,013,041,013	5,316,385	325,891,494	6,344,248,892	4.32
2016-17	6,220,946,758	3,925,896	347,949,837	6,572,822,491	3.60
2017-18	6,525,777,395	4,562,153	405,292,418	6,935,631,966	5.52
2018-19	6,809,233,306	4,562,153	420,210,451	7,234,005,910	4.30
2019-20	7,125,239,524	4,501,779	458,942,457	7,588,683,760	4.90
2020-21	7,423,763,747	4,501,779	500,100,438	7,928,365,964	4.48
2021-22	7,686,881,057	4,013,584	507,923,663	8,198,818,304	3.41
2022-23	8,127,293,133	4,013,584	562,298,940	8,693,605,657	6.03
			San Bernardino County Portion		
2013-14	$216,419,616	$95,417	$5,541,287	$222,056,320	(12.70)%
2014-15	221,386,802	106,488	6,009,914	227,503,204	2.45
2015-16	217,674,597	106,488	3,232,472	221,013,557	(2.85)
2016-17	283,554,480	106,488	2,099,455	285,760,423	29.30
2017-18	279,689,606	106,488	2,047,315	281,843,409	(1.37)
2018-19	267,038,127	106,488	2,846,646	269,991,261	(4.21)
2019-20	292,569,757	52,863	3,698,945	296,321,565	9.75
2020-21	391,474,217	52,818	4,982,423	391,474,217	32.11
2021-22	388,264,515	52,776	5,576,923	393,894,214	0.62
2022-23	335,266,985	52,660	4,984,329	340,303,974	(13.61)

(table continues on next page)

(continuation of table from prior page)

Total Improvement District

2013-14	$74,109,422,905	$683,469,699	$6,664,446,839	$81,457,339,443	4.31%
2014-15	77,467,358,955	648,301,761	7,396,626,713	85,512,287,429	4.98
2015-16	73,816,433,078	707,028,162	7,560,848,814	82,084,310,054	(4.01)
2016-17	73,762,148,482	686,893,439	6,929,137,896	81,378,179,817	(0.86)
2017-18	77,689,709,133	603,073,024	6,783,638,828	85,076,420,985	4.54
2018-19	81,453,278,677	559,535,994	6,976,917,651	88,989,732,322	4.60
2019-20	84,842,358,502	690,832,253	7,189,765,884	92,722,956,639	4.20
2020-21	88,147,090,988	680,076,387	7,453,547,717	96,280,715,092	3.84
2021-22	89,693,068,732	679,861,260	8,317,862,454	98,690,792,446	2.50
2022-23	98,135,245,533	500,727,966	9,481,843,496	108,117,816,995	9.55

Source: California Municipal Statistics, Inc, percentage change provided by Municipal Advisor.

Economic and other factors beyond the District's control, such as general market decline in real property values, the outbreak of disease, disruption in financial markets that may reduce the availability of financing for purchasers of property, reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by the State and local agencies and property used for qualified education, hospital, charitable or religious purposes), or the complete or partial destruction of the taxable property caused by a natural or manmade disaster, such as earthquake (including the July 2019 earthquakes in Ridgecrest, California – see also "- Considerations Regarding Ridgecrest Earthquakes" herein), flood, fire, wildfire, drought, or toxic contamination, could cause a reduction in the assessed value of taxable property within the Improvement District. Any such reduction would result in a corresponding increase in the annual tax rate levied by the Counties to pay the debt service with respect to the Bonds. See "THE BONDS – Security and Sources of Payment" and "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" herein.

Decline in Oil Prices. Approximately 9.21% of the Improvement District's assessed valuation in fiscal year 2022-23 was derived from oil and mineral properties. The assessed valuations of oil and gas properties are subject to fluctuation from year to year, in part to reflect current market conditions. See also "—Largest Property Owners" and "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Oil and Gas Producing Properties" herein. The District cannot make any representation regarding the future price of oil, or what impact potential future declines may have on the value of taxable property within the Improvement District, or to what extent such declines could cause disruptions to economic activity within the boundaries of the Improvement District.

Considerations Regarding Ridgecrest Earthquakes. On July 4, 2019 and July 5, 2019, significant earthquakes occurred within the boundaries of the Improvement District, near the city of Ridgecrest, California. The earthquakes caused several fires and damaged certain structures and infrastructure within the boundaries of the Improvement District. The earthquakes caused approximately $4.7 million dollars in damage at the Cerro Coso Community College campus, of which all but $0.8 million was reimbursed by the State.

Seismic Events. The Improvement District is located in a seismically active region of the State. An earthquake of large magnitude could result in extensive damage to property within the Improvement District and could adversely affect the assessed valuation of property within the Improvement District, or more generally the region's economy. See also "- Considerations Regarding Ridgecrest Earthquakes" herein.

Drought. In recent years the State has experienced severe drought conditions. In January of 2014, the Governor of the State (the "Governor") declared a statewide Drought State of Emergency. As of such date, the State faced water shortfalls due to the driest year in recorded State history, the State's river and reservoirs were below their record low levels, and manual and electronic readings recorded the water content of snowpack at the highest elevations in the State (chiefly in the Sierra Nevada mountain range) at about 20% of normal average for the winter season. Following the Governor's declaration, the California State Water Resources Control Board (the "Water Board") issued a statewide notice of water shortages and potential future curtailment of water right diversions. In April 2017, the Governor lifted the drought emergency declaration, while retaining a prohibition on wasteful practices and advancing conservation measures. In April 2021, the Governor announced regional drought emergencies in two Northern California counties following two years of dry conditions. On May 10, 2021, the Governor expanded the emergency drought declaration to include an additional 39 counties throughout the State. On July 8, 2021 the Governor expanded the declaration to further include an additional nine counties, including the County. On October 19, 2021, the Governor extended the declaration to include the remaining counties in the State, such that the drought state of emergency is now in effect Statewide. Currently, the drought is ongoing and the State of California Water Board has adopted emergency water conservation regulations.

The District cannot make any representation regarding the effects that the drought has had, or, if it should continue, may have on the value of taxable property within the Improvement District, or to what extent the drought could cause disruptions to economic activity, including agriculture economic activity, within the boundaries of the Improvement District.

Wildfires. Major wildfires have occurred in recent years in different regions of the State, including significant fires throughout the fall of 2020, summer of 2021 and fall of 2022. The District did not sustain any property losses as a result of these recent fires. However, serious and significant property damage has resulted in other areas of the State due to fire damage. The Governor has previously signed a number of measures into law intended to address a variety of issues related to mitigating the risk of wildfires, including forest management, mutual aid for fire departments, emergency alerts and other safety mandates.

The District cannot make any representation regarding the effects that the wildfires have had, or, if future wild fires develop, may have on the value of taxable property within the Improvement District, or to what extent any past or future wildfires could cause disruptions to economic activity within the boundaries of the Improvement District.

Climate Change. In addition to the events described above, climate change caused by human activities may have adverse effects on the assessed value of property within the Improvement District. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, many scientists expect that climate change will intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, droughts, wildfires, floods, heat waves, and rising sea levels. See also "—Drought," and "—Wildfires" above. Projections of the impact of global climate change are complex and depend on a variety of factors outside of the District's control. The various scientific studies that forecast the amount and timing of adverse impacts of climate change are based on assumptions contained in such studies, but actual events may vary materially. In addition, the scientific understanding of climate change and its effects continues to evolve. Accordingly, the District is unable to forecast with certainty when or if adverse impacts of climate change will occur or the extent of such impacts.

Appeals and Adjustments of Assessed Valuations. Under State law, property owners may apply for a reduction of their property tax assessment by filing a written application, in form prescribed by the

State Board of Equalization (the "SBE"), with the appropriate 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.

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.

In addition to the above-described taxpayer appeals, county assessors may independently reduce assessed valuations based on changes in the market value of property, or for other factors such as the complete or partial destruction of taxable property caused by natural or man-made disasters such as earthquakes, floods, fire, drought or toxic contamination pursuant to relevant provisions of the State Constitution. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Article XIIIA of the California Constitution" herein.

Whether resulting from taxpayer appeals or county assessor reductions, adjustments to assessed value subject to yearly reappraisals by the county assessor and may be adjusted back to their original values when real estate market conditions improve. Once property has regained its prior assessed value, adjusted for inflation, it once again is subject to the annual inflationary growth rate factor allowed under Article XIIIA.

The District does not have information regarding pending appeals of assessed valuation of property within the Improvement District. No assurance can be given that property tax appeals currently pending or in the future, actions by the respective assessors of the Counties, or other factors in the future will not significantly reduce the assessed valuation of property within the Improvement District.

Assembly Bill 102. On June 27, 2017, the Governor of the State (the "Governor") signed into law Assembly Bill 102 ("AB 102"). AB 102 restructured the functions of the SBE and created two new separate agencies: (i) the California Department of Tax and Fee Administration, and (ii) the Office of Tax Appeals. Under AB 102, the California Department of Tax and Fee Administration took over programs previously in the SBE Property Tax Department, such as the Tax Area Services Section, which is responsible for maintaining all property tax-rate area maps and for maintaining special revenue district boundaries. Under AB 102, the SBE continues to perform the duties assigned by the State Constitution related to property taxes, however, effective January 1, 2018, the SBE will only hear appeals related to the programs that it constitutionally administers and the Office of Tax Appeals will hear appeals on all other taxes and fee matters, such as sales and use tax and other special taxes and fees. AB 102 obligates the Office of Tax Appeals to adopt regulations as necessary to carry out its duties, powers, and responsibilities. No assurances can be given as to the effect of such regulations on the appeals process or on the assessed valuation of property within the Improvement District.

Assessed Valuation Per Parcel of Single Family Homes

The following table shows the distribution of single family homes within the Improvement District among various fiscal year 2022-23 assessed valuation ranges, as well as the average and median assessed valuation of single family homes within the Improvement District.

ASSESSED VALUATION OF SINGLE FAMILY HOMES
Fiscal Year 2022-23
Kern Community College District
Facilities Improvement District No. 1

	No. of Parcels	2022-23 Assessed Valuation	Average Assessed Valuation	Median Assessed Valuation
Single Family Residential	211,082	$46,563,242,248	$220,593	$197,098

2022-23 Assessed Valuation	No. of Parcels[1]	% of Total	Cumulative % of Total	Total Valuation	% of Total	Cumulative % of Total
$0 - $24,999	2,632	1.247%	1.247%	$43,178,448	0.093%	0.093%
25,000 -49,999	8,312	3.938	5.185	322,467,853	0.693	0.785
50,000 - 74,999	11,660	5.524	10.709	732,111,289	1.572	2.358
75,000 - 99,999	15,016	7.114	17.822	1,320,570,991	2.836	5.194
100,000 - 124,999	17,701	8.386	26.208	1,996,582,111	4.288	9.482
125,000 - 149,999	18,097	8.573	34.782	2,482,735,768	5.332	14.814
150,000 - 174,999	17,305	8.198	42.980	2,807,925,066	6.030	20.844
175,000 - 199,999	16,516	7.824	50.804	3,094,879,109	6.647	27.490
200,000 - 224,999	15,755	7.464	58.268	3,342,710,140	7.179	34.669
225,000 - 249,999	15,166	7.185	65.453	3,597,988,117	7.727	42.396
250,000 - 274,999	13,450	6.372	71.825	3,525,955,531	7.572	49.969
275,000 - 299,999	11,393	5.397	77.223	3,268,497,862	7.019	56.988
300,000 - 324,999	10,200	4.832	82.055	3,179,977,227	6.829	63.818
325,000 - 349,999	8,068	3.822	85.877	2,718,965,095	5.839	69.657
350,000 - 374,999	6,371	3.018	88.895	2,303,540,933	4.947	74.604
375,000 - 399,999	4,922	2.332	91.227	1,902,635,375	4.086	78.690
400,000 - 424,999	3,763	1.783	93.010	1,550,287,550	3.329	82.020
425,000 - 449,999	2,845	1.348	94.358	1,242,713,401	2.669	84.689
450,000 - 474,999	2,293	1.086	95.444	1,058,813,189	2.274	86.962
475,000 - 499,999	1,817	0.861	96.305	884,927,406	1.900	88.863
500,000 and greater	7,800	3.695	100.000	5,185,779,787	11.137	100.000
	211,082	100.000%		$46,563,242,248	100.000%	

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

[REMAINDER OF PAGE LEFT BLANK]

Assessed Valuation and Parcels by Land Use

The following table shows the distribution of taxable property within the boundaries of the Improvement District by principal use, as measured by secured assessed valuation and parcels in fiscal year 2022-23.

ASSESSED VALUATION AND PARCELS BY LAND USE
Fiscal Year 2022-23
Kern Community College District
Facilities Improvement District No. 1

	2022-23 Assessed Valuation[1]	% of Total	No. of Parcels	% of Total
Non-Residential:				
Agricultural	$11,364,235,270	11.52%	36,532	8.15%
Commercial	8,922,029,332	9.05	11,620	2.59
Industrial	10,420,450,309	10.56	2,767	0.62
Oil/Mineral Rights	9,086,489,299	9.21	7,777	1.74
Recreational	331,622,626	0.34	269	0.06
Utility Roll/Power Plants	500,727,966	0.51	54	0.01
Government/Social/Institutional	504,205,575	0.51	16,521	3.69
Miscellaneous	91,318,321	0.09	3,080	0.69
Subtotal Non-Residential	$41,221,078,698	41.79%	78,620	17.54%
Residential:				
Single Family Residence	$46,563,242,248	47.21%	211,082	47.10%
Condominium/Townhome	1,463,515,863	1.48	9,881	2.20
Mobile Homes & Lots	1,028,837,077	1.04	21,999	4.91
Mobile Home Park	293,974,317	0.30	290	0.06
2-4 Residential Units	2,445,175,801	2.48	11,741	2.62
5+ Residential Units/Apartments	3,712,599,249	3.76	2,001	0.45
Subtotal Residential	$55,507,344,555	56.27%	256,994	57.35%
Vacant Parcels	$1,907,550,246	1.93%	112,536	25.11%
Total	$98,635,973,499	100.00%	448,150	100.00%

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

[REMAINDER OF PAGE LEFT BLANK]

Assessed Valuation by Jurisdiction

The following table shows the distribution of taxable property within the boundaries of the Improvement District ("ID") by jurisdiction, as measured by assessed valuation for fiscal year 2022-23.

ASSESSED VALUATION BY JURISDICTION
Fiscal Year 2022-23
Kern Community College District
Facilities Improvement District No. 1

Jurisdiction:	Assessed Valuation in ID	% of ID	Assessed Valuation of Jurisdiction	% Jurisdiction in ID
City of Arvin	$ 661,975,893	0.61%	$661,975,893	100.00%
City of Bakersfield	36,911,199,722	34.14	36,911,199,722	100.00
City of California City	1,119,919,524	1.04	1,119,919,524	100.00
City of Delano	2,416,600,785	2.24	2,416,600,785	100.00
City of McFarland	473,357,542	0.44	473,357,542	100.00
City of Porterville	3,514,279,101	3.25	3,514,279,101	100.00
City of Ridgecrest	2,127,729,643	1.97	2,127,729,643	100.00
City of Shafter	3,049,259,446	2.82	3,049,259,446	100.00
City of Tehachapi	948,669,927	0.88	948,669,927	100.00
City of Wasco	1,054,755,497	0.98	1,054,755,497	100.00
Unincorporated Kern County	50,320,439,385	46.54	61,437,433,370	81.91
Unincorporated San Bernardino County	340,303,974	0.31	42,962,663,648	0.79
Unincorporated Tulare County	5,179,326,556	4.79	16,184,484,977	32.00
Total District	$108,117,816,995	100.00%		
Summary by County:				
Kern County	$99,083,907,364	91.64%	$110,723,843,159	89.49%
San Bernardino County	340,303,974	0.31	290,515,911,972	0.12
Tulare County	8,693,605,657	8.04	43,453,398,356	20.01
Total District	$108,117,816,995	100.00%		

Source: California Municipal Statistics, Inc.

Tax Levies, Collections and Delinquencies

Property taxes on the secured roll are due in two installments, November 1 and February 1 of the calendar year, and if unpaid, become delinquent after December 10 and April 10, respectively. A 10% penalty attaches to any delinquent installment plus a minimum $10 cost on the second installment, plus any additional amount determined by the Treasurer-Tax Collector of each county. See "— *Ad Valorem* Property Taxation" herein.

Pursuant to Revenue and Taxation Code Section 4985.2, a county Treasurer-Tax Collector may cancel any penalty, costs or other charges resulting from tax delinquency upon a finding that the late payment is due to reasonable cause and circumstances beyond the taxpayer's control, and occurred notwithstanding the exercise of ordinary care in the absence of willful neglect, provided the property taxes are paid within four fiscal years of such taxes coming due. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" herein. While the secured *ad valorem* property tax collections within the County's portion of the Improvement District are subject to the Teeter Plan, the secured *ad valorem* property tax collections within the Tulare County and San Bernardino County portions of the Improvement District are not subject to the Teeter Plan (as defined herein), and therefore are subject to delinquencies. See "- Alternative Method of Tax Apportionment – 'Teeter Plan'" herein.

In addition, on May 6, 2020, the Governor signed Executive Order N-61-20 ("Order N-61-20"). Under Order N-61-20, certain provisions of the Revenue and Taxation Code were suspended until May 6, 2021 to the extent said provisions require a tax collector to impose penalties, costs or interest for the failure to pay secured or unsecured property taxes, or to pay a supplemental bill, before the date that such taxes become delinquent, subject to certain conditions set forth in Order N-61-20.

The following two tables show (i) the fiscal year 2010-11 through 2021-22 secured tax charges and amounts delinquent, as of June 30, for taxable property within the Kern County and the Tulare County portions of the District overall, and (ii) the fiscal year 2017-18 through 2021-22 secured tax charges and amounts delinquent, as of June 30, for taxable property within the Kern County and Tulare County portions of the Improvement District. Data is not available for the San Bernardino County portion of the District, and a five-year history of secured tax charges and amounts delinquent is not yet available for the Improvement District. In fiscal year 2022-23, approximately .31% of the property comprising the Improvement District's secured assessed valuation is located within San Bernardino County.

SECURED TAX CHARGES AND DELINQUENCIES[1]
Fiscal Years 2010-11 through 2021-22
Kern Community College District
(Kern and Tulare County Portions Only)

	Secured Tax Charge[2]	Amount Delinquent June 30	Percent Delinquent June 30
		Kern County Portion	
2010-11	$43,089,795.50	$812,460.93	1.89%
2011-12	43,345,971.54	639,909.70	1.48
2012-13	46,162,250.81	613,926.19	1.33
2013-14	46,960,221.86	605,126.29	1.29
2014-15	48,886,277.55	632,167.03	1.29
2015-16	45,496,265.74	569,882.64	1.25
2016-17	44,749,726.71	615,910.95	1.38
2017-18	47,010,673.82	561,983.02	1.20
2018-19	49,361,547.49	630,730.59	1.28
2019-20	49,804,511.47	816,334.91	1.64
2020-21	53,156,479.07	677,906.40	1.28
2021-22	53,697,530.88	704,846.95	1.31
		Tulare County Portion	
2010-11	$4,022,263.66	$218,511.71	5.43%
2011-12	3,936,710.17	133,910.25	3.40
2012-13	3,875,062.79	119,514.03	3.08
2013-14	4,112,374.06	92,990.12	2.26
2014-15	4,292,356.51	109,205.65	2.54
2015-16	4,468,158.83	102,355.89	2.29
2016-17	4,595,954.51	113,105.01	2.46
2017-18	4,906,408.07	104,755.80	2.14
2018-19	5,136,752.27	108,255.33	2.11
2019-20	5,347,504.95	120,451.29	2.25
2020-21	5,573,964.55	102,848.43	1.85
2021-22	5,727,045.70	96,481.89	1.68

(1) Kern and Tulare County portions of the District. San Bernardino County data is unavailable.
(2) Reflects the District's 1% general fund apportionment within Kern and Tulare Counties.
Source: California Municipal Statistics, Inc.

SECURED TAX CHARGES AND DELINQUENCIES[1]
Fiscal Years 2017-18 through 2021-22
Kern Community College District
Facilities Improvement District No. 1
(Kern and Tulare County Portions Only)

	Secured Tax Charge[2]	Amount Delinquent June 30	Percent Delinquent June 30
		Kern County Portion	
2017-18	$15,927,601.91	$197,175.11	1.24%
2018-19	16,619,128.26	227,223.75	1.37
2019-20	15,039,243.01	260,963.59	1.74
2020-21	17,599,870.85	242,194.22	1.38
2021-22	20,153,405.11	$293,654.02	1.46
		Tulare County Portion	
2017-18	$1,345,156.42	$30,956.15	2.30%
2018-19	1,305,206.36	33,849.08	2.59
2019-20	1,241,127.57	36,458.63	2.94
2020-21	1,422,560.47	29,613.34	2.08
2021-22	1,742,382.07	38,344.20	2.20

(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. The first year of a tax levy in the Improvement District was in fiscal year 2017-18. San Bernardino County information is not available.
(2) Reflects SFID general obligation bond debt service levy.
Source: California Municipal Statistics, Inc.

Alternative Method of Tax Apportionment - "Teeter Plan"

Under the Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds (the "Teeter Plan"), as provided for in Revenue and Taxation Code Section 4701 *et seq.*, each participating local agency levying property taxes, including community college districts, receives from the county or counties in which it is located the amount of uncollected secured property taxes credited to its fund, in the same manner as if the amount credited had been collected. In return, the applicable county or counties receive(s) and retain(s) delinquent payments, penalties and interest as collected that would have been due to the local agency. The Teeter Plan, once adopted by a county, remains in effect unless the applicable county board of supervisors orders its discontinuance or unless, prior to the commencement of any fiscal year, the board of supervisors receives a petition for its discontinuance from two-thirds of the participating revenue districts in the applicable county. A board of supervisors may, after holding a public hearing on the matter, discontinue the procedures under the Teeter Plan with respect to any tax levying agency in the county when delinquencies for taxes levied by that agency exceed 3%. The Teeter Plan applies to the 1% general purpose secured property tax levy. Whether or not the Teeter Plan is also applied to other tax levies for local agencies, such as the secured property tax levy for general obligation bonds of a local agency, varies by county.

The Boards of Supervisors of the County and San Bernardino County have approved the implementation of the Teeter Plan. Under the Teeter Plan, the County apportions secured property taxes on an accrual basis when due (irrespective of actual collections) to local political subdivisions for which the County acts as the tax-levying or tax-collecting agency. **The secured *ad valorem* property tax to be levied by the County to pay the principal of and interest on the Bonds will be subject to the Teeter Plan, beginning in the first year of such levy.** If the Teeter Plan remains in effect during the term of the Bonds, the District will receive 100% of the *ad valorem* property tax levied within the County to pay the

Bonds irrespective of actual delinquencies in the collection of the tax by the County. **However, the Board of Supervisors of Tulare County has not adopted the Teeter Plan, and the Teeter Plan, as implemented by San Bernardino County, does not apply to the District. The District's receipt of property taxes within Tulare and San Bernardino Counties is therefore subject to delinquencies.** In fiscal year 2022-23, approximately 91.65% of the property comprising the Improvement District's secured assessed valuation is located within the County, and approximately 8.04% is located within Tulare County and approximately .31% is located within San Bernardino County.

There can be no assurance that the County will always maintain the Teeter Plan or will have sufficient funds available to distribute the full amount of the Improvement 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 pandemic or natural or manmade disaster. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" herein. However, notwithstanding any possible future change to or discontinuation of the Teeter Plan, State law requires the Counties to levy *ad valorem* property taxes within the boundaries of the Improvement District sufficient to pay the Bonds when due.

[REMAINDER OF PAGE LEFT BLANK]

Tax Rates

Representative tax rate areas (each, a "TRA") located within the Improvement District are TRA 1-001, TRA 58-000, TRA 62-008, TRA 94-009, and TRA 121-001. The table below shows the total *ad valorem* property tax rates, as a percentage of assessed valuation, levied by all taxing entities in each such TRA during the five-year period from fiscal years 2018-19 through 2022-23.

TYPICAL TAX RATES
Fiscal Years 2018-19 through 2022-23
Kern Community College District
Facilities Improvement District No. 1

	2018-19	2019-20	2020-21	2021-22	2022-23
TRA 1-001 (2022-23 Assessed Valuation: $1,560,360,776, 1.58% of the SFIDs 2021-22 Assessed Valuation)					
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Kern County Water Agency	.070662	.081159	.079122	.079056	.076791
Bakersfield City School District	.044857	.039897	.046594	.038548	.034801
Kern High School District	.051182	.053189	.048529	.041744	.043914
Kern Community College District SFID No. 1	.021330	.018785	.020778	.024568	.022222
Kern Community College District SRID	.012338	.014243	.013073	.014041	.009021
Total	1.200369%	1.207273%	1.208096%	1.197957%	1.186749%
TRA 58-000 (2022-23 Assessed Valuation: $1,504,959,340, 1.52% of the SFIDs 2021-22 Assessed Valuation)					
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Kern County Water Agency	.028063	.032519	.029983	.030046	.025036
Kern Community College District SFID No. 1	.021330	.018785	.020778	.024568	.022222
Kern Community College District SRID	.012338	.014243	.013073	.014041	.009021
Total	1.061731%	1.065547%	1.063834%	1.068655%	1.056279%
TRA 62-008 (2022-23 Assessed Valuation: $784,469,008, 0.79% of the SFIDs 2021-22 Assessed Valuation)					
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Kern County Water Agency	.028063	.032519	.029983	.030046	.025036
Buttonwood Union School District	.023473	.026437	.028260	.036023	.021557
Buttonwood Recreation and Park District	.010444	.013360	.012933	.014826	.008107
Kern High School District	.051182	.053189	.048529	.041744	.043914
Kern Community College District SFID No. 1	.021330	.018785	.020778	.024568	.022222
Kern Community College District SRID	.012338	.014243	.013073	.014041	.009021
Total	1.146830%	1.158533%	1.153556%	1.161248%	1.129857%
TRA 94-009 (2022-23 Assessed Valuation: $2,279,939,788, 2.31% of the SFIDs 2021-22 Assessed Valuation)					
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Antelope Valley-East Kern Water Agency	.070490	.070490	.070490	.070490	.070490
Mojave Unified School District SFID No. 2	--	.039643	.040672	.054634	.085000
Kern Community College District SFID No. 1	.021330	.018785	.020778	.024568	.022222
Kern Community College District SRID	.012338	.014243	.013073	.014041	.009021
Total	1.104158%	1.143161%	1.145013%	1.163733%	1.186733%
TRA 121-001 (2022-23 Assessed Valuation: $1,981,767,497, 2.01% of the SFIDs 2021-22 Assessed Valuation)					
General	1.000000%	1.000000%	1.000000%	1.000000%	1.000000%
Kern County Water Agency	.036028	.040820	.039175	.037225	.031961
Standard School District	.060201	.066257	.048529	.041744	.043914
Kern High School District	.051182	.053189	.061713	.080725	.063423
Kern Community College District SFID No. 1	.021330	.018785	.020778	.024568	.022222
Kern Community College District SRID	.012338	.014243	.013073	.014041	.009021
Total	1.181079 %	1.193294%	1.183268%	1.198303%	1.170541%

Source: California Municipal Statistics, Inc.

Principal Taxpayers

The more property (by assessed value) which is owned by a single taxpayer within the Improvement District, the greater amount of tax collections that are exposed to weaknesses in such a taxpayer's financial situation and ability or willingness to pay property taxes. The following table lists the 20 largest local secured taxpayers in the Improvement District in terms of their fiscal year 2022-23 secured assessed valuations, excluding any exemptions granted after such date in each year.

Each taxpayer listed below is a name listed on the tax rolls. The District cannot make any representation as to 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.

20 LARGEST LOCAL SECURED TAXPAYERS
Fiscal Year 2022-23
Kern Community College District
Facilities Improvement District No. 1

	Property Owner	Primary Land Use	2022-23 Assessed Valuation	% of Total(1)
1.	Chevron USA Inc.	Oil & Gas Production	$3,327,940,704	3.37%
2.	Aera Energy LLC	Oil & Gas Production	2,171,794,754	2.20
3.	California Resources Petroleum Corp.	Oil & Gas Production	2,021,889,800	2.05
4.	Wonderful Citrus Packing LLC / Wonderful Orchards	Food Processing	1,150,441,702	1.17
5.	Paramount Farms International LLC	Food Processing	720,149,262	0.73
6.	Wal Mart Real Estate Business Trust	Commercial	558,124,846	0.57
7.	Berry Petroleum Company LLC	Oil & Gas Production	470,899,749	0.48
8.	Macpherson Oil Co	Oil & Gas Production	372,096,414	0.38
9.	Sandridge Partners	Agricultural	368,748,586	0.37
10.	William Bolthouse Farms Inc.	Food Processing	338,364,176	0.34
11.	Grimmway Enterprises Inc.	Industrial	310,232,986	0.31
12.	Searles Valley Minerals Operations	Industrial – Mining	287,123,433	0.29
13.	Ross Dress for Less Inc.	Warehouse	278,801,680	0.28
14.	Alon Bakersfield Property Inc.	Industrial - Refinery	264,169,932	0.27
15.	Farmland Reserve Inc.	Food Processing	241,343,902	0.24
16.	Pastoria Energy Facility LLC	Power Generation	240,400,000	0.24
17.	Elk Hills Power LLC	Power Generation	239,000,000	0.24
18.	Lehigh Cement West Inc.	Industrial – Mining	237,261,476	0.24
19.	CF Hippolyta Bak LLC	Warehouse	227,939,919	0.23
20.	California Water Service Co	Water Company	212,536,832	0.22
			$14,039,260,153	14.23%

(1) The fiscal year 2022-23 local secured assessed valuation of the Improvement District was $98,635,973,499.
Source: California Municipal Statistics, Inc.

Concentration of Top Taxpayers in Oil and Gas Production. In fiscal year 2022-23, the Improvement District's top 20 largest secured taxpayers owned approximately 14.2% of the property comprising the Improvement District's local secured assessed valuation. Of the 20 largest local secured taxpayers, five are in the oil and gas industry, and, together, owned approximately 8.5% of the property comprising the Improvement District's local secured assessed valuation. Brief descriptions of the three largest property owners in the Improvement District, which are all in the oil and gas industry, as well as a discussion of the oil, gas and power sector in the State, follow.

Chevron USA Inc. Chevron USA Inc. ("Chevron") is one of the largest net daily oil-equivalent producers in the State, with a 2020 net daily oil-equivalent production of 104,000 barrels. Chevron is active in exploration and production across the United States, particularly in the State, the midcontinent region (primarily Colorado, New Mexico, and Texas), the Gulf of Mexico, and the Appalachian Basin. Most of this production is from Chevron-operated leases that are part of three major crude oil fields in the San Joaquin Valley – Kern River, Midway Sunset and Cymric. They also operate and hold interests in the McKittrick, San Ardo, Coalinga and Lost Hills fields. In 2020, Chevron developed a 29-megawatt solar farm that is designed to supply 80 percent of the power needs at the Lost Hills Field. In 2020, Chevron produced an average of 1.06 million barrels of net oil-equivalent per day, 34 percent of the corporation's worldwide total.

Aera Energy LLC. Aera Energy LLC ("Aera") is one of the State's largest oil and gas producers, accounting for nearly 25% of the State's production. Formed in June 1997 and jointly owned by affiliates of Shell and ExxonMobil, Aera is operated as a stand-alone company through its own board of managers. Much of the total production of Aera comes from the heavy oil fields of the County, the largest oil-producing county in the nation. Aera also produces light oil from the complex Diatomite formation located in the northwestern portion of the County. With headquarters in Bakersfield, most of Aera's production is centered in the San Joaquin Valley. They also have oil field operations in Ventura and Monterey counties. In 2021, Aera produced about 90,000 barrels of oil and 23 million cubic feet of natural gas each day and has significant proved oil and gas reserves.

California Resources Corporation. California Resources Corporation ("CRC") is an independent oil and natural gas exploration and production company operating properties exclusively in the State. With approximately 1.8 million net mineral acres spanning three of California's major oil and gas basins, CRC holds the largest non-governmental mineral acreage position in the state. CRC produced an average of 91,000 net barrels of oil equivalent per day in Second Quarter 2022. CRC recently announced the formation of a joint venture with Brookfield Renewable, creating a carbon management partnership focused on carbon capture and sequestration development in the State.

Oil and Gas Production. In 2021, California was the seventh-largest producer of crude oil among the 50 states, and, as of January 2021, it ranked third in crude oil refining capacity. The State's overall oil production for 2021 was 369,000 barrels per day, a decrease of approximately 22.5% from 2017. The County is consistently the largest oil-producing and natural-gas producing county in the State, producing approximately 74% of the State's oil and 57% of the State's natural gas in July 2022. The State's top ten oil and natural gas producing fields are all within the County, as shown in the following table.

[REMAINDER OF PAGE LEFT BLANK]

Ten Largest Producing Oil and Gas Fields in California[1]

Property Name	County	Oil Production	Gas Production	Active Wells
Anderson-Fitzgerald	Kern	112k BBLs	27k MCF	333
Belridge	Kern	239k BBLs	83.9k MCF	1,582
Fairfield	Kern	87k BBLs	0 MCF	376
Hill	Kern	122.5k BBLs	41.8k MCF	607
Lease By Aera Energy LLC	Kern	533.9k BBLs	264.8k MCF	4,092
Lease By California Resources	Kern	418.5k BBLs	5.5M MCF	4,688
Lease By California Resources Elk Hills, LLC	Kern	54.6k BBLs	551k MCF	458
Lease By Chevron USA Inc	Kern	193.3k BBLs	22.7k MCF	3,486
Lost Hills	Kern	99.2k BBLs	22.7k MCF	693
McKittrick	Kern	137.8k BBLs	16.7k MCF	852

(1) As of July 2022.
Source: *ShaleEP.com.*

Statement of Direct and Overlapping Debt

Set forth on the following pages is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc. dated as of October 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 Improvement 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 Improvement 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.

The following table shows the percentage of each overlapping entity's assessed value located within the boundaries of the Improvement District. The table also shows the corresponding portion of the overlapping entity's existing debt payable from property taxes levied within the Improvement District. The total amount of debt for each overlapping entity is not given in the table.

The first column in the table names each public agency which has outstanding debt as of the date of the report and whose territory overlaps the Improvement District in whole or in part. The second column shows the percentage of each overlapping agency's assessed value located within the boundaries of the Improvement District. This percentage, multiplied by the total outstanding debt of each overlapping agency (which is not shown in the table) produces the amount shown in the third column, which is the apportionment of each overlapping agency's outstanding debt to taxable property in the Improvement District.

STATEMENT OF DIRECT AND OVERLAPPING DEBT
Kern Community College District
Facilities Improvement District No. 1

2022-23 Assessed Valuation: $108,117,816,995

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable [1]	Debt 10/1/22
Kern Community College District School Facilities Improvement District	**100%**	**$129,853,183**[2]
Kern Community College District Safety Repair Improvement District	100.	94,711,081
McFarland Unified School District	100.	34,529,907
Mojave Unified School District School Facilities Improvement Districts	100.	26,510,531
Porterville Unified and School Facilities Improvement District No. 1	100.	14,955,003
Other Unified School Districts	92.476 - 100.	54,420,168
Delano Joint Union High School District	100.	34,480,000
Kern High School District	100.	322,876,209
Wasco Union High School District	100.	26,779,952
Bakersfield City School District	100.	132,831,619
Beardsley School District	100.	20,693,884
Delano Union School District	100.	24,300,000
Fruitvale School District	100.	33,097,205
Greenfield Union School District	100.	46,373,406
Norris School District	100.	31,116,441
Panama-Buena Vista Union School District	100.	109,605,000
Richland School District	100.	12,057,147
Standard School District	100.	46,820,000
Other School Districts	100.	140,086,306
Healthcare Districts	1.241 - 100.	57,313,720
Bear Valley Community Services District, I.D. No. 2	100.	393,000
Buttonwillow Recreation and Park District	100.	3,621,000
Community Facilities Districts	100.	229,910,730
City and Special District 1915 Act Bonds	100.	14,572,150
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$1,641,907,642

(table continues on next page)

(continuation of table from prior page)

OVERLAPPING GENERAL FUND DEBT:	% Applicable	Debt 10/1/22
Kern County Certificates of Participation	90.715%	$100,946,087
Kern County Pension Obligation Bonds	90.715	85,831,872
Kern County Board of Education Certificates of Participation	90.715	29,582,162
San Bernardino County General Fund and Pension Obligation Bonds	0.148	331,254
San Bernardino County Flood Control General Fund Obligations	0.148	60,776
Tulare County General Fund and Pension Obligation Bonds	20.191	51,447,613
Tulare County Board of Education Certificates of Participation	20.191	7,187,996
Kern Community College District Certificates of Participation	90.104	22,207,933
Kern Community College Benefit Obligations	90.104	65,956,128
Unified School District General Fund Obligations	92.476 - 100.	50,965,997
School District General Fund Obligations	100.	119,606,039
City of Porterville Certificates of Participation	100.	17,722,681
Other City General Fund Obligations	100.	41,679,435
Tehachapi Valley Recreation and Park District General Fund Obligations	100.	754,063
TOTAL OVERLAPPING GENERAL FUND DEBT		$594,280,036
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		$71,210,000
COMBINED TOTAL DEBT		$2,307,397,678(3)

Ratios to 2022-23 Assessed Valuation:

Direct Debt ($94,711,081)...0.09%

Total Direct and Overlapping Tax and Assessment Debt...........1.52%

Combined Total Debt..2.13%

Ratio to Redevelopment Incremental Assessed Valuation ($6,334,780,095):

Total Overlapping Tax Increment Debt......................................1.12%

(1) 2021-22 ratios.

(2) Excludes issue to be sold.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable solely from the proceeds of an ad valorem property tax levied by the Counties within the boundaries of the Improvement District for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein. Articles XIIIA, XIIIB, XIIIC and XIIID of the State Constitution, Propositions 98 and 111, 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 Counties to levy taxes on behalf of the District and to the District to 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 Counties on behalf of the District to levy ad valorem *property taxes for payment of the Bonds. The* ad valorem *property tax levied by the Counties for payment of the Bonds was approved by the Improvement District's voters in compliance with Article XIIIA, Article XIIIC, and all applicable laws.*

Article XIIIA of the California Constitution

Article XIIIA of the State Constitution ("Article XIIIA") limits the amount of *ad valorem* property taxes on real property to 1% of "full cash value" as determined by the county assessor of each county. Article XIIIA defines "full cash value" to mean "the county assessor's valuation of real property as shown on the fiscal year 1975-76 bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. Determined in this manner, the full cash value is also referred to as the "base year value." The full cash value is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIIIA has been amended to allow for temporary reductions of assessed value in instances where the fair market value of real property falls below the adjusted base year value described above. Proposition 8—approved by the State voters in November of 1978—provides for the enrollment of the lesser of the base year value or the market value of real property, taking into account reductions in value due to damage, destruction, depreciation, obsolescence, removal of property, or other factors causing a similar decline. In these instances, the market value is required to be reviewed annually until the market value exceeds the adjusted base year value. Reductions in assessed value could result in a corresponding increase in the annual tax rates levied by the Counties to pay debt service on the Bonds. See "THE BONDS – Security and Sources of Payment" and "TAX BASE FOR REPAYMENT OF BONDS – Assessed Valuations" herein.

Article XIIIA requires a vote of two-thirds or more of the qualified electorate of a city, county, special district or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem* property, sales or transaction tax on real property. Article XIIIA exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on June 3, 1986, on any bonded indebtedness approved by two-thirds or more of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) on 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% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for the payment of the Bonds falls within the exception described in (c) of the immediately preceding sentence. In addition, Article XIIIA requires the approval of two-thirds or more of all members of the legislature of the State Legislature to change any State taxes for the purpose of increasing tax revenues.

On November 3, 2020, State voters approved Proposition 19, a legislatively referred constitutional amendment ("Proposition 19"). If approved by a majority of voters casting a ballot at the November 2020 Statewide election, Proposition 19, which amended Article XIIIA to: (i) expand special rules that give property tax savings to 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; (ii) narrow existing special rules for inherited properties; and (iii) dedicate most of the potential new State revenue generated from Proposition 19 toward fire protection.

The District cannot make any assurance as to what effect the implementation of either Proposition 15 or Proposition 19 will have on District revenues or the assessed valuation of real property in the District.

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 relevant 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.

All taxable property value included in this Official Statement is shown at 100% of taxable value and all tax rates reflect the $1 per $100 of taxable value (unless noted differently).

Both the United States Supreme Court and the State Supreme Court have upheld the general validity of Article XIIIA.

Oil and Gas Producing Properties

On June 29, 1979, the State Board of Equalization adopted Rule 468 ("Rule 468") to establish valuation principles for oil and gas interests. The right to remove petroleum and natural gas from the earth is considered a taxable real property interest. Rule 468 provides that increases in recoverable amounts of such minerals caused by changed physical or economic conditions constitute additions to such a property interest and that a reduction in recoverable amounts of minerals caused by production or changes in the expectation of future production capabilities constitute a reduction in the interest.

Rule 468 provides that the unique nature of oil and gas mineral property interests requires the application of specialized appraisal techniques designed to satisfy the requirements of Article XIIIA. Rule 468 uses an appraisal unit valuation consisting of four components: (i) proved reserves, (ii) wells, casings and parts thereof, (iii) land (and other mineral interests), and (iv) improvements.

The market value of an oil and gas mineral property interest is determined by estimating the value of the volumes of proved reserves. Proved reserves are those which geological and engineering information indicate with reasonable certainty to be recoverable in the future, taking into account reasonably projected physical and economic conditions. Present and projected economic conditions are determined by reference to all economic factors considered by knowledgeable and informed persons engaged in the operation and buying or selling of such properties, e.g. capitalization rates, product prices and operation expenses.

Rule 468 provides that the base year value of the property is estimated as of lien date 1975 or as of the date a change in ownership occurs subsequent to lien date 1975. Newly constructed improvements and additions in reserves are valued as of the lien date of the year for which the roll is being prepared. Improvements removed from the site are deducted from taxable value. The base year values are determined using factual market data such as prices and expenses ordinarily considered by knowledgeable and informed persons engaged in the operation, buying, and selling of oil, gas and other mineral-producing properties and the production therefrom. Once determined, a base year value may be increased no more than 2% per year. However, the base year reserve values must be adjusted annually for the value of depleted reserves caused by production or changes in the expectation of future production and additions to reserves established in a given year by discovery, construction or improvements, or changes in economic conditions.

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 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.

So long as the District is not a community supported district (as described herein), taxes lost through any reduction in assessed valuation will be compensated by the State as equalization aid under the State's financing formula for community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Major Revenues" and "KERN COMMUNITY COLLEGE DISTRICT" herein.

Proposition 50 and Proposition 171

On June 3, 1986, the voters of the State approved Proposition 50. Proposition 50 amends Section 2 of Article XIIIA to allow owners of property that was "substantially damaged or destroyed" by a disaster, as declared by the Governor (the "Damaged Property"), to transfer their existing base year value (the "Original Base Year Value") to a comparable replacement property within the same county, which is acquired or constructed within five years after the disaster. At the time of such transfer, the Damaged Property will be reassessed at its full cash value immediately prior to damage or destruction (the "Original Cash Value"); however, such property will retain its base year value notwithstanding such a transfer. Property is substantially damaged or destroyed if either the land or the improvements sustain physical damage amounting to more than 50% of either the land or improvements full cash value immediately prior to the disaster. There is no filing deadline, but the assessor can only correct four years of assessments when the owner fails to file a claim within four years of acquiring a replacement property.

Under Proposition 50, the base year value of the replacement property (the "Replacement Base Year Value") depends on the relation of the full cash value of the replacement property (the "Replacement Cash Value") to the Original Cash Value: if the Replacement Cash Value exceeds 120% of the Original Cash Value, then the Replacement Base Year Value is calculated by combining the

Original Base Year Value with such excessive Replacement Cash Value; if the Replacement Cash Value does not exceed 120% of the Original Cash Value, then the Replacement Base Year Value equals the Original Base Year Value; if the Replacement Cash Value is less than the Original Cash Value, then the Replacement Base Year Value equals the Replacement Cash Value. The replacement property must be comparable in size, utility, and function to the Damaged Property.

On November 2, 1993, the voters of the State approved Proposition 171. Proposition 171 amends subdivision (e) of Section 2 of Article XIIIA to allow owners of Damaged Property to transfer their Original Base Year Value to a "comparable replacement property" located within another county in the State, which is acquired or newly constructed within three years after the disaster.

Intra-county transfers under Proposition 171 are more restrictive than intra-county transfers under Proposition 50. For example, Proposition 171 (1) only applies to (a) structures that are owned and occupied by property owners as their principal place of residence and (b) land of a "reasonable size that is used as a site for a residence;" (2) explicitly does not apply to property owned by firms, partnerships, associations, corporations, companies, or legal entities of any kind; (3) only applies to replacement property located in a county that adopted an ordinance allowing Proposition 171 transfers; (4) claims must be timely filed within three years of the date of purchase or completion of new construction; and (5) only applies to comparable replacement property, which has a full cash value that is of "equal or lesser value" than the Original Cash Value.

Within the context of Proposition 171, "equal or lesser value" means that the amount of the Replacement Cash Value does not exceed either (1) 105% of the Original Cash Value when the replacement property is acquired or constructed within one year of the destruction, (2) 110% of the Original Cash Value when the replacement property is acquired or constructed within two years of the destruction, or (3) 115% of the Original Cash Value when the replacement property is acquired or constructed within three years of the destruction.

Article XIIIB of the California Constitution

Article XIIIB of the State Constitution ("Article XIIIB"), as subsequently amended by Propositions 98 and 111, respectively, limits the annual appropriations of the State and of any city, county, school district, community college 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. As amended, Article XIIIB defines:

(a) "change in the cost of living" with respect to school districts and community college districts (collectively, "K-14 school districts") to mean the percentage change in California per capita income from the preceding year, and

(b) "change in population" with respect to a K-14 school districts to mean the percentage change in the average daily attendance ("A.D.A") of such K-14 school districts from the preceding fiscal year.

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 pursuant to 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, such as the Bonds, (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 State 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.

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 pursuant to Section 8.5 of Article XVI of the State Constitution. See "– Propositions 98 and 111" herein.

Article XIIIC and Article XIIID of the California Constitution

On November 5, 1996, State voters of the State approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the State Constitution Articles XIIIC and XIIID (respectively, "Article XIIIC" and "Article XIIID"), which contain a number of provisions affecting the ability of local agencies, including K-14 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 State 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 K-14 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 State Constitution and special taxes approved by a two-thirds vote under Article XIIIA, Section 4. 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.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does, however, receive a portion of the basic 1% *ad valorem* property tax levied and collected by the Counties pursuant to Article XIIIA of the State Constitution. 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 Improvement District.

Proposition 26

On November 2, 2010, State voters approved Proposition 26. Proposition 26 amends Article XIIIC of the State Constitution to expand the definition of "tax" to include "any levy, charge, or exaction of any kind imposed by a local government" except the following: (1) 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; (2) 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; (3) 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; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) 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; (6) a charge imposed as a condition of property development; and (7) 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.

Propositions 98 and 111

On November 8, 1988, State 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 were modified by Proposition 111, discussed below, the provisions of which became effective on July 1, 1990. The Accountability Act changed 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-14 school districts at a level equal to the greater of (a) the same percentage of the State general fund revenues as the percentage appropriated to such districts in the 1986-87 fiscal year, or (b) the amount actually appropriated to such districts from the State general fund in the previous fiscal year, adjusted for increases in enrollment and changes in the cost of living. The Accountability Act permits the State Legislature to suspend this formula for a one-year period.

The Accountability Act also changed how tax revenues in excess of the State appropriations limit are distributed. Any excess State tax revenues up to a specified amount are, instead of returned to taxpayers, is transferred to K-14 school districts. Any such transfer to K-14 school districts is excluded from the appropriations limit for K-14 school districts and the K-14 school district appropriations limit for the next year will be automatically 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 can be transferred to K-14 school districts is 4% of the minimum State spending for education mandated by the Accountability Act.

Since the Accountability Act is unclear in some details, there can be no assurances that the State Legislature or a court might not interpret the Accountability Act to require a different percentage of State general fund revenues to be allocated to K-14 school districts, or to apply the relevant percentage to the State's budgets in a different way than is proposed in the State budget for each fiscal year.

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

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

a. <u>Annual Adjustments to Spending Limit</u>. 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 State 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 pupil attendance.

b. <u>Treatment of Excess Tax Revenues</u>. "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 such districts' 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.

c. <u>Exclusions from Spending Limit</u>. Two exceptions were added to the calculation of appropriations which are subject to the Article XIIIB spending limit: (i) all appropriations for "qualified capital outlay projects" as defined by the State Legislature, and (ii) 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 State Legislature and the Governor, which was expected to raise over $15 billion in additional taxes from 1990 through 2000 to fund transportation programs.

d. <u>Recalculation of Appropriations Limit</u>. 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.

e. <u>School Funding Guarantee</u>. 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 (1) approximately 40% of State general fund revenues ("Test 1") or (2) 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 ("Test 2").

Under Proposition 111, K-14 school districts will receive the greater of (1) Test 1, (2) Test 2, or (3) a third test ("Test 3"), which will replace Test 2 in any year when growth in per capita State general fund revenues from the prior year is less than the annual growth in State per capita personal income. Under Test 3, K-14 school districts 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 Test 3 is used in any year, the difference between Test 3 and Test 2 will become a "credit" (also referred to as a "maintenance factor") to K-14 school districts which will be paid in future years when State general fund revenue growth exceeds personal income growth.

Proposition 39

On November 7, 2000, State voters approved an amendment (commonly known as "Proposition 39") to the State Constitution. This amendment (1) 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 (2) 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 State 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-14 school districts, including the District, and county offices of education. As noted above, the State 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 (1) any local government debts approved by the voters prior to July 1, 1978 or (2) 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: (1) 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; (2) a specific list of school projects to be funded and certification that the governing board has evaluated safety, class size reduction, and information technology needs in developing the list; and (3) a requirement that the governing 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 placed certain limitations on local school bonds to be approved by 55% of the voters. These provisions require that the tax rate projected to be levied as the result of any single election would be no more than \$60 (for a unified school district), \$30 (for a high school or elementary school district), or \$25 (for a community college district, such as the District), per \$100,000 of taxable property value, when assessed valuation is projected to increase in accordance with Article XIIIA. These requirements are not part of Proposition 39 and can be changed with a majority vote of both houses of the State Legislature and approval by the Governor. See "- Article XIIIA of the California Constitution" herein.

Jarvis v. Connell

On May 29, 2002, the State Court of Appeal for the Second District decided the case of Howard Jarvis Taxpayers Association, et al. v. Kathleen Connell (as Controller of the State). The Court of Appeal held that either a final budget bill, an emergency appropriation, a self-executing authorization pursuant to state statutes (such as continuing appropriations) or the State Constitution or a federal mandate is necessary for the State Controller to disburse funds. The foregoing requirement could apply to amounts budgeted by the District as being received from the State. To the extent the holding in such case would apply to State payments reflected in the District's budget, the requirement that there be either a final budget bill or an emergency appropriation may result in the delay of such payments to the District if such required legislative action is delayed, unless the payments are self-executing authorizations or are subject to a federal mandate. On May 1, 2003, the State Supreme Court upheld the holding of the Court of Appeal, stating that the State Controller is not authorized under State law to disburse funds prior to the enactment of a budget or other proper appropriation, but under federal law, the State Controller is required, notwithstanding a budget impasse and the limitations imposed by State law, to timely pay those State employees who are subject to the minimum wage and overtime compensation provisions of the federal Fair Labor Standards Act.

Proposition 1A and Proposition 22

On November 2, 2004, State voters approved Proposition 1A, which amends the State Constitution to significantly reduce the State's authority over major local government revenue sources. Under Proposition 1A, the State cannot (i) reduce local sales tax rates or alter the method of allocating the revenue generated by such taxes, (ii) shift property taxes from local governments to K-14 school districts, (iii) change how property tax revenues are shared among local governments without two-thirds approval of both houses of the State Legislature or (iv) decrease vehicle license fee revenues without providing local governments with equal replacement funding. Proposition 1A allows 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, The Local Taxpayer, Public Safety, and Transportation Protection Act, approved by State voters on November 2, 2010, prohibits the State from enacting new laws that require redevelopment agencies to shift funds to K-14 school districts or other agencies and eliminates the State's authority to shift property taxes temporarily during a severe financial hardship of the State. In addition, Proposition 22 restricts the State's authority to use State fuel tax revenues to pay debt service on State transportation bonds, to borrow or change the distribution of State fuel tax revenues, and to use vehicle license fee revenues to reimburse local governments for State mandated costs. Proposition 22 impacts resources in the State's general fund and transportation funds, the State's main funding source for K-14 school districts, as well as universities, prisons and health and social services programs. According to an analysis of Proposition 22 submitted by the Legislative Analyst's Office (the "LAO") on July 15, 2010, the expected reduction in resources available for the State to spend on these other programs as a consequence of the passage of Proposition 22 was expected to be approximately $1 billion in fiscal year 2010-11, with an estimated immediate fiscal effect equal to approximately 1% of the State's total general fund spending. The longer-term effect of Proposition 22, according to the LAO analysis, was expected to be an increase in the State's general fund costs by approximately $1 billion annually for several decades.

Propositions 30 and 55

The California Children's Education and Health Care Protection Act of 2016 (also known as "Proposition 55") is a constitutional amendment approved by the voters of the State on November 8, 2016. Proposition 55 extends, through 2030, the increases to personal income tax rates for high-income taxpayers that were approved as part of Temporary Taxes to Fund Education, Guaranteed Local Public Safety Funding, Initiative Constitutional Amendment (also known as "Proposition 30"). Proposition 30 increased the marginal personal income tax rate by: (i) 1% for taxable income over $250,000 but less than $300,001 for single filers (over $500,000 but less than $600,001 for joint filers and over $340,000 but less than $408,001 for head-of-household filers), (ii) 2% for taxable income over $300,000 but less than $500,001 for single filers (over $600,000 but less than $1,000,001 for joint filers and over $408,000 but less than $680,001 for head-of-household filers), and (iii) 3% for taxable income over $500,000 for single filers (over $1,000,000 for joint filers and over $680,000 for head-of-household filers).

The revenues generated from the personal income tax increases will be included in the calculation of the Proposition 98 minimum funding guarantee (defined herein) for K-14 school districts. See "–Propositions 98 and 111" herein. From an accounting perspective, the revenues generated from the personal income tax increases are being 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 school 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 board is prohibited from using any funds from the EPA for salaries or benefits of administrators or any other administrative costs.

Proposition 2

On November 4, 2014, State voters approved the Rainy Day Budget Stabilization Fund Act (also known as "Proposition 2"). Proposition 2 is a legislatively-referred constitutional amendment which makes certain changes to State budgeting practices, including substantially revising the conditions under which transfers are made to and from the State's Budget Stabilization Account (the "BSA") established by the California Balanced Budget Act of 2004 (also known as "Proposition 58").

Under Proposition 2, and beginning in fiscal year 2015-16 and each fiscal year thereafter, the State will generally be required to annually transfer to the BSA an amount equal to 1.5% of estimated State general fund revenues (the "Annual BSA Transfer"). Supplemental transfers to the BSA (a "Supplemental BSA Transfer") are also required in any fiscal year in which the estimated State general fund revenues that are allocable to capital gains taxes exceed 8% of the total estimated general fund tax revenues. Such excess capital gains taxes—net of any portion thereof owed to K-14 school districts pursuant to Proposition 98—will be transferred to the BSA. Proposition 2 also increases the maximum size of the BSA to an amount equal to 10% of estimated State general fund revenues for any given fiscal year. In any fiscal year in which a required transfer to the BSA would result in an amount in excess of the 10% threshold, Proposition 2 requires such excess to be expended on State infrastructure, including deferred maintenance.

For the first 15-year period ending with the 2029-30 fiscal year, Proposition 2 provides that half of any required transfer to the BSA, either annual or supplemental, must be appropriated to reduce certain State liabilities, including making certain payments owed to K-14 school districts, repaying State interfund borrowing, reimbursing local governments for State mandated services, and reducing or prefunding accrued liabilities associated with State-level pension and retirement benefits. Following the initial 15-year period, the Governor and the State Legislature are given discretion to apply up to half of any required transfer to the BSA to the reduction of such State liabilities. Any amount not applied towards such reduction must be transferred to the BSA or applied to infrastructure, as described above.

Proposition 2 changes the conditions under which the Governor and the State Legislature may draw upon or reduce transfers to the BSA. The Governor does not retain unilateral discretion to suspend transfers to the BSA, nor does the State Legislature retain discretion to transfer funds from the BSA for any reason, as previously provided by law. Rather, the Governor must declare a "budget emergency," defined as an emergency within the meaning of Article XIIIB or a determination that estimated resources are inadequate to fund State general fund expenditures, for the current or ensuing fiscal year, at a level equal to the highest level of State spending within the three immediately preceding fiscal years. Any such declaration must be followed by a legislative bill providing for a reduction or transfer. Draws on the BSA are limited to the amount necessary to address the budget emergency, and no draw in any fiscal year may exceed 50% of funds on deposit in the BSA unless a budget emergency was declared in the preceding fiscal year.

Proposition 2 also requires the creation of the Public School System Stabilization Account (the "PSSSA") into which transfers will be made in any fiscal year in which a Supplemental BSA Transfer is required (as described above). Such transfer will be equal to the portion of capital gains taxes above the 8% threshold that would be otherwise paid to K-14 school districts as part of the minimum funding guarantee. A transfer to the PSSSA will only be made if certain additional conditions are met, as follows: (i) the minimum funding guarantee was not suspended in the immediately preceding fiscal year, (ii) the operative Proposition 98 formula for the fiscal year in which a PSSSA transfer might be made is "Test 1," (iii) no maintenance factor obligation is being created in the budgetary legislation for the fiscal year in which a PSSSA transfer might be made, (iv) all prior maintenance factor obligations have been fully repaid, and (v) the minimum funding guarantee for the fiscal year in which a PSSSA transfer might be made is higher than the immediately preceding fiscal year, as adjusted for ADA growth and cost of living. Proposition 2 caps the size of the PSSSA at 10% of the estimated minimum funding guarantee in any fiscal year, and any excess funds must be paid to K-14 school districts. Reductions to any required transfer to the PSSSA, or draws on the PSSSA, are subject to the same budget emergency requirements described above. However, Proposition 2 also mandates draws on the PSSSA in any fiscal year in which the estimated minimum funding guarantee is less than the prior year's funding level, as adjusted for ADA growth and cost of living.

Proposition 51

The Kindergarten Through Community College Public Education Facilities Bond Act of 2016 (also known as Proposition 51) is an initiative that was approved by State voters on November 8, 2016. Proposition 51 authorizes the sale and issuance of $9 billion in State general obligation bonds for the new construction and modernization of K-14 facilities.

K-12 School Facilities. Proposition 51 includes $3 billion for the new construction of K-12 facilities and an additional $3 billion for the modernization of existing K-12 facilities. K-12 school districts will be required to pay for 50% of the new construction costs and 40% of the modernization costs with local revenues. If a school district lacks sufficient local funding, it may apply for additional State grant funding, up to 100% of the project costs. In addition, a total of $1 billion will be available for the modernization and new construction of charter school facilities ($500 million) and technical education facilities ($500 million). Generally, 50% of modernization and new construction project costs for charter school and technical education facilities must come from local revenues. However, schools that cannot cover their local share for these two types of projects may apply for State loans. State loans must be repaid over a maximum of 30 years for charter school facilities and 15 years for career technical education facilities. For career technical education facilities, State grants are capped at $3 million for a new facility and $1.5 million for a modernized facility. Charter schools must be deemed financially sound before project approval.

Community College Facilities. Proposition 51 includes $2 billion for community college district facility projects, including buying land, constructing new buildings, modernizing existing buildings, and purchasing equipment. In order to receive funding, community college districts must submit project proposals to the Chancellor of the community colleges system (the "State Chancellor"), who then decides which projects to submit to the State Legislature and Governor based on a scoring system that factors in the amount of local funds contributed to the project. The Governor and Legislature will select among eligible projects as part of the annual State budget process.

The District makes no guarantees that it will either pursue or qualify for Proposition 51 State facilities funding.

Future Initiatives

Article XIIIA, Article XIIIB, Article XIIIC and Article XIIID and Propositions 98, 39, 22, 26, 30, 55 and 51 were each adopted as measures that qualified for the ballot pursuant to 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.

FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA

The information in this section concerning State funding of community college districts is provided as supplementary information only, and it should not be inferred from the inclusion of the information under this heading that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied by the Counties on taxable property within the boundaries of the Improvement District in an amount sufficient for the payment thereof.*

Major Revenues

General. State community college districts (other than "community supported" districts, as described below) receive a majority of their funding from the State, and the balance from local and federal sources. State funds include general apportionment, categorical funds, capital construction, lottery funds, and other minor sources. Every community college district receives the same amount of State lottery funds on a per-student basis (which is generally less than 3%), although lottery funds are not categorical funds as they are not for particular programs or students. The initiative authorizing the lottery requires the funds to be used for instructional purposes, and prohibits their use for capital purposes.

The major local revenue source is local property taxes that are collected from within district boundaries, with student enrollment fees accounting for the most of the remainder. A small part of a community college district's budget is from local sources other than property taxes and student enrollment fees, such as interest income, donations, educational foundation contributions and sales or leases of property.

The sum of property taxes, student enrollment fees, EPA funds, and State aid comprise a district's revenue limit. State funding is generally subject to the appropriation of funds in the State's annual budget. Thus, decreases in State revenues may affect appropriations made by the State Legislature to community college districts.

"Community supported" community college districts (also formerly referred to as "basic aid" districts) are those districts whose local property taxes, student enrollment fee collections, and Education Protection Account funds exceed the revenue allocation determined by the current State funding model. See also "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Propositions 30 and 55" herein. Thus, community supported districts do not receive any general apportionment funding from the State. The current law in the State allows these districts to keep the excess funds without penalty. The implication for community supported districts is that the legislatively determined annual COLAs and other politically determined factors are less significant in determining such districts primary funding sources. Rather, property tax growth and the local economy become the determining factors. The District is not currently a community supported district.

Enrollment Based Funding. State community college districts apportionments were previously funded pursuant to a system established by Senate Bill 361 ("SB 361"). SB 361 provided for a basic allocation (a "Basic Allocation") based on the number of colleges, state-approved education centers and total enrollment, together with funding based on per-student rates for credit FTES, non-credit FTES and career development and college preparation ("CDCP") non-credit FTES.

SB 361 specified that, commencing with the 2006-07 fiscal year the minimum funding per FTES would be: (a) not less than $4,367 per credit FTES; (b) at a uniform rate of $2,626 per non-credit FTES; and (c) $3,092 per CDCP FTES. Although CDCP FTES were initially funded at a lower rate than credit FTES, subsequent legislation effective as of the 2015-16 fiscal year set the minimum funding for CDCP FTES at the same level as credit FTES. Each such minimum funding rate was subject to cost of living adjustments (each, a "COLA"), if any, funded through the State budgeting legislation in each fiscal year.

One unit of FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District.

In each fiscal year, the State budget established an enrollment cap on the maximum number of resident FTES, known as the "funded" FTES, for which a community college district would receive a revenue allocation. A district's enrollment cap was based on the previous fiscal year's reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap were considered "unfunded" FTES. Nonresident and international students are excluded from the State funding formula and pay full tuition.

Student Centered Funding Formula. Assembly Bill 1809 ("AB 1809"), the higher education trailer bill passed as part of the State budget for fiscal year 2018-19, is referred to as the "Student Centered Funding Formula" (the "SCFF"). The SCFF includes three components: (1) a base allocation (the "Base Allocation") driven primarily by enrollment, (2) a supplemental allocation (the "Supplemental Allocation") based on the number of certain types of low-income students, and (3) a student success allocation (the "Student Success Allocation") that is calculated using various performance-based metrics.

The SCFF includes several provisions to provide districts greater financial stability in transitioning to the new formula for fiscal years 2018-19 through 2024-25, community college districts received no less in total apportionment funding than they received in 2017-18, adjusted for COLAs. State budgetary legislation has extended the hold harmless provision of the SCFF through fiscal year 2024-25. In addition, Assembly Bill 183, the higher education budgetary trailer bill for fiscal year 2022-23, extended revenue protections for community college districts in a modified form, with the goal of avoiding sharp fiscal declines and supporting a smooth transition to the SCFF over time. Specifically, beginning in fiscal year 2025-26, a community college district will receive the greater of (i) the funding allocation calculated by the SCFF, or (ii) an amount equal to its fiscal year 2024-25 general purpose apportionment, the latter of which will represent a floor below which such district's funding cannot drop. A district's funding floor is subject to adjustment in any one year to reflect COLAs provided by budgetary legislation, but will not grow over time as a result of cumulative COLAs.

Base Allocation. The Base Allocation is composed of (1) the Basic Allocation, determined consistent with the prior funding formula (see "—Enrollment Based Funding" herein), and (2) funding for credit, non-credit and CDCP FTES. The Base Allocation was expected to constitute approximately 70% of Statewide funding for community college districts in fiscal year 2018-19, 65% in fiscal year 2019-20 and 60% in fiscal year 2020-21 and onward.

The SCFF provides minimum funding levels for credit FTES of $4,212 for fiscal year 2020-21, adjusted for COLAs and other base adjustments in both the then-current and prior fiscal year. Notwithstanding the foregoing, the SCFF provides higher credit FTES funding rates for certain districts that were entitled to higher funding rates under the prior funding formula. Total funding for credit FTES will be based on a rolling three-year average of the funded credit FTES from the current fiscal year and the two immediately preceding fiscal years. Credit FTES associated with enrollment growth proposed in the annual budget act shall be excluded from the three-year average and shall instead be added to the computed three-year rolling average. In computing the three-year average, credit FTES generated by incarcerated and special admit students shall be excluded and funded consistent with the prior funding formula. Funding levels for non-credit and CDCP FTES are determined consistent with the prior funding formula. See "—Enrollment Based Funding" herein. Total funding for these categories will be based on actual non-credit and CDCP FTES for the most recent fiscal year.

[REMAINDER OF PAGE LEFT BLANK]

For fiscal year 2019-20, the District received a Base Allocation of $113,400,000. For fiscal year 2020-21, the District received a Base Allocation of $111,000,000. For fiscal year 2021-22, the District received a Base Allocation of $116,700,000. For fiscal year 2022-23, the District has budgeted the receipt of a Base Allocation equal to $142,400,000. The table below shows a breakdown of the District's historical resident FTES figures for the last ten fiscal years, and a budgeted amount for the current fiscal year.

RESIDENT FULL TIME EQUIVALENT STUDENTS[1]
Fiscal Years 2012-13 through 2022-23
Kern Community College District

Fiscal Year	Funded FTES[2]	Unfunded FTES[2]	Actual FTES
2012-13	18,508	72	18,580
2013-14	18,942	188	19,130
2014-15	19,848	9	19,857
2015-16	20,794	0	20,794
2016-17	21,722	0	21,722
2017-18	22,532	8	22,540
2018-19	21,554	0	21,554
2019-20[3]	22,158	1,799	23,958
2020-21[3]	22,139	1,418	23,556
2021-22[3][4]	21,751	0	21,751
2022-23[5]	21,860	544	22,404

(1) One FTES is equivalent to 525 student contact hours, which is determined based on a State formula of one student multiplied by 15 weekly contact hours multiplied by 35 weeks. Accordingly, the number of FTES in the District may not equal the number of students enrolled in the District. Reflects resident FTES counts only. Non-resident FTES are generally excluded from State funding formula calculations.

(2) Previously, the State budget established an enrollment cap on the maximum number of FTES, known as the "funded" FTES, for which a community college district will receive a revenue allocation, as determined by the program-based model. A district's enrollment cap was based on the previous fiscal year's reported FTES, plus the growth allowance provided for by the State budget, if any. All student hours in excess of the enrollment cap were considered "unfunded" FTES. In fiscal year 2018-19, the Student Centered Funding Formula was implemented. Credit FTES funding is based on a three-year average. The FTES in this column as of FY 2018-19 represents the difference between actual FTES and the average used.

(3) Due to COVID-19, in fiscal years 2019-20 through 2021-22, the District was funded based on period one (P1) fiscal year 2019-20 FTES. See also "—Considerations Regarding COVID-19" herein.

(4) Unaudited.

(5) Budgeted.

Source: Kern Community College District.

Supplemental Allocation. The Supplemental Allocation, accounting for approximately 20% of Statewide funding, will be distributed to districts based on their headcounts of students that qualify for Federal Pell Grants, California College Promise Grants or student fee waivers under Education Code Section 76300. The SCFF provided $919 per qualifying student for fiscal year 2018-19. Beginning in fiscal year 2019-20, the provision of COLAs and other adjustments to this amount are subject to appropriation therefor in the annual State budget. Headcounts are not unduplicated, such that districts will receive twice or three times as much supplemental funding for a student that falls into more than one of the aforementioned categories. For fiscal year 2019-20, the District received a Supplemental Allocation of $40,200,000. For fiscal year 2020-21, the District received a Supplemental Allocation of $40,500,000. For fiscal year 2021-22, the District received the Supplemental Allocation, plus COLA of 5.07%, which was equal to $36,900,000. For fiscal year 2022-23, the District has budgeted for the receipt of a Supplemental Allocation of $42,400,000.

Student Success Allocation. The Student Success Allocation will be distributed to districts based on their performance in various student outcome metrics, including obtaining various degrees and certificates, completing transfer-level math and English courses within a student's first year, and having students obtain a regional living wage within a year of completing community college. Each metric is assigned a point value, with some metrics weighted more than others. A single student outcome with more points will generate more funding. Outcome metrics for students that qualify for Federal Pell Grants and California College Promise Grants are eligible for additional funding. The student success allocation will also calculate based on the three-year rolling average of each metric. Outcome metrics for students that qualify for Federal Pell Grants, AB 540 and California College Promise Grants are eligible for additional funding. The Student Success Allocation accounted for 10% of statewide funding for community college districts in fiscal years 2018-19 and 2019-20. Since fiscal year 2020-21, funding rates have been adjusted for COLAs provided by State budgetary legislation, and the distribution of funds across the three SCFF allocations may vary by district.

For fiscal year 2019-20, the SCFF provided a rate for all students of $660 per point, and an additional $167 per point for Pell Grant and California College Promise Grant students, subject to COLAs and other base adjustments. For fiscal year 2020-21, the rates increased to $880 per point and $222 per point, respectively, subject to COLAs and other base adjustments. For fiscal year 2021-22, the rates increased to $675 per point and $170 per point, respectively, subject to COLAs and other base adjustments. For fiscal year 2019-20, the District received a Student Success Allocation of $15,400,000. For fiscal year 2020-21, the District received a Student Success Allocation of $18,100,000. For fiscal year 2021-22, the District received a Student Success Allocation for 2020-21, plus COLA of 5.07%, which was equal to $21,000,000. For fiscal year 2022-23, the District has budgeted for the receipt of a Student Success Allocation equal to $24,900,000.

Considerations Regarding COVID-19

An outbreak of disease or similar public health threat, such as the ongoing coronavirus ("COVID-19") pandemic, or fear of such an event, could have an adverse impact on the District's financial condition and operating results.

The spread of COVID-19 continues to have significant negative impacts throughout the world, including in the District. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the State and the United States. The purpose behind these declarations was to coordinate and formalize emergency actions across federal, State and local governmental agencies, and to proactively prepare for a wider spread of the virus.

To date there have been millions of confirmed cases in the United States, and over one million deaths related to COVID-19. Although vaccines and vaccine boosters are currently widely available, no representation can be made as to whether the number of cases will continue to grow. The COVID-19 outbreak resulted in the imposition of restrictions on mass gatherings and widespread temporary closings of businesses, universities and schools through much of 2020 and portions of 2021, as well as supply chain issues and significant increases in inflation as these restrictions and closures have been lifted. Stock markets in the U.S. and globally have been volatile, with significant declines attributed to coronavirus concerns.

On March 27, 2020 the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed by the President of the United States. The CARES Act appropriated over $2 trillion to, among other things, (i) provide cash payments to individuals, (ii) expand unemployment assistance and eligibility, (iii) provide emergency grants and loans for small businesses, (iv) provide loans and other assistance to corporations, (v) provide funding for hospitals and community health centers, (vi) expand funding for safety net programs, including child nutrition programs, and (vii) provide aid to state and local governments. The CARES Act includes approximately $14.25 billion in funding for higher education, including California community college districts, principally in the form of direct emergency aid to students and institutional grants. The CARES Act also waives a number of federal regulatory requirements to provide institutions greater flexibility in addressing the effects of the COVID-19 outbreak.

On December 27, 2020, the President of the United States signed the Coronavirus Relief and Response Supplemental Appropriations Act, 2021 ("CRRSA"), which included approximately $900 billion worth of provisions for additional COVID-related relief, including extension of or additional funding for various relief programs implemented by the CARES Act. The CRRSA provided approximately $82 billion of COVID-19 related relief for education, including $54.3 billion for K-12 schools (largely through Title I funding), $22.7 billion for higher education and $4 billion for state governors to spend at their discretion. On March 12, 2021, the President signed the American Rescue Plan Act of 2021 (the "American Rescue Plan"), which provided approximately $1.9 trillion in federal economic stimulus intended to accelerate the recovery from the COVID-19 pandemic. The American Rescue Plan provides direct payments to individuals, extends unemployment benefits, provides funding to distribute COVID-19 vaccines and provides funding for schools, higher education institutions, state, tribal governments and businesses.

On March 17, 2020, the Governor signed Senate Bill 89 ("SB 89"), which amends the Budget Act of 2019 by appropriating $500,000,000 from the State General Fund for any purpose related to executing the emergency proclamation issued by the Governor on March 4, 2020. On March 19, 2020, the Governor ordered all State residents to stay home or at their place of residence to protect the general health and well-being, except as needed to maintain continuity of 16 critical infrastructure sectors described therein (the "Stay Home Order").

In response to the COVID-19 outbreak, the District delivered its classes and student services remotely for the fall and spring terms for the 2020-21 academic year, except for select lab and studio classes which maintained some hands-on curriculum delivered in-person. The District transitioned to more in-person classes during the fall semester of the 2021-22 academic year, and increased in-person classes in the fall of 2022, but will continue to also offer distance learning courses.

Pursuant to the CARES Act and American Rescue Plan, the District has received COVID-19 aid through the Higher Education Emergency Relief Fund (the "HEERF"). In the first HEERF grant, the District received an allocation of $17,000,000 in total funding, of which $8,000,000 is allocated for institutional costs caused by the impact of COVID-19 and $8,000,000 is allocated for student grants. Additionally, the District received $1,000,000 as a minority serving institution. In the second HEERF grant, the District received an allocation of $40,100,000, of which $30,000,000 is allocated for institutional costs caused by the impact of COVID-19 and $8,000,000 is allocated for student grants. Additionally, the District received $2,100,000 as a minority serving institution. In the third HEERF grant, the District received an allocation of $60,400,000 in total funding, of which $31,800,000 is allocated for institutional costs caused by the impact of COVID-19 and $33,100,000 is allocated for student grants. Additionally, the District received $3,400,000 as a minority serving institution. As part of the 2020-21 State Budget, the District received $1,000,000 from the Coronavirus Relief Fund and $1,300,000 from Proposition 98 funds. No assurances can be given that the District will ultimately receive the moneys it expects to receive, or the timing of receipt of such funds.

On August 28, 2020, the Governor released a revised system of guidelines for reopening entitled Blueprint for a Safer Economy ("Blueprint"). Blueprint assigned each of the State's 58 counties into four color-coded tiers – purple, red, orange and yellow – in descending order of severity, based on the number of new daily cases of COVID-19 and the percentage of positive tests. Counties were required to remain in a tier for at least three weeks before advancing to the next one. To move forward, a county was required to meet the next tier's criteria for two consecutive weeks. If a county's case rate and positivity rate fell into different tiers, the county remained in the stricter tier. Community college districts could reopen for limited in-person instruction once their county had been in the red tier (daily new cases of 4-7 per 100,000 people and 5-8% positive tests) for at least two weeks. When they reopened, community college districts were required to follow the interim guidance for institutions of higher education (the "Guidelines"), released by the Governor on August 7, 2020. Implementation of the Guidelines as part of a phased reopening depended on local conditions, including the level of COVID-19 infections and hospitalization rates for a minimum of 14 days, testing resources of the District and the County, and preparedness of the County's healthcare system. If there were positive cases of COVID-19 within a community college district, a campus could be partially or fully closed for in-person instruction. While indoor lectures and student gatherings were prohibited at community college districts in counties that were in the purple (widespread) tier, some non-lecture based courses were permitted on campuses. For classes that were held in person, the guidelines encouraged use of outdoor and other non-classroom spaces for instruction.

During certain emergency conditions, state regulations provide that a community college district may be provided an "emergency conditions allowance," calculated to approximate the same general purpose apportionment that such district would have received in absence of the emergency. Emergency conditions are defined to include epidemics, an order from a city or county board of health or the State Board of Health, or another emergency declared by the State or federal government. Districts are required to demonstrate that the occurrence of the emergency condition prevented the district from maintaining its schools during a fiscal year for a period of 175 days, or caused the district's general purpose apportionment to be materially decreased in that year or in subsequent years. To receive the emergency conditions allowance, a district must demonstrate to the satisfaction of the State Chancellor that the district made good faith efforts to avoid material decreases in general purposes apportionments. Community college districts may also seek a waiver of the 175-day requirement. Finally, the Board of Governors of the California Community Colleges (the "Board of Governors"), on March 16, 2020, granted the State Chancellor temporary emergency powers to suspend or waive State regulatory requirements and local rules and regulations that present barriers to the continuity of educational services. This temporary grant is in addition to standing emergency powers the State Chancellor has to hold community college districts financially harmless in the wake of campus closures.

On June 11, 2021, the Governor issued two executive orders. The first order rescinded several previous executive orders effective June 15, 2021, including the Stay Home Order and the order that led to the establishment of the Blueprint for a Safer Economy. The second order began the process of winding down the State's COVID-19-related executive orders in several phases: by June 30, 2021 (including most of Order N-26-20); by July 31, 2021; and by September 30, 2021. Under the order's timeline, effective September 30, 2021, nearly 90% of the executive actions taken since March 2020 were lifted. In addition, on June 11, 2021, the California Department of Public Health issued an order that took effect on June 15, 2021. The order replaced the previous public health orders, allowing all sectors to return to usual operations, with limited exceptions for events characterized by large crowds (greater than 5,000 attendees indoors and 10,000 attendees outdoors), which required (indoors) or recommended (outdoors) vaccine verification and/or negative testing through October 1, 2021. Face coverings are required in certain settings, such as on public transit, indoors in schools and childcare settings, and in healthcare settings, as well as, for unvaccinated individuals, in all indoor public settings and businesses. Additionally, Californians are required to follow existing guidance for K-12 schools, childcare programs, and other supervised youth activities.

Other potential impacts to the District associated with the COVID-19 outbreak include, but are not limited to, increasing costs and challenges relating to establishing distance learning programs or other measures to permit instruction while District facilities remain closed, disruption of the regional and local economy with corresponding decreases in tax revenues (including property tax revenue, sales tax revenue and other revenues), potential declines in property values, potential increases in property tax delinquencies, and decreases in new home sales and real estate development. The economic consequences and the declines in the U.S. and global stock markets resulting from the spread of COVID-19, and responses thereto by local, State, and the federal governments, could have a material impact on the investments in the State pension trusts, which could materially increase the unfunded actuarial accrued liability of the STRS Defined Benefit Program and PERS Schools Pool, which, in turn, could result in material changes to the District's required contribution rates in future fiscal years. See "KERN COMMUNITY COLLEGE DISTRICT – Retirement Programs" herein.

On October 17, 2022, the Governor announced that the COVID-19 state of emergency will end on February 28, 2023. However, the COVID-19 outbreak is ongoing, and the ultimate geographic spread of the virus, the duration and severity of the outbreak, and the economic and other of actions that may be taken by governmental authorities to contain the outbreak or to treat its impact are uncertain. The ultimate impact of COVID-19 on the District's operations and finances is unknown. 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), the California Department of Public Health (http://covid19.ca.gov/), the County Department of Public Health (https://kernpublichealth.com).. *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.

There can be no assurances that the spread of COVID-19, or the responses thereto by local, State, or the federal government, will not materially adversely impact the local, state and national economies or the assessed valuation of property within the District, or adversely impact enrollment or FTES within the District and, notwithstanding Executive Order N-26-20 and the Stay Home Order, materially adversely impact the financial condition or operations of the District. See also "TAX BASE FOR REPAYMENT OF THE BONDS – Assessed Valuations" herein.

Budget Procedures

On or before September 15, the Board of Trustees of a community college district is required under Section 58305 of the California Code of Regulations, Title V, to adopt a balanced budget. Each September, every State agency, including the State Chancellor, submits to the Department of Finance ("DOF") proposals for changes in the State budget. These proposals are submitted in the form of Budget Change Proposals ("BCPs"), involving analyses of needs, proposed solutions and expected outcomes. Thereafter, the DOF makes recommendations to the governor, and by January 10 a proposed State budget is presented by the governor to the legislature. The Governor's State budget is then analyzed and discussed in committees and hearings begin in the State Assembly and Senate. In May, based on the debate, analysis and changes in the economic forecasts, the governor issues a revised budget with changes he or she can support. The law requires the legislature to submit its approved budget by June 15, and by June 30 the governor should announce his or her line item reductions and sign the State budget. In response to growing concern for accountability and with enabling legislation (AB 2910, Chapter 1486, Statutes of 1986), the Board of Governors and the State Chancellor's Office have established expectations for sound district fiscal management and a process for monitoring and evaluating the financial condition to ensure the financial health of the State's community college districts. In accordance with statutory and regulatory provisions, the State Chancellor has been given the responsibility to identify districts at risk and, when necessary, the authority to intervene to bring about improvement in their financial condition. To stabilize a district's financial condition, the State Chancellor may, as a last resort, seek an appropriation for an emergency apportionment.

The monitoring and evaluation process is designed to provide early detection and amelioration that will stabilize the financial condition of a district before an emergency apportionment is necessary. This is accomplished by (1) assessing the financial condition of districts through the use of various information sources and (2) taking appropriate and timely follow-up action to bring about improvement in a district's financial condition, as needed. A variety of instruments and sources of information are used to provide a composite of each district's financial condition, including quarterly financial status reports, annual financial and budget reports, attendance reports, annual district audit reports, district input and other financial records. In assessing each district's financial condition, the State Chancellor will pay special attention to each district's general fund balance, spending pattern, and FTES patterns. Those districts with greater financial difficulty will receive follow-up visits from the State Chancellor's Office where financial solutions to the district's problems will be addressed and implemented.

See "KERN COMMUNITY COLLEGE DISTRICT – General Fund Budgeting" herein for more information regarding the District's recent budgets.

Minimum Funding Guarantees for California Community College Districts Under Propositions 98 and 111

General. In 1988, State voters approved Proposition 98, an initiative that amended Article XVI and provided specific procedures to determine a minimum guarantee for annual K-14 funding. The constitutional provision links the K-14 funding formulas to growth factors that are also used to compute the State appropriations limit. Proposition 111 (Senate Constitutional Amendment 1), adopted in June 1990, among other things, changed some earlier school funding provisions of Proposition 98 relating to the treatment of revenues in excess of the State spending limit and added a third funding test ("Test 3") to calculate the annual funding guarantee. This third calculation is operative in years in which general fund tax revenue growth is weak. The amendment also specified that under Test 2 (see below), the annual COLA for the minimum guarantee for annual K-14 funding would be the change in the State's per-capita personal income, which is the same COLA used to make annual adjustments to the State appropriations limit (Article XIIIB).

Calculating Minimum Funding Guarantee. There are currently three tests which determine the minimum level of K-14 funding. Under implementing legislation for Proposition 98 (AB 198 and SB 98 of 1989), each segment of public education (K-12 districts, community college districts, and direct elementary and secondary level instructional services provided by the State) has separately calculated amounts under the Proposition 98 tests. The base year for the separate calculations is the 1989-90 fiscal year. Each year, each segment is entitled to the greater of the amounts separately computed for each under Test 1 or 2. Should the calculated amount under Proposition 98 guarantee (K-14 education aggregated) be less than the sum of the separate calculations, then the Proposition 98 guarantee amount shall be prorated to the three segments in proportion to the amount calculated for each. This statutory split has been suspended in every year beginning with 1992-93. In those years, community colleges received less than was required from the statutory split.

Test 1 guarantees that K-14 education will receive at least the same funding share of the State general fund budget it received in 1986-87. Initially, that share was just over 40%. Because of the major shifts of property tax from local government to school districts and community college districts which began in 1992-93 and increased in 1993-94, the percentage dropped to 33.0%.

Test 2 provides that K-14 education will receive as a minimum, its prior-year total funding (including State general fund and local revenues) adjusted for enrollment growth and per-capita personal income COLA.

Test 3 established pursuant to Proposition 111, provides an alternative calculation of the funding base in years in which State per-capita General Fund revenues grow more slowly than per-capita personal income. When this condition exists, K-14 minimum funding is determined based on the prior-year funding level, adjusted for changes in enrollment and COLA where the COLA is measured by the annual increase in per-capita general fund revenues, instead of the higher per-capita personal income factor. The total allocation, however, is increased by an amount equal to one-half of one percent of the prior-year funding level as a funding supplement.

In order to make up for the lower funding level under Test 3, in subsequent years K-14 education receives a maintenance allowance (also referred to as a "maintenance factor") equal to the difference between what should have been provided if the revenue conditions had not been weak and what was actually received under the Test 3 formula. This maintenance allowance is paid in subsequent years when the growth in per-capita State tax revenue outpaces the growth in per-capita personal income.

The enabling legislation to Proposition 111, Chapter 60, Statutes of 1990 (SB 98, Garamendi), further provides that K-14 education shall receive a supplemental appropriation in a Test 3 year if the annual growth rate in non-Proposition 98 per-capita appropriations exceeds the annual growth rate in per-pupil total spending.

Redevelopment Revenues

The District receives pass-through tax increment revenue (the "Pass-Through Revenues") from Successor Agencies (defined herein) within the District's boundaries. The Pass-Through Revenues received by the District are deposited into the District's Capital Outlay Projects Fund and do not offset against the State apportionments received by the District. The amount of Pass-Through Revenues received by the District from fiscal years 2017-18 through 2021-22, and a budgeted amount for fiscal year 2022-23 are shown in the following table.

PASS-THROUGH REVENUES
Fiscal Years 2017-18 through 2022-23
Kern Community College District

Fiscal Year	Pass-Through Revenues
2017-18	$773,185
2018-19	926,891
2019-20	1,132,533
2020-21	1,249,275
2021-22(1)	1,236,518
2022-23(2)	1,200,000

(1) Unaudited.
(2) Budgeted.
Source: Kern Community College District.

On December 30, 2011, the State Supreme Court issued its decision in the case of *California Redevelopment Association v. Matosantos* ("*Matosantos*"), finding ABx1 26, a trailer bill to the 2011-12 State budget, to be constitutional. As a result, all Redevelopment Agencies in the State ceased to exist as a matter of law on February 1, 2012. The Court in *Matosantos* also found that ABx1 27, a companion bill to ABx1 26, violated the State Constitution, as amended by Proposition 22. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 1A and Proposition 22" herein. ABx1 27 would have permitted redevelopment agencies to continue operations provided their establishing cities or counties agreed to make specified payments to K-14 school districts and county offices of education, totaling $1.7 billion statewide.

ABx1 26 was modified by Assembly Bill No. 1484 (Chapter 26, Statutes of 2011-12) ("AB 1484"), which, together with ABx1 26, is referred to herein as the "Dissolution Act." The Dissolution Act provides that all rights, powers, duties and obligations of a redevelopment agency under the California Community Redevelopment Law that have not been repealed, restricted or revised pursuant to ABx1 26 will be vested in a successor agency, generally the county or city that authorized the creation of the redevelopment agency (each, a "Successor Agency"). All property tax revenues that would have been allocated to a redevelopment agency, less the corresponding county auditor-controller's cost to administer the allocation of property tax revenues, are now allocated to a corresponding Redevelopment Property Tax Trust Fund ("Trust Fund"), to be used for the payment of pass-through payments to local taxing entities, and thereafter to bonds of the former redevelopment agency and any "enforceable obligations" of the Successor Agency, as well as to pay certain administrative costs. The Dissolution Act defines "enforceable obligations" to include bonds, loans, legally required payments, judgments or settlements, legal binding and enforceable obligations, and certain other obligations.

Among the various types of enforceable obligations, the first priority for payment is tax allocation bonds issued by the former redevelopment agency; second is revenue bonds, which may have been issued by the host city, but only where the tax increment revenues were pledged for repayment and only where other pledged revenues are insufficient to make scheduled debt service payments; third is administrative costs of the Successor Agency, equal to at least $250,000 in any year, unless the oversight board reduces such amount for any fiscal year or a lesser amount is agreed to by the Successor Agency; then, fourth tax revenues in the Trust Fund in excess of such amounts, if any, will be allocated as residual distributions to local taxing entities in the same proportions as other tax revenues. Moreover, all unencumbered cash and other assets of former redevelopment agencies will also be allocated to local taxing entities in the same proportions as tax revenues. Notwithstanding the foregoing portion of this paragraph, the order of payment is subject to modification in the event a Successor Agency timely reports to the Controller and the Department of Finance that application of the foregoing will leave the Successor Agency with amounts insufficient to make scheduled payments on enforceable obligations. If the county auditor-controller verifies that the Successor Agency will have insufficient amounts to make scheduled payments on enforceable obligations, it shall report its findings to the Controller. If the Controller agrees there are insufficient funds to pay scheduled payments on enforceable obligations, the amount of such deficiency shall be deducted from the amount remaining to be distributed to taxing agencies, as described as the fourth distribution above, then from amounts available to the Successor Agency to defray administrative costs. In addition, if a taxing agency entered into an agreement pursuant to Health and Safety Code Section 33401 for payments from a redevelopment agency under which the payments were to be subordinated to certain obligations of the redevelopment agency, such subordination provisions shall continue to be given effect.

As noted above, the Dissolution Act expressly provides for continuation of pass-through payments to local taxing entities. Per statute, 100% of contractual and statutory two percent pass-throughs, and 56.7% of statutory pass-throughs authorized under the Community Redevelopment Law Reform Act of 1993 (AB 1290, Chapter 942, Statutes of 1993) ("AB 1290"), are restricted to educational facilities without offset against revenue limit apportionments by the State. Only 43.3% of AB 1290 pass-throughs are offset against State aid so long as the affected local taxing entity uses the moneys received for land acquisition, facility construction, reconstruction, or remodeling, or deferred maintenance as provided under Education Code Section 42238(h).

ABx1 26 states that in the future, pass-throughs shall be made in the amount "which would have been received . . . had the redevelopment agency existed at that time," and that the county auditor-controller shall "determine the amount of property taxes that would have been allocated to each redevelopment agency had the redevelopment agency not been dissolved pursuant to the operation of [ABx1 26] using current assessed values . . . and pursuant to statutory formulas and contractual agreements with other taxing agencies."

Successor Agencies continue to operate until all enforceable obligations have been satisfied and all remaining assets of the Successor Agency have been disposed of. AB 1484 provides that once the debt of the Successor Agency is paid off and remaining assets have been disposed of, the Successor Agency shall terminate its existence and all pass-through payment obligations shall cease.

The District can make no representations as to the extent to which its base apportionments from the State may be offset by the future receipt of residual distributions or from unencumbered cash and assets of former redevelopment agencies or any other surplus property tax revenues pursuant to the Dissolution Act.

State Assistance

State community college districts' principal funding formulas and revenue sources are derived from the State budget. The following information concerning the State's budgets has been obtained from publicly available information which the District believes to be reliable; however, none of the District, the Municipal Advisor, nor the Underwriters, guarantee the accuracy or completeness of this information and none of the District, the Municipal Advisor nor the Underwriters, have independently verified such information. Furthermore, it should not be inferred from the inclusion of this information herein that the principal of or interest on the Bonds is payable from the general fund of the District. The Bonds are payable solely from the proceeds of an ad valorem *property tax required to be levied within the boundaries of the Improvement District by the Counties in an amount sufficient for the payment thereof.*

2022-23 State Budget. On June 30, 2022, the Governor signed the State budget for fiscal year 2022-23 (the "2022-23 Budget"). The following information is drawn from the DOF summary of the 2022-23 Budget.

For fiscal year 2021-22, the 2022-23 Budget projects total general fund revenues and transfers of $277.1 billion and authorizes expenditures of $242.9 billion. The State is projected to end the 2021-22 fiscal year with total reserves of $46.7 billion, including $18.2 billion in the traditional general fund reserve, $20.3 billion in the BSA, $7.3 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. For fiscal year 2022-23, the 2022-23 Budget projects total general fund revenues and transfers of $219.7 billion and authorizes expenditures of $234.4 billion. The State is projected to end the 2022-23 fiscal year with total reserves of $37.2 billion, including $3.5 billion in the traditional general fund reserve, $23.3 billion in the BSA, $9.5 billion in the PSSSA and $900 million in the Safety Net Reserve Fund. The 2022-23 Budget includes deposits to the PSSSA of $3.1 billion, $4 billion and $2.2 billion attributable to fiscal years 2020-21 through 2022-23, respectively.

The 2022-23 Budget sets the minimum funding guarantee in fiscal year 2022-23 at $110.4 billion. The 2022-23 Budget also makes retroactive increases to the minimum funding guarantee in fiscal years 2020-21 and 2021-22, setting them at $96.1 billion and $110.2 billion, respectively. Collectively, this represents a three-year increase in the minimum funding guarantee of $35.8 billion over the level projected by the State budget for fiscal year 2021-22 (the "2021-22 Budget"). Test 1 is projected to be in effect over this three year period.

Other significant features relating to community college district funding include the following:

- *General Apportionments:* An increase of $493 million in ongoing Proposition 98 funding to fund a 6.56% COLA, and an increase of $26.7 million in ongoing Proposition 98 funding to sustain 0.50% enrollment growth. In addition, the May Revision provides an increase of $400 million in ongoing Proposition 98 funding to increase the funding rates for the SCFF Base, Supplemental and Student Success Allocations. Finally, the May Revision provides $200 million to augment the Basic Allocation component of the Base Allocation, in recognition of increasing operating costs.

- *Block Grants*: An increase of $650 million in one-time Proposition 98 funding for discretionary block grants for activities that directly support community college students and mitigate student learning loss related to the COVID-19 pandemic. The 2022-23 Budget also provides an increase of $64 million in one-time Proposition 98 funding to fund a block grant supporting the implementation of equitable placement and completion policies and practices.

- *Retention and Enrollment Strategies:* $150 million in additional one-time Proposition 98 funding to support efforts to bolster community college student retention rates and enrollment, building upon the $120 million in one-time funds provided for such retention and enrollment in the State budget for fiscal year 2021-22.

- *Categorical Programs:* $129.7 million in ongoing Proposition 98 funding to support budget augmentations for a variety of categorical programs. The 2022-23 Budget also provides an increase of approximately $64 million in Proposition 98 funding to fund a COLA for select categorical programs.

- *Equity and Student Success*: The 2022-23 Budget provides a variety of student-focused programmatic investments, including (i) $65 million in one-time Proposition 98 funding to implement certain student transfer reforms, (ii) $30 million in one-time funding to provide stipends to formerly incarcerated individuals, CalWORKS recipients and former foster youth, (iii) $30 million in one-time Proposition 98 funding to establish a Native American student support and success program, (iv) $30 million in ongoing Proposition 98 funding to expand the availability of foster youth support services, (v) $20 million in ongoing Proposition 98 funding for student hunger and homelessness initiatives, (vi) $8 million in ongoing Proposition 98 funding for a student achievement program for Asian American, Native Hawaiian and Pacific Islander students, and (vii) $1.1 million in ongoing Proposition 98 funding for student support charters for African American male students.

- *College Affordability*: An increase of $250 million in ongoing Proposition 98 funding to increase Student Success Completion Grants, which provide financial aid to qualifying students. The 2022-23 Budget also provides an increase of $25 million in ongoing Proposition 98 funding to expand the availability of the California Community College Promise Program, which assists in securing waivers of enrollment fees, to returning community college students. Finally, the 2022-23 Budget provides an increase of $20 million in one-time Proposition 98 funding to support emergency student financial assistance grants to eligible AB 540 students.

- *Workforce Investments*: An increase of $130 million in one-time Proposition 98 funding, available over three fiscal years, to support healthcare-focused vocational pathways for English language learners. The 2022-23 Budget also provides an increase of $45 million in one-time Proposition 98 funding to support an apprenticeship and workforce training program for school food service workers. Finally, the 2022-23 Budget provides an increase of $20.5 million in ongoing Proposition 98 funding to align the apprenticeship program related and supplemental instruction rate with the SFCC credit FTES rate.

- *Technology*: An increase of $100 million in Proposition 98 funding, of which $75 million is one-time and $25 million is ongoing, to modernize community college technology infrastructure, including sensitive data protection efforts. The 2022-23 Budget also provides an increase of $105 million in one-time Proposition 98 funding to support the systemwide implementation of a common course numbering system, and an increase of $25 million in one-time Proposition 98 funding for the procurement and implementation of software that helps students choose their curricular pathway.

- *Facilities*: $403 million in State general obligation bond funding to support community college construction projects. This represents the final installment available to community college districts under Proposition 51. See "CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS – Proposition 51" herein. The 2022-23 Budget also provides an increase of approximately $840.7 million in one-time Proposition 98 funding to address deferred maintenance needs.

- *Student Housing*: The 2021-22 Budget established the Higher Education Student Housing Grant Program to provide grants to community college districts, the California State University and the University of California to construct student housing to acquire and renovate commercial properties into student housing for low-income students. In addition to the $2 billion in one-time State general fund monies provided by the 2021-22 Budget, the 2022-23 Budget provides an additional $200 million in one-time State general fund monies for this program. The 2022-23 Budget also provides approximately $542.1 million in one-time funding for student housing construction grants for specified community college district projects. Finally, the 2022-23 Budget provides $18 million in one-time funding for planning grants at specified community colleges.

- *Faculty Health*: An increase of $200 million in ongoing Proposition 98 funding to expand healthcare coverage provided to part-time faculty.

For additional information regarding the 2022-23 Budget, see the DOF website at www.dof.ca.gov. However, the information presented on such website is not incorporated herein by any reference.

Future Actions and Events. The District cannot predict what additional actions will be taken in the future by the State Legislature and the Governor to address changing State revenues and expenditures. The District also cannot predict the impact such actions will have on State revenues available in the current or future years for education. The State budget will be affected by national and State economic conditions and other factors over which the District will have no control. Certain actions or results could produce a significant shortfall of revenue and cash, and could consequently impair the State's ability to fund schools. The COVID-19 pandemic has already resulted in significant negative economic effects at State and federal levels, and additional negative economic effects are possible, each of which could negatively impact anticipated State revenue levels for fiscal year 2020-21 and beyond. In addition, the pandemic could also result in higher State expenditures, of both a direct nature (such as those related to managing the outbreak) and an indirect nature (such as higher public usage of need-based programs resulting from unemployment or disability). See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" herein. State budget shortfalls in future fiscal years may also have an adverse financial impact on the financial condition of the District. However, the obligation to levy *ad valorem* property taxes upon all taxable property within the Improvement District for the payment of principal of and interest on the Bonds would not be impaired.

THE IMPROVEMENT DISTRICT

General Description

The Board, at its meeting on June 30, 2016, approved a resolution of intention to establish the Improvement District and called a public hearing on the matter. The Boards of Supervisors of the Counties approved resolutions permitting the establishment of the school facilities improvement district by the District. Following the conclusion of a public hearing conducted by the District on July 14, 2016, the Improvement District was established by Board resolution and Chapter 2 of Part 10 of Division 1 of Title 1 of the Education Code, commencing with Section 15300 *et seq*.

With respect to the 2016 Authorization, the District ordered an election of the registered voters residing in the territory of the Improvement District, which was held on November 8, 2016. At this election, 65.15% of the voters voting on the measure voted to approve the issuance of not-to-exceed $502,821,000 principal amount of general obligation bonds for the Improvement District. On June 13, 2017, the District issued on behalf of the Improvement District, Series A Bonds in the aggregate principal amount of $40,225,000. On September 12, 2018, the District issued on behalf of the Improvement District, Series B Bonds in the aggregate principal amount of $71,230,000. On November 10, 2020, the District issued on behalf of the Improvement District, Series C Bonds in the aggregate principal amount of $64,000,000. On November 10, 2020, the District also issued on behalf of the Improvement District, the Kern Community College District Facilities Improvement District No. 1 (Kern, San Bernardino, and Tulare Counties, California) 2020 General Obligation Bond Anticipation Notes in the aggregate principal amount of $52,998,182.50. The Bonds are the fourth issuance of bonds under the 2016 Authorization, and following the issuance thereof, $127,366,000,* of bonds will remain authorized and unissued.

Location and Territory

The Improvement District includes all portions of the District located in the Counties. For fiscal year 2022-23, the assessed valuation of taxable property within the boundaries of the Improvement District is $108,114,302,164, with approximately 91.65% located in the County, 8.04% located in Tulare County, and 0.31% located in San Bernardino County. See "TAX BASE FOR REPAYMENT OF BONDS - Assessed Valuations" herein.

Governing Board

The Board of Trustees of the District serves as the governing board of the Improvement District. See "KERN COMMUNITY COLLEGE DISTRICT – Administration" herein.

KERN COMMUNITY COLLEGE DISTRICT

The information in this section concerning the operations of the District and the District's finances are 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 solely from the revenues generated by an ad

* Preliminary, subject to change.

valorem *property tax levied by the Counties on taxable properties within the Improvement District for the payment thereof. See "THE BONDS – Security and Sources of Payment" herein.*

Introduction

The District provides collegiate level instruction in grades 13 and 14. The District encompasses approximately 24,800 square miles in the Counties and includes most of the County, a small portion of San Bernardino County, the southern portion of Tulare County, and portions of Inyo and Mono Counties. The District was formed in 1961.

The District operates three college campuses – Bakersfield College, Cerro Coso Community College and Porterville College – and seven instructional centers. The Colleges are all fully accredited by the ACCJC. For fiscal year 2020-21, the District has budgeted a FTES count of 24,414.

Unless otherwise indicated, the following financial, statistical and demographic data has been provided by the District. Additional information concerning the District and copies of subsequent audited financial reports of the District may be obtained by contacting: Kern Community College District, Attention: Chancellor, 2100 Chester Avenue, Bakersfield, California 93301, telephone: (661) 336-5134.

Administration

The District is governed by a seven-member Board. The Board's members are elected by the voters of the District in seven trustee areas. Each member of the Board serves a four-year term. Elections for positions to the Board are held every two years, alternating between three and four available positions.

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

BOARD OF TRUSTEES
Kern Community College District

Board Member	Office	Term Expires
Romeo Agbalog	President	December 2024
Nan Gomez-Heitzeberg	Vice President	December 2022
Jack Connell	Clerk	December 2022
John Corkins	Trustee	December 2022
Yovani Jimenez	Trustee	December 2024
Kyle W. Carter	Trustee	December 2022
Kay Meek	Trustee	December 2024

The Chancellor of the District is appointed by the Board and reports to the Board. The Chancellor is responsible for management of the District's day-to-day operations and supervises the work of other key administrators.

Brief biographies of the District's Chancellor and Interim Chief Financial Officer follow:

Dr. Sonya Christian, Chancellor. Dr. Christian began her three-decade career in education at the District in 1991, first as a mathematics professor and later as division chair, then as Dean of Science, Engineering, Allied Health and Mathematics at Bakersfield College. In 2003, Dr. Christian joined Lane Community College in Eugene, Oregon, as associate vice president for instruction, then as vice president of academic and student affairs and chief academic officer. Dr. Christian returned to the District in 2013 as the 10th President of Bakersfield College. Dr. Christian is the Immediate Past Chair of the Accrediting Commission for Community and Junior Colleges (ACCJC), which she chaired from 2020-2022. She currently serves on the boards for the Campaign for College Opportunity, the Greater Bakersfield Chamber of Commerce, the Equity in Policy Implementation Advisory Board, and is the Vice Chair of the California Community Colleges Women's Caucus. Dr. Christian has previously served on the Learning Lab Advisory Council (2020-2022) and Bakersfield Homeless Shelter Board, and was appointed by Governor Newsom in 2018 to the Student Centered Funding Formula Oversight Committee. Dr. Christian earned her bachelor of science degree from University of Kerala in Kerala, India; her master of science in applied mathematics from University of Southern California; and her doctorate from University of California, Los Angeles.

Mike Giacomini, CPA, MBA, Interim Chief Financial Officer. Mr. Giacomini has spent the past twenty-nine years in finance, audit and leadership for a variety of industries with over seventeen and a half years in higher education. His career in education began in 2001 as the Vice President of Finance for Western Culinary Institute in Portland, Oregon. In 2008, he joined Le Cordon Bleu College of Culinary Arts in Seattle, Washington as Campus President and later relocated to take over the largest of the Le Cordon Bleu colleges in Pasadena, California as President. In 2015, Mr. Giacomini joined Platt College in Alhambra, California as President. In 2018, Mr. Giacomini joined the Kern Community College District as the Vice President, Finance and Administrative Services for Bakersfield College and the last seven months as the Interim Chief Financial Officer for the District, where he has been doing both positions. Mr. Giacomini earned his bachelor of science degree from California State University, Chico in business administration with an accounting option; his master of business administration from Colorado Technical University. Mr. Giacomini received his Certified Public Accountant license from the State of California.

Labor Relations

The District currently employs approximately 564.24 FTE certificated employees, 431.42 FTE classified employees and 174.25 FTE management and supervisory employees. These employees, except supervisors, management and some part-time employees, are represented by two bargaining units as noted below.

BARGAINING UNITS
Kern Community College District

Labor Organization	Number of Employees In Organization	Contract Expiration Date
Kern CCD CCA – CTA NEA	282	June 30, 2023
California School Employees Association	306	June 30, 2024

Source: Kern Community College District.

State Retirement Programs

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 Underwriters.

STRS. All full-time certificated employees, as well as certain classified employees, are members of the State Teachers' Retirement System ("STRS"). STRS provides retirement, disability and survivor benefits to plan members and beneficiaries under a defined benefit program (the "STRS Defined Benefit Program"). The STRS Defined Benefit Program is funded through a combination of investment earnings and statutorily set contributions from three sources: employees, employers, and the State. Benefit provisions and contribution amounts are established by State statutes, as legislatively amended from time to time.

Prior to fiscal year 2014-15, and unlike typical defined benefit programs, none of the employee, employer nor State contribution rates to the STRS Defined Benefit Program varied annually to make up funding shortfalls or assess credits for actuarial surpluses. In recent years, the combined employer, employee and State contributions to the STRS Defined Benefit Program have not been sufficient to pay actuarially required amounts. As a result, and due to significant investment losses, the unfunded actuarial liability of the STRS Defined Benefit Program has increased significantly in recent fiscal years. In September 2013, STRS projected that the STRS Defined Benefit Program would be depleted in 31 years assuming existing contribution rates continued, and other significant actuarial assumptions were realized. In an effort to reduce the unfunded actuarial liability of the STRS Defined Benefit Program, the State passed the legislation described below to increase contribution rates.

Prior to July 1, 2014, K-14 school districts were required by such statutes to contribute 8.25% of eligible salary expenditures, while participants contributed 8% of their respective salaries. On June 24, 2014, the Governor signed AB 1469 ("AB 1469") into law as a part of the State's fiscal year 2014-15 budget. 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. Commencing July 1, 2014, the employee contribution rate increased over a three-year phase-in period in accordance with the following schedule:

MEMBER CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	STRS Members Hired Prior to January 1, 2013	STRS Members Hired After January 1, 2013
July 1, 2014	8.150%	8.150%
July 1, 2015	9.200	8.560
July 1, 2016	10.250	9.205

Source: AB 1469.

Pursuant to the Reform Act, the contribution rates for members ("PEPRA Members") hired after the Implementation Date (defined below) will be adjusted if the normal cost increases by more than 1% since the last time the member contribution was set. The contribution rate for employees ("Classic Members") hired before the Implementation Date increased from 9.205% of creditable compensation for fiscal year commencing July 1, 2017 to 10.205% of creditable compensation effective July 1, 2018. For fiscal year commencing July 1, 2021, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members. For fiscal year commencing July 1, 2022, the contribution rate is 10.250% for Classic Members and 10.205% for PEPRA Members.

Pursuant to AB 1469, K-14 school districts' contribution rate increased over a seven-year phase-in period in accordance with the following schedule:

K-14 SCHOOL DISTRICT CONTRIBUTION RATES
STRS (Defined Benefit Program)

Effective Date	K-14 school districts
July 1, 2014	8.88%
July 1, 2015	10.73
July 1, 2016	12.58
July 1, 2017	14.43
July 1, 2018	16.28
July 1, 2019	18.13
July 1, 2020	19.10

Source: AB 1469.

Based upon the recommendation from its actuary, for fiscal year 2021-22 and each fiscal year thereafter the STRS Teachers' Retirement Board (the "STRS Board"), is required to increase or decrease the K-14 school districts' contribution rate to reflect the contribution required to eliminate the remaining 2014 Liability by June 30, 2046; provided that the rate cannot change in any fiscal year by more than 1% of creditable compensation upon which members' contributions to the STRS Defined Benefit Program are based; and provided further that such contribution rate cannot exceed a maximum of 20.25%. In addition to the increased contribution rates discussed above, AB 1469 also requires the STRS Board to report to the State Legislature every five years (commencing with a report due on or before July 1, 2019) on the fiscal health of the STRS Defined Benefit Program and the unfunded actuarial obligation with respect to service credited to members of that program before July 1, 2014. The reports are also required to identify adjustments required in contribution rates for K-14 school districts and the State in order to eliminate the 2014 Liability.

On June 27, 2019, the Governor signed SB 90 ("SB 90") into law as a part of the 2019-20 Budget. Pursuant to SB 90, the State Legislature appropriated $2.246 billion to be transferred to the Teacher's Retirement Fund for the STRS Defined Benefit Program to pay in advance, on behalf of employers, part of the contributions required for fiscal years 2019-20 and 2020-21, resulting in K-14 school districts having to contribute 1.03% less in fiscal year 2019-20 and 0.70% less in fiscal year 2020-21, resulting in employer contribution rates of 17.1% in fiscal year 2019-20 and 18.4% in fiscal year 2020-21. In addition, the State made a contribution of $1.117 billion to be allocated to reduce the employer's share of the unfunded actuarial obligation determined by the STRS Board upon recommendation from its actuary. This additional payment was reflected in the June 30, 2020 actuarial valuation. Subsequently, the State's 2020-21 Budget redirected $2.3 billion previously appropriated to STRS and PERS pursuant to SB 90 for long-term unfunded liabilities to further reduce the employer contribution rates in fiscal year 2020-21 and 2021-22. As a result, the effective employer contribution rate was 16.15% in fiscal year 2020-21 and is 16.92% in fiscal year 2021-22. See also "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance" herein. The employer contribution rate will be 19.1% in fiscal year 2022-23.

The District's contributions to STRS were $7,862,920 in fiscal year 2017-18, $8,107,330 in fiscal year 2018-19, and $18,500,000 in fiscal year 2019-20, $16,800,000 in fiscal year 2020-21, and $11,100,000 (unaudited) in fiscal year 2021-22. The District currently projects $14,300,000 for its contribution to STRS for fiscal year 2022-23.

The State also contributes to STRS, currently in an amount equal to 8.328% for fiscal year 2021-22, and 8.328% for fiscal year 2022-23. The State's contribution reflects a base contribution rate of 2.017%, and a supplemental contribution rate that will vary from year to year based on statutory criteria. Based upon the recommendation from its actuary, for fiscal year 2017-18 and each fiscal year thereafter, the STRS Board is required, with certain limitations, to increase or decrease the State's contribution rates to reflect the contribution required to eliminate the unfunded actuarial accrued liability attributed to benefits in effect before July 1, 1990. However, the maximum increase or decrease in a given year is limited to 0.5% of payroll under the STRS valuation policy.

In addition, the State is currently required to make an annual general fund contribution up to 2.5% of the fiscal year covered STRS member payroll to the Supplemental Benefit Protection Account (the "SBPA"), which was established by statute to provide supplemental payments to beneficiaries whose purchasing power has fallen below 85% of the purchasing power of their initial allowance.

PERS. Classified employees working four or more hours per day are members of the Public Employees' Retirement System ("PERS"). PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the State statutes, as legislatively amended from time to time. PERS operates a number of retirement plans including the Public Employees Retirement Fund ("PERF"). PERF is a multiple-employer defined benefit retirement plan. In addition to the State, employer participants at June 30, 2021 included 1,608 public agencies and 1,329 K-14 school districts and charter schools. PERS acts as the common investment and administrative agent for the member agencies. The State and K-14 school districts (for "classified employees," which generally consist of school employees other than teachers) are required by law to participate in PERF. Employees participating in PERF generally become fully vested in their retirement benefits earned to date after five years of credited service. One of the plans operated by PERS is for K-14 school districts throughout the State (the "Schools Pool").

Contributions by employers to the Schools Pool are based upon an actuarial rate determined annually and contributions by plan members vary based upon their date of hire. Pursuant to SB 90, the State Legislature appropriated $904 million to the Schools Pool, including transfers in fiscal years 2019-20 and 2020-21 to the Public Employees Retirement Fund to pay, in advance on behalf of K-14 school district employers, part of the contributions required for K-14 school district employers for such fiscal years, as well as additional amounts to be applied toward certain unfunded liabilities for K-14 school district employers. In June 2020, SB 90 was amended by Assembly Bill 84/Senate Bill 111 ("AB 84"). Under AB 84, $144 million of the State contribution under SB 90 was deemed to satisfy a portion of the State's required contribution in fiscal year 2019-20, and the amounts previously allocated toward future liabilities were redirected such that, $430 million will satisfy a portion of the employer contribution rate in fiscal year 2020-21, and $330 million will satisfy a portion of the employer contribution rate in fiscal year 2021-22. As a result of the payments made by the State pursuant to SB 90, as amended by AB 84, the employer contribution rate was 19.721% for fiscal year 2019-20, 20.7% in fiscal year 2020-21, and 22.91% for fiscal year 2021-22. See also "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – State Assistance" herein. The employer contribution rate will be 25.37% in fiscal year 2022-23. Classic Members contribute at a rate established by statute, which is 7% of their respective salaries in fiscal year 2021-22 and will be 7% in fiscal year 2022-23, while PEPRA Members contribute at an actuarially determined rate, which is 7% in fiscal year 2021-22 and will be 8% in fiscal year 2022-23. Due primarily to the change in the discount rate, the total normal cost of PEPRA Members changed by more than 1% of payroll relative to fiscal year 2021-22, which required the PEPRA Member contribution rate to be adjusted to equal 50% of the total normal cost of 15.91% in fiscal year 2022-23. See "—California Public Employees' Pension Reform Act of 2013" herein.

The District's contributions to PERS were $5,122,096 in fiscal year 2017-18, $6,519,778 in fiscal year 2018-19, and $7,500,000 in fiscal year 2019-20, $7,800,000 in fiscal year 2020-21, and $8,600,000 (unaudited) in fiscal year 2021-22. The District currently projects $11,200,000 for its contribution to PERS for fiscal year 2022-23.

State Pension Trusts. Each of STRS and PERS issues a separate comprehensive financial report that includes financial statements and required supplemental information. Copies of such financial reports may be obtained from each of STRS and PERS as follows: (i) STRS, P.O. Box 15275, Sacramento, California 95851-0275; (ii) PERS, P.O. Box 942703, Sacramento, California 94229-2703. Moreover, each of STRS and PERS maintains a website, as follows: (i) STRS: www.calstrs.com; (ii) PERS: www.calpers.ca.gov. However, the information presented in such financial reports or on such websites is not incorporated into this Official Statement by any reference.

Both STRS and PERS have substantial statewide unfunded liabilities. The amount of these unfunded liabilities will vary depending on actuarial assumptions, returns on investments, salary scales and participant contributions. The following table summarizes information regarding the actuarially-determined accrued liability for both STRS and PERS. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may not materialize or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

[REMAINDER OF PAGE LEFT BLANK]

FUNDED STATUS
STRS (Defined Benefit Program) and PERS (Schools Pool)
(Dollar Amounts in Millions)[(1)]
Fiscal Years 2010-11 through 2020-21

STRS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)[(2)]	Unfunded Liability (MVA)[(2)]	Value of Trust Assets (AVA)[(3)]	Unfunded Liability (AVA)[(3)]
2010-11	$208,405	$147,140	$68,365	$143,930	$64,475
2011-12	215,189	143,118	80,354	144,232	70,957
2012-13	222,281	157,176	74,374	148,614	73,667
2013-14	231,213	179,749	61,807	158,495	72,718
2014-15	241,753	180,633	72,626	165,553	76,200
2015-16	266,704	177,914	101,586	169,976	96,728
2016-17	286,950	197,718	103,468	179,689	107,261
2017-18	297,603	211,367	101,992	190,451	107,152
2018-19	310,719	225,466	102,636	205,016	105,703
2019-20	322,127	233,253	107,999	216,252	105,875
2020-21	332,082	292,980	60,136	242,363	89,719

PERS

Fiscal Year	Accrued Liability	Value of Trust Assets (MVA)	Unfunded Liability (MVA)	Value of Trust Assets (AVA)[(3)]	Unfunded Liability (AVA)[(3)]
2010-11	$58,358	$45,901	$12,457	$51,547	$6,811
2011-12	59,439	44,854	14,585	53,791	5,648
2012-13	61,487	49,482	12,005	56,250	5,237
2013-14	65,600	56,838	8,761	--[(4)]	--[(4)]
2014-15	73,325	56,814	16,511	--[(4)]	--[(4)]
2015-16	77,544	55,785	21,759	--[(4)]	--[(4)]
2016-17	84,416	60,865	23,551	--[(4)]	--[(4)]
2017-18	92,071	64,846	27,225	--[(4)]	--[(4)]
2018-19[(5)]	99,528	68,177	31,351	--[(4)]	--[(4)]
2019-20[(6)]	104,062	71,400	32,662	--[(4)]	--[(4)]
2020-21	110,507	86,519	23,988	--[(4)]	--[(4)]

(1) Amounts may not add due to rounding.

(2) Reflects market value of assets, including the assets allocated to the SBPA reserve. Since the benefits provided through the SBPA are not a part of the projected benefits included in the actuarial valuations summarized above, the SBPA reserve is subtracted from the STRS Defined Benefit Program assets to arrive at the value of assets available to support benefits included in the respective actuarial valuations.

(3) Reflects actuarial value of assets.

(4) Effective for the June 30, 2014 actuarial valuation, PERS no longer uses an actuarial value of assets.

(5) For fiscal year 2020-21, the additional $430 million State contribution made pursuant to AB 84 did not directly impact the actuarially determined contribution as it was not yet in the Schools Pool by the June 30, 2019 actuarial valuation date. The additional State contribution was treated as an advance payment toward the unfunded accrued liability contribution with required employer contribution rate correspondingly reduced.

(6) For fiscal year 2021-22, the impact of the additional $330 million State contribution made pursuant to AB 84 is directly reflected in the actuarially determined contribution, because the additional payment was in the Schools Pool as of the June 30, 2020 actuarial valuation date, which served to reduce the required employer contribution rate by 2.16% of payroll.

Source: PERS Schools Pool Actuarial Valuation; STRS Defined Benefit Program Actuarial Valuation.

The STRS Board has sole authority to determine the actuarial assumptions and methods used for the valuation of the STRS Defined Benefit Program. Based on the multi-year STRS Experience Analysis (spanning from July 1, 2010, through June 30, 2015) (the "2017 Experience Analysis"), on February 1, 2017, the STRS Board adopted a new set of actuarial assumptions that reflect member's increasing life expectancies and current economic trends. These new assumptions were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2016 (the "2016 STRS Actuarial Valuation"). The new actuarial assumptions include, but are not limited to: (i) adopting a generational mortality methodology to reflect past improvements in life expectancies and provide a more dynamic assessment of future life spans, (ii) decreasing the investment rate of return (net of investment and administrative expenses) to 7.25% for the 2016 STRS Actuarial Valuation and 7.00% for the June 30, 2017 actuarial evaluation, and (iii) decreasing the projected wage growth to 3.50% and the projected inflation rate to 2.75%.

Based on the multi-year CalSTRS Experience Analysis (spanning from July 1, 2015, through June 30, 2018) (the "2020 Experience Analysis"), on January 31, 2020, the STRS Board adopted a new set of actuarial assumptions that were first reflected in the STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2019 (the "2019 STRS Actuarial Valuation"). While no changes were made to the actuarial assumptions discussed above, which were established as a result of the 2017 Experience Analysis, certain demographic changes were made, including: (i) lowering the termination rates to reflect a continued trend of lower than expected teachers leaving their employment prior to retirement, and (ii) adopting changes to the retirement rates for both Classic Members and PEPRA Members to better reflect the anticipated impact of years of service on retirements. The 2021 STRS Actuarial Valuation (defined below) continues using the Entry Age Normal Actuarial Cost Method.

The STRS Defined Benefit Program Actuarial Valuation, as of June 30, 2021 (the "2021 STRS Actuarial Valuation") reports that the unfunded actuarial obligation decreased by $16.1 billion since the 2020 STRS Actuarial Valuation and the funded ratio, based on an actuarial value of assets, increased by 5.9% to 73.0% over such time period. The increase in the funded ratio is primarily due to a greater than expected investment return (27.2% in fiscal year 2021-22), salary increases less than assumed, additional State contributions, and contributions to pay down the unfunded actuarial obligation under the STRS Board's valuation policy. The full impact of the 27.2% investment return will take three years to be reflected in the contribution rates, since STRS uses an actuarial value of assets which smooths the volatility of investment returns by reflecting only one-third of the net accumulated investment gains or losses in a year. The STRS Board has no authority to adjust rates to pay down the portion of the unfunded actuarial obligation related to service accrued on or after July 1, 2014 for member benefits adopted after 1990 (the "Unallocated UAO"). There was a decrease in the Unallocated UAO from $377 million as of June 30, 2020, to a negative $469 million as of June 30, 2021.

According to the 2021 STRS Actuarial Valuation, the future revenues from contributions and appropriations for the STRS Defined Benefit Program are projected to be approximately sufficient to finance its obligations with a projected ending funded ratio in fiscal year ending June 30, 2041 of 101.0%. This finding assumes additional increases in the scheduled contribution rates allowed under the current law will be made, the future recognition of the currently deferred asset gains, and is based on the valuation assumptions and valuation policy adopted by the STRS Board, including a 7.00% investment rate of return assumption.

On July 29, 2022, STRS reported a net return on investments of negative 1.3% for fiscal year 2021-22, ending with the total fund value of $301.6 billion as of June 30, 2022. The 2021-22 return is the first negative return since 2009, which reflects the ongoing volatility in the global financial markets impacted by inflation, rising interest rates, COVID-19 and the war in Ukraine. Due in part to the 27.2% return in fiscal year 2020-21, STRS remains in position to be fully funded by 2046.

On November 5, 2021, STRS released is 2021 Review of Funding Levels and Risks, which is based on the June 30, 2020 annual valuation of the STRS Defined Benefit Program and reflects the 27.2% investment return reported in fiscal year 2020-21, but does not take into account the negative 1.3% net return on investments for fiscal year 2021-22. The key results and findings noted in the STRS 2021 Review of Funding Levels and Risks were that (i) the State's share of the STRS unfunded obligation was projected to be eliminated by June 30, 2023, (ii) long term contribution levels for employers are expected to be higher than previously estimated in prior actuarial valuations, (iii) anticipated decreases in enrollment in K-12 public schools could lead to future declines in the size of the active membership, resulting in lower than anticipated payroll growth, which could require contribution rate increases, especially for employers, (iv) the largest risk facing STRS ability to reach full funding remains investment-related risk, especially considering the STRS Defined Benefit Program continues to mature, which will increase the systems sensitivity to investment experience, (v) a recession resulting in a period of low investment returns and a decline in the size of the active membership could hurt STRS ability to reach full funding, and (vi) the ability of the funding plan to allow STRS to reach full funding is dependent on STRS meeting its current actuarial assumptions over the long term. The STRS 2021 Review of Funding Levels and Risks, noted that COVID-19 has impacted the three most significant risks facing STRS, the longevity risk, the risk of a decline in payroll and the investment-related risk, and will likely continue to impact these risks both in the short term and the long term. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" herein.

Between 2019 and 2020, the number of teachers actively working dropped from 451,000, to about 448,000. Between 2020 and 2021, the number of active teachers continued to drop to about 429,000, which resulted in a payroll that has remained flat, below the 3.5% annual payroll growth assumption. The number of service retirements for fiscal year 2020-21 was approximately 8% higher than the previous fiscal year. The STRS 2021 Review of Funding Levels and Risks notes that, while an increase in retirements would normally not impact long-term funding, decisions made by employers about whether to replace the teachers who have retired can impact STRS ability to reach full funding by 2046, especially if it leads to an overall reduction in the number of teachers working in the State and a reduction in total payroll. The STRS 2021 Review of Funding Levels and Risks, also notes that another area of particular concern related to payroll growth and the number of teachers in the State is the decreasing population of children enrolled in K-12 schools in the State. Total enrollment in public schools in the State dropped 160,000 in fiscal year 2020-21, or a 2.6% reduction, the largest ever drop in enrollment in a single year. Several factors contributed to the drop of enrollment in fiscal year 2020-21, including the increase in the number of students enrolled in private schools during the COVID-19 pandemic. The STRS 2021 Review of Funding Levels and Risks notes that it is unclear whether the decrease in overall enrollment is permanent or simply a temporary effect of the COVID-19 pandemic. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA – Considerations Regarding COVID-19" herein.

In June 2021, the State updated its projection of K-12 enrollment for the State, which assumes the number of children enrolled in K-12 schools will decline approximately 9% over the next 10 years.

In recent years, the PERS Board of Administration (the "PERS Board") has taken several steps, as described below, intended to reduce the amount of the unfunded accrued actuarial liability of its plans, including the Schools Pool.

On March 14, 2012, the PERS Board voted to lower the PERS' rate of expected price inflation and its investment rate of return (net of administrative expenses) (the "PERS Discount Rate") from 7.75% to 7.5%. On February 18, 2014, the PERS Board voted to keep the PERS Discount Rate unchanged at 7.5%. On November 17, 2015, the PERS Board approved a new funding risk mitigation policy to incrementally lower the PERS Discount Rate by establishing a mechanism whereby such rate is reduced by a minimum of 0.05% to a maximum of 0.25% in years when investment returns outperform the existing PERS Discount Rate by at least four percentage points. On December 21, 2016, the PERS Board voted to lower the PERS Discount Rate to 7.0% over a three-year phase-in period in accordance with the following schedule: 7.375% for the June 30, 2017 actuarial valuation, 7.25% for the June 30, 2018 actuarial valuation and 7.00% for the June 30, 2019 actuarial valuation. The new discount rate went into effect July 1, 2017 for the State and July 1, 2018 for K-14 school districts and other public agencies. Lowering the PERS Discount Rate means employers that contract with PERS to administer their pension plans will see increases in their normal costs and unfunded actuarial liabilities. Active members hired after January 1, 2013, under the Reform Act (defined below) will also see their contribution rates rise. The PERS Funding Risk Mitigation Policy recently triggered an automatic decrease of 0.2% in the PERS Discount Rate due to the investment return in fiscal year 2020-21, lowering such rate to 6.8%.

On April 17, 2013, the PERS Board approved new actuarial policies aimed at returning PERS to fully-funded status within 30 years. The policies included a rate smoothing method with a 30-year fixed amortization period for gains and losses, a five-year increase of public agency contribution rates, including the contribution rate at the onset of such amortization period, and a five-year reduction of public agency contribution rates at the end of such amortization period. The new actuarial policies were first included in the June 30, 2014 actuarial valuation and were implemented with respect the State, K-14 school districts and all other public agencies in fiscal year 2015-16.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting (i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

Also, on February 20, 2014, the PERS Board approved new demographic assumptions reflecting(i) expected longer life spans of public agency employees and related increases in costs for the PERS system and (ii) trends of higher rates of retirement for certain public agency employee classes, including police officers and firefighters. The new actuarial assumptions were first reflected in the Schools Pool in the June 30, 2015 actuarial valuation. The increase in liability due to the new assumptions will be amortized over 20 years with increases phased in over five years, beginning with the contribution requirement for fiscal year 2016-17. The new demographic assumptions affect the State, K-14 school districts and all other public agencies.

The PERS Board is required to undertake an experience study every four years under its Actuarial Assumptions Policy and State law. As a result of the most recent experience study, on November 17, 2021 (the "2021 Experience Study"), the PERS Board approved new actuarial assumptions, including (i) lowering the inflation rate to 2.30% per year, (ii) increasing the assumed real wage inflation assumption to 0.5%, which results in a total wage inflation of 2.80%, (iii) increasing the payroll growth rate to 2.80%, and (iv) certain changes to demographic assumptions relating to modifications to the mortality rates, retirement rates, and disability rates (both work and non-work related), and rates of salary increases due to seniority and promotion. These actuarial assumptions will be incorporated into the actuarial valuation for fiscal year ending June 30, 2021 and will first impact contribution rates for school districts in fiscal year 2022-23. Based on the timing of the study, the member data used in the analysis, which runs through June 30, 2019, does not include the impacts of COVID-19. Preliminary analysis of the system experience since the beginning of the pandemic has shown demographic experience (e.g. retirements, deaths, etc.) did differ from the current actuarial assumptions in some areas, which will be more precisely quantified in future actuarial valuations. However, as of November 2021, PERS did not believe that the demographic impacts of COVID-19 would have a material impact on the system experience going forward.

On November 15, 2021, the PERS Board selected a new asset allocation mix through its periodic Asset Liability Management Study that will guide the fund's investment portfolio for the next four years, retained the current 6.8% discount rate, and approved adding 5% leverage to increase diversification. The new asset allocation takes effect July 1, 2022 and will impact contribution rates for employers and PEPRA employees beginning in fiscal year 2022-23.

The Schools Pool Actuarial Valuation as of June 30, 2021 (the "2021 PERS Actuarial Valuation"), reported that from June 30, 2020 to June 30, 2021 the funded ratio of the Schools Pool increased by 9.7% (from 68.6% to 78.3%), which was primarily due to investment return in 2020-21 being greater than expected, offset partially by the reduction in discount rate from 7.00% to 6.80%. On July 12, 2021 PERS reported a preliminary 21.3% net return on investments for fiscal year 2021. Since the preliminary return sufficiently exceeded the 7.00% discount rate, the Funding Risk Mitigation Policy triggered a 0.20% reduction in the discount rate, from 7.00% to 6.8%. Pursuant to the Funding Risk Mitigation and Actuarial Amortization policies, a portion of the investment gain was used to fully offset the increase in unfunded liability resulting from the decrease in discount rate. The remaining net investment gain was amortized over 20 years with a five-year ramp. The 2021 PERS Actuarial Valuation reports that the contribution rate for fiscal year 2023-24 is projected to be 27.0%, the contribution rate for fiscal year 2024-25 is projected to be 28.1%, the contribution rate for fiscal year 2025-26 is projected to be 28.8%, the contribution rate for fiscal year 2026-27 is projected to be 29.2%, and the contribution rate for fiscal year 2027-28 is projected to be 30.7%. The projected contribution rates in the 2021 PERS Actuarial Valuation reflect an investment loss for fiscal year 2021-22 based on preliminary investment return information released by the PERS Investment Office, adjusted to reflect final audited Jun 30, 2021 assets. Further, projected rates reflect the anticipated decrease in normal cost due to new hires entering lower cost benefit tiers. The projections assume that all actuarial assumptions will be realized and that no further changes to assumptions, contributions, benefits or funding will occur during the projection period. Future contribution requirements may differ significantly. The actual long-term cost of the plan will depend on the actual benefits and expenses paid and the actual investment experience of the fund.

On July 20, 2022, PERS reported a preliminary net return on investment of negative 6.1% for fiscal year 2021-22. PERS noted that volatile global financial markets, geopolitical instability, domestic interest rate hikes, and inflation all had an impact on the investment return. The final investment return for fiscal year 2021-22 will be calculated based on audited figures and will be reflected in contribution levels for the State and employers in fiscal year 2023-24.

The District can make no representations regarding the future program liabilities of STRS, or whether the District will be required to make additional contributions to STRS in the future above those amounts required under AB 1469. The District can also provide no assurances that the District's required contributions to PERS will not increase in the future.

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 (the "Reform Act"), which makes changes to both STRS and PERS, most substantially affecting new employees hired after January 1, 2013 (the "Implementation Date"). For PEPRA Members, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor (the age factor is the percent of final compensation to which an employee is entitled for each year of service) from age 60 to 62 and increasing the eligibility of the maximum age factor of 2.4% from age 63 to 65. Similarly, for non-safety PERS participants hired after the Implementation Date, the Reform Act changes the normal retirement age by increasing the eligibility for the 2% age factor from age 55 to 62 and increases the eligibility requirement for the maximum age factor of 2.5% to age 67. Among the other changes to PERS and STRS, the Reform Act also: (i) requires all new participants enrolled in PERS and STRS after the Implementation Date to contribute at least 50% of the total annual normal cost of their pension benefit each year as determined by an actuary, (ii) requires STRS and PERS to determine the final compensation amount for employees based upon the highest annual compensation earnable averaged over a consecutive 36-month period as the basis for calculating retirement benefits for new participants enrolled after the Implementation Date (previously 12 months for STRS members who retire with 25 years of service), and (iii) caps "pensionable compensation" for new participants enrolled after the Implementation Date at 100% of the federal Social Security contribution (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers) and benefit base for members participating in Social Security or 120% for members not participating in social security (to be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers), while excluding previously allowed forms of compensation under the formula such as payments for unused vacation, annual leave, personal leave, sick leave, or compensatory time off.

GASB Statement Nos. 67 and 68. On June 25, 2012, GASB approved Statements Nos. 67 and 68 ("Statements") with respect to pension accounting and financial reporting standards for state and local governments and pension plans. The new Statements, No. 67 and No. 68, replaced GASB Statement No. 27 and most of Statements No. 25 and No. 50. The changes impact the accounting treatment of pension plans in which state and local governments participate. Major changes include: (1) the inclusion of unfunded pension liabilities on the government's balance sheet (previously, such unfunded liabilities are typically included as notes to the government's financial statements); (2) more components of full pension costs being shown as expenses regardless of actual contribution levels; (3) lower actuarial discount rates being required to be used for underfunded plans in certain cases for purposes of the financial statements; (4) closed amortization periods for unfunded liabilities being required to be used for certain purposes of the financial statements; and (5) the difference between expected and actual investment returns being recognized over a closed five-year smoothing period. In addition, according to GASB, Statement No. 68 means that, for pensions within the scope of the Statement, a cost-sharing employer that does not have a special funding situation is required to recognize a net pension liability, deferred outflows of resources, deferred inflows of resources related to pensions and pension expense based on its proportionate share of the net pension liability for benefits provided through the pension plan. Because the accounting standards do not require changes in funding policies, the full extent of the effect of the new standards on the District is not known at this time. The reporting requirements for pension plans took effect for the fiscal year beginning July 1, 2013 and the reporting requirements for government employers, including the District, took effect for the fiscal year beginning July 1, 2014.

The District's share of the net pension liabilities, pension expense and deferred inflow and outflow of resources for STRS and PERS, as of June 30, 2021, are as shown in the following table.

Pension Plan	Net Pension Obligation	Deferred Outflow of Resources	Deferred Inflow of Resources	Net Pension Expense
STRS	$113,383,530	$40,081,831	$4,615,940	$17,338,950
PERS	80,025,758	15,497,517	1,064,503	15,666,005
Total	$193,409,288	$55,579,348	$5,680,443	$33,004,955

For more information, see "APPENDIX B – 2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 9" attached hereto.

Other Post-Employment Healthcare Benefits

Plan Description. The Kern Community College District Postretirement Health Benefits Plan (the "Plan") is a pooled benefit plan administered by the District. The Plan provides postemployment healthcare benefits for eligible employees who retire with STRS or PERS pension benefits immediately upon termination of employment at the District (the "Benefits"). Based on date of hire and years of service, eligible employees who retire receive a District premium contribution for a qualifying medical and dental plan to the age of 65. The Benefits may be continued for the lifetime of a surviving spouse and for other dependents as long as they are entitled to coverage under the eligibility rules and the related premiums are not District paid. As of August 31, 2022, the District had 1,072 active Plan members, and 405 retirees currently receiving the Benefits.

Funding Policy. The District's required Plan contribution is based on a projected pay-as-you-go financing basis, to cover the cost of Benefits for current retirees, with an additional amount to prefund the District's accrued liability with respect to the Benefits. The District has created a GASB-qualifying irrevocable trust (the "OPEB Trust"), into which the District has deposited amounts to prefund its accrued liability with respect to the Benefits. The District funded the OPEB Trust with the proceeds of its OPEB Bonds (as defined herein), which it issued in 2008. See "- District Debt Structure – OPEB Bonds" herein. As of June 30, 2021, the OPEB Trust had total assets valued at $76,100,000 and, as of June 30, 2022, the OPEB Trust had total assets valued at $69,500,000. The District has budgeted a contribution of $1,500,000 to the OPEB Trust in fiscal year 2022-23. The District takes disbursements from the OPEB Trust to cover the cost of premiums. See also "APPENDIX B – THE DISTRICT'S 2020-21 AUDITED FINANCIAL STATEMENTS – Note 10" attached hereto.

GASB Statement Nos. 74 and 75. On June 2, 2015, GASB approved *GASB Statement #74, Financial Reporting for Postemployment Benefit Plans Other Than Pensions* ("GASB 74") and *GASB Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75") with respect to pension accounting and financial reporting standards for public sector post-retirement benefit programs and the employers that sponsor them. GASB 74 replaces GASB Statements No. 43 and 57 and GASB 75 replaces GASB 45.

Most of GASB 74 applies to plans administered through trusts, contributions in which contributions are irrevocable, trust assets are dedicated to providing other post–employment benefits to plan members and trust assets are legally protected from creditors. GASB 74 and GASB 75 will require a liability for OPEB obligations, known as the Net OPEB Liability (the "NOL"), to be recognized on the balance sheet of the plan and the participating employer's financial statements. In addition, an OPEB expense (service cost plus interest on total OPEB liability plus current-period benefit changes minus member contributions minus assumed earning on plan investments plus administrative expenses plus recognition of deferred outflows minus recognition of deferred inflows) will be recognized in the income statement of the participating employers. In the notes to its financial statements, employers providing other post-employment benefits will also have to include information regarding the year-to-year change in the NOL and a sensitivity analysis of the NOL to changes in the discount rate and healthcare trend rate. The required supplementary information will also be required to show a 10-year schedule of the plan's NOL reconciliation and related ratios, and any actuarially determined contributions and investment returns.

Under GASB 74, the measurement date must be the same as the plan's fiscal year end, but the actuarial valuation date may be any date up to 24 months prior to the measurement date. For the Total OPEB Liability (the "TOL"), if the valuation date is before the measurement date, the results must be projected forward from the valuation date to the measurement date using standard actuarial roll-forward techniques. For plans that are unfunded or have assets insufficient to cover the projected benefit payments, a discount rate reflecting a 20-year tax-exempt municipal bond yield or index rate must be used. For plans with assets that meet the GASB 74 requirements, a projection of the benefit payments and future Fiduciary Net Position (the "FNP") is performed based on the funding policy and assumptions of the plan, along with the methodology specified in GASB. The FNP measures the value of trust assets, adjusted for payees and receivables.

GASB 74 has an effective date for plan fiscal years beginning after June 15, 2016, and was first recognized in the District's financial statements for fiscal year 2016-17. GASB 75 has an effective date for employer fiscal years beginning after June 15, 2017, and the District first recognized GASB 75 in its financial statements for fiscal year 2017-18. See also "APPENDIX B –2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 9" attached hereto.

Actuarial Study. The District has implemented GASB 74 and GASB 75 (discussed above), pursuant to which the District has commissioned and received an actuarial study of its liability with respect to the Benefits. The new GASB 74 and GASB 75 require biennial actuarial valuations for all plans. The most recent actuarial study, dated October 12, 2022 (the "Study"), concluded that, as of a June 30, 2018 measurement date, with a June 30, 2018 valuation date, the TOL with respect to such Benefits was $67,700,000, the Plan FNP was $69,500,000, and the NOL was $1,800,000. The TOL is the amount of the actuarial present value of projected Benefits payments attributable to employees' past service based on the actuarial cost method used. The FNP are the net assets (liability) of the qualifying irrevocable trust or equivalent arrangement. The NOL is the TOL minus the FNP. For more information regarding the District's other post-employment benefit liability, see "APPENDIX B – 2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 9" attached hereto.

Risk Management

The District participates in joint powers agreements ("JPAs") with the Self-Insured Schools of California Workers' Compensation Program (SISC I), Statewide Association of Community Colleges ("SWACC"), and Self-Insured Schools of California Health Benefits Program (SISC III). SISC I, SISC III, and SWACC arrange for and provide insurance for their respective member districts. SISC and SWACC groups are governed by boards consisting of representatives from member districts, and the boards control the operations of SISC and SWACC independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in SISC and SWACC.

Property and Liability coverage includes property, liability/auto, crime, cyber and boiler/machinery insurance. Liability losses in excess of the District's $5,000 self-insured retention amount is covered up to $1 million per occurrence. Liability coverage above the $1 million level up to $50 million is covered by Schools Association for Excess Risk (SAFER). Property losses in excess of the District's $5,000 retention amount are covered up to $250,000 per occurrence. Property coverage above the $250,000 level up to $250 million is afforded by multiple reinsurance carriers. There has been no significant reduction in any of the insurance coverages from prior year, and settled claims resulting from these programs have not exceeded insurance coverage in each of the past three fiscal years.

For additional information, see "APPENDIX B – THE DISTRICT'S 2020-21 AUDITED FINANCIAL STATEMENTS – Note 12" attached hereto.

Accounting Practices

The accounting policies of the District conform to generally accepted accounting principles in accordance with policies and procedures of the California Community College Budget and Accounting Manual. This manual, according to Education Code Section 84030, is to be followed by all State community college districts. GASB has released (i) Statement No. 34, which is effective for the District and makes changes in the annual financial statements for all governmental agencies in the United States, especially in recording of fixed assets and their depreciation, and in the way the report itself is formatted, and (ii) Statement No. 35, which is effective for the District and makes changes in the required content and format of annual financial statements for public colleges and universities. Revenues are recognized in the period in which they become both measurable and available to finance expenditures of the current fiscal period. Expenditures are recognized in the period in which the liability is incurred.

General Fund Budgeting

The table on the following page shows the District's combined restricted and unrestricted general fund budgets for fiscal years 2018-19 through 2022-23, unaudited actuals for fiscal years 2018-19 through 2021-22.

[REMAINDER OF PAGE LEFT BLANK]

GENERAL FUND BUDGETING[1]
Fiscal Years 2018-19 through 2022-23
Kern Community College District

	2018-19		2019-20		2020-21		2021-22		2022-23
REVENUES:	Budgeted[2]	Unaudited[2]	Budgeted[2]	Unaudited[2]	Budgeted[2]	Unaudited[2]	Budgeted[2]	Unaudited[2]	Budgeted[3]
Federal	$6,655,991	$3,732,921	$5,541,042	$6,655,991	$6,578,365	$18,936,118	$55,177,117	$29,329,057	$51,527,370
State	111,898,207	131,520,566	127,811,983	111,898,207	128,191,615	150,804,142	153,585,971	162,605,359	283,234,965
Local	79,373,843	73,152,006	78,807,802	79,373,843	83,117,242	74,806,696	75,700,599	76,620,879	70,927,262
Total Revenues	197,928,041	208,405,493	212,160,827	197,928,041	217,887,222	244,546,956	284,463,687	268,555,295	405,690,597
EXPENDITURES:									
Academic Salaries	66,114,675	68,388,889	70,492,438	66,114,675	71,768,473	75,857,927	74,060,121	77,597,745	79,231,801
Classified Salaries	45,079,153	38,323,995	46,456,669	45,079,153	48,750,826	41,080,582	53,617,150	45,685,242	72,329,024
Employee Benefits	41,198,501	50,575,310	45,491,737	41,198,501	45,625,388	49,447,964	48,604,869	55,329,372	65,762,425
Supplies and Materials	6,657,536	4,028,640	5,562,741	6,657,536	6,165,309	3,657,868	6,190,675	4,368,969	10,119,187
Other Operating Expenses and Services	36,646,352	32,990,710	36,156,501	36,646,352	42,586,860	26,004,971	109,407,325	37,520,791	122,402,818
Capital Outlay	6,958,551	7,381,093	7,692,388	6,958,551	5,955,978	7,819,203	11,804,769	15,965,230	29,789,557
Transfers Out	--	--	--	--	--	--	--	--	--
Total Expenditures	202,654,768	201,688,637	211,852,474	202,654,768	220,862,834	203,868,515	303,684,909	236,467,349	379,834,812
Excess/(Deficiency) of Revenues over Expenditures	(4,726,727)	6,716,856	308,353	(4,726,727)	(2,975,612)	40,678,441	(19,221,222)	32,087,946	26,055,785
Other Financing Sources	209,000	1,453,326	9,999	209,000	76,100,053	1,614,124	136,674,025	7,156,979	114,950,203
Other Outgo[4]	(8,588,418)	(12,140,959)	(8,132,522)	(8,588,418)	(73,124,441)	(20,965,795)	(117,452,801)	(29,008,637)	(141,055,988)
Net Increase/(Decrease) in Fund Balance	(13,106,145)	(3,970,777)	(7,814,170)	(13,106,145)	0	21,326,770	2	10,236,288	(0
BEGINNING FUND BALANCE:									
Net Beginning Balance, July 1	88,247,812	88,247,812	78,256,249[6]	88,247,812	105,526,199	105,526,199	126,852,969	126,852,970	137,089,258
Prior Years Adjustments	--	(6,020,786)[5]	--	--	--	--	--	--	--
Adjusted Beginning Balance	--	82,227,026	--	--	--	--	--	--	--
Ending Fund Balance, June 30	$75,141,667	$78,256,249	$70,442,079	$75,141,667	$105,526,199	$126,852,969	$126,852,971	$137,089,258	$137,089,258

(1) Reflects restricted and unrestricted general fund. Budgeted revenues and expenditures for fiscal years 2016-17 through 2020-21 and projected revenues and expenditures for fiscal year 2019-20 do not include State's STRS on behalf payment; however, unaudited actuals for fiscal years 2016-17 through 2018-19 do include the on-behalf payments. The State PERS on behalf payment is included in the fiscal year 2018-19 unaudited actuals.

(2) From the District's CCFS-311 Reports filed with the State Chancellor's Office. See also "– Comparative Financial Statements" herein. Fiscal year 2019-20 Budget reflects correction made to Other Outgo; the CCFS-311 Report contained an error.

(3) From the District's Fiscal Year 2022-23 Final Budget, which was adopted by the Board on September 8, 2022.

(4) Reflects principal and interest payments on general fund debt obligations, as well as interfund transfers, and student financial aid.

(5) Fiscal year 2019-20 budgeted and projected beginning fund balances do not tie because at the time the budget was prepared, the 2018-19 books had not yet been closed, whereas the projected beginning fund balance reflects the final audited fund balance.

(6) Fiscal year 2019-20 ending balance does not tie with 2020-21 beginning balance because the District does not prepare a projected ending balance for the restricted general fund. See footnote 2 above.

Source: Kern Community College District.

Comparative Financial Statements

The table on the following page reflects the District's audited revenues, expenditures and changes in net position in the District's primary government funds from fiscal years 2016-17 through 2020-21.

SUMMARY OF AUDITED REVENUES, EXPENDITURES AND CHANGES IN NET POSITION(1)
Fiscal Years 2016-17 through 2020-21
Kern Community College District

	2016-17	2017-18	2018-19	2019-20	2020-21
Operating Revenues					
Tuition and fees	$29,399,628	$30,134,836	$32,519,486	$31,817,005	$30,868,576
Less: scholarship discount and allowance	19,811,125	20,459,625	22,585,117	23,092,833	21,681,889
Net tuition and fees	9,588,503	9,675,211	9,934,369	8,724,172	9,186,687
Grants and contracts-non-capital:					
Federal	4,376,822	2,886,566	4,474,006	10,745,095	19,587,516
State	29,980,650	33,937,523	30,592,148	36,548,377	39,908,797
Local	2,518,872	2,364,853	1,165,024	1,638,626	1,038,942
Auxiliary enterprise sales and charges	1,731,684	1,783,595	1,365,204	786,167	4,724
Other operating revenue	328,028	356,114	877,378	342,363	48,863
Total Operating Revenues	48,524,559	51,003,862	48,408,129	58,784,800	69,775,529
Operating Expenses					
Salaries	95,109,659	101,876,085	110,250,493	117,807,882	120,955,829
Employee benefits	41,048,799	49,787,927	54,329,803	66,976,219	37,273,507
Supplies, materials, and other operating expenses	32,734,180	44,085,144	50,306,918	44,872,696	37,115,944
Utilities	2,666,806	3,293,503	3,591,263	3,550,595	3,112,951
Depreciation	7,945,270	8,321,201	7,661,553	7,801,554	8,586,625
Payment to students	532,766	890,439	904,750	--	30,000
Total Operating Expenses	180,037,480	208,254,299	227,044,780	241,008,946	207,074,856
Operating Income (Loss)	(131,512,921)	(157,250,437)	(178,636,651)	(182,224,146)	(137,299,327)
Nonoperating Revenues (Expenses)					
State apportionments - noncapital	53,878,522	44,614,006	65,831,883	107,917,580	71,641,518
Education protection account revenues – noncapital	18,260,880	18,685,917	22,611,938	9,720,149	35,664,682
Local property taxes - noncapital	51,493,761	64,016,036	58,250,508	57,720,586	61,538,056
State taxes and other revenues - noncapital	7,195,925	6,284,804	6,358,869	6,233,530	6,428,036
Investment income - noncapital	928,111	1,383,826	1,552,615	2,040,811	1,407,657
Financial aid revenues – federal	42,901,508	48,205,627	50,870,249	57,162,380	53,489,602
Financial aid revenues – state	6,041,945	6,741,621	8,912,378	11,999,083	11,890,068
Financial aid disbursements	(48,943,453)	(54,947,248)	(60,141,447)	(75,598,835)	(77,706,828)
Other nonoperating revenues (expenses) - noncapital	236,880	2,397,087	798,638	3,631,659	3,330,930
Total Nonoperating Revenues (Expenses)	131,994,079	137,381,676	155,045,631	180,826,943	167,683,721
Income (Loss) Before Other Revenues (Expenses)	481,158	(19,868,761)	(23,591,020)	(1,397,203)	30,384,394
Other Revenues, Expenses, gains or Losses					
Local property taxes and revenues - capital	12,754,007	31,810,266	33,222,060	33,671,247	36,409,104
State apportionments - capital	--	--	(246,748)	--	--
Investment income - capital	739,939	1,267,375	3,279,188	3,565,306	1,487,230
Debt issuance expense - capital	(254,740)	--	--	--	--
Interest expense – capital asset-related debt	(14,833,314)	(14,603,100)	(15,111,493)	(13,270,815)	(12,697,875)
Total Other Revenues, Expenses, Gains or Losses	(1,594,108)	18,474,541	21,143,007	23,965,738	25,198,459
Change in Net Position	(1,112,950)	(1,394,220)	(2,448,013)	22,568,535	55,582,853
Net Position – Beginning of Year – as Previously Reported	104,700,035	98,997,474	42,992,531	40,544,518	63,113,053
Adjustment for restatement	(4,589,611)(2)	--	--	--	--
Cumulative Effect of Change in Accounting Principle	--	(54,610,723)(4)	--	--	1,334,955
Net Position – Beginning of Year – as Restated	100,110,424	44,386,751	42,992,531	40,544,518	64,448,008
Net Position – End of Year	$98,997,474	$42,992,531	$40,544,518	$63,113,053	$120,030,861

(1) From the District's Comprehensive Audited Financial Statements for fiscal years 2016-17 through 2020-21, respectively.

(2) Net restatement resulted from the following: (i) an understatement of the net pension liability and deferred outflow of resources, and an offsetting overstatement of deferred inflows of resources (net adjustment of ($5,127,906); (ii) an overstatement of accumulated depreciation of ($1,971,882); and (iii) an understatement of payroll liabilities of $1,433,587.

(4) As a result of the adoption of GASB Statement No. 75 and 85, the net OPEB liability, and accordingly the net position as of July 1, 2017, have been restated by ($54,610,723).

Source: Kern Community College District.

District Debt Structure

Short-Term Debt; Bond Anticipation Notes.

The District issued the Kern Community College District Facilities Improvement District No. 1 2020 General Obligation Bond Anticipation Notes (the "2020 Notes"), in the denominational amount of $52,998,182.50 on November 10, 2020. The following table shows the debt service requirements of the District for the 2020 Notes.

2020 NOTES DEBT SERVICE*
Kern Community College District
Facilities Improvement District No. 1

The following table shows the debt service schedule with respect to the 2020 Notes:

Period Ending (August 1)	Annual Principal Payment	Annual Accreted Interest Payment	Total Annual Debt Service Payment[1]
2022	--	--	--
2023	$52,998,182.50	$1,386,817.50	$54,385,000.00
Total	$52,998,182.50	$1,386,817.50	$54,385,000.00

(1) The 2020 Notes are payable only at maturity, and interest on such Notes is compounded semiannually on February 1 and August 1.
Source: Kern Community College District.

Long-Term Debt. A schedule of changes in long-term debt for the fiscal year ended June 30, 2021, is shown below:

SUMMARY OF LONG-TERM DEBT
As of June 30, 2021
Kern Community College District

	Balance July 1, 2020	Accretion/ Additions	Reductions	Balance June 30, 2021
Certificates of participation[1]	$25,406,722	--	$1,500,358	$23,906,364
Limited obligation improvement bonds[2]	5,062,000	--	194,000	4,868,000
General obligation improvement bonds[3]	248,160,164	$73,851,604	38,049,605	283,962,163
CEC loans – direct borrowing[4]	3,548,304	--	312,532	3,235,772
Bond anticipation notes[5]	--	53,111,303	--	53,111,303
Other postemployment benefit bonds[6]	75,640,000	--	1,185,000	74,455,000
Subtotal	$357,817,190	$126,962,907	$41,241,495	$443,538,602
Compensated absences	4,070,757	745,229	--	4,815,986
Net OPEB liability[7]	52,371,608	--	47,148,746	5,222,862
Net pension liabilities[8]	174,572,410	18,836,878	--	193,409,288
Total Long-Term Liabilities	$588,831,965	$146,545,014	$88,390,241	$646,986,738

(1) See "- Certificates of Participation" herein.
(2) See "- Lease-Purchase Agreement" herein.
(3) See "- General Obligation Bonds" herein. Does not include 2019 Refunding Bonds (as defined herein).
(4) See "- Energy Conservation Loan" herein.
(5) See "-Short-Term Debt; Bond Anticipation Notes" herein.
(6) See "- OPEB Bonds" herein.
(7) See "- Other Post-Employment Healthcare Benefits" herein.

(8) Reflects the aggregate of the District's proportionate share of the net pension liabilities for the STRS and PERS programs. See also "– Retirement Programs – GASB Statement Nos. 67 and 68" herein and "APPENDIX B – 2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT – Note 9" attached hereto.
Source: Kern Community College District.

General Obligation Bonds.

Kern Community College District Facilities Improvement District No. 1. The 2016 Authorization was approved by eligible voters within the Improvement District at an election held on November 8, 2016, at which the requisite 55% or more of the persons voting on the proposition voted to authorize the issuance and sale of $502,821,000 principal amount of general obligation bonds. On June 13, 2017, the District issued on behalf of the Improvement District the Series A Bonds in the aggregate principal amount of $40,225,000. On September 12, 2018, the District issued on behalf of the Improvement District the Series B Bonds in the aggregate principal amount of $71,230,000. On November 10, 2020, the District issued on behalf of the Improvement District the third series of bonds pursuant to the 2016 Authorization, the Election of 2016 General Obligation Bonds, Series C (Facilities Improvement District No. 1), in the aggregate principal amount of $64,000,000 (the "Series C Bonds"). On November 10, 2020, the District also issued on behalf of the Improvement District, the Kern Community College District Facilities Improvement District No. 1 (Kern, San Bernardino, and Tulare Counties, California) 2020 General Obligation Bond Anticipation Notes in the aggregate principal amount of $52,998,182.50. The Bonds are the fourth issuance of bonds under the 2016 Authorization, and following the issuance thereof, $127,366,000* of bonds will remain authorized and unissued.

[REMAINDER OF PAGE LEFT BLANK]

* Preliminary, subject to change.

The following table displays the annual debt service requirements of the District for all outstanding general obligation bonds issued on behalf of the Improvement District, assuming no optional redemptions.

GENERAL OBLIGATION BOND DEBT SERVICE*
Kern Community College District
Facilities Improvement District No. 1

Year Ending (August 1)	Series B Bonds	Series C Bonds	The Bonds	Total Annual Debt Service
2023	$21,792,750.00	$3,379,650.00		
2024	--	1,819,650.00		
2025	--	2,884,650.00		
2026	--	2,942,050.00		
2027	--	3,000,450.00		
2028	--	3,059,650.00		
2029	--	3,124,450.00		
2030	--	3,184,450.00		
2031	--	3,249,650.00		
2032	--	3,314,650.00		
2033	--	3,379,250.00		
2034	--	3,448,250.00		
2035	--	3,516,250.00		
2036	--	3,588,050.00		
2037	--	3,658,200.00		
2038	--	3,734,000.00		
2039	--	3,805,150.00		
2040	--	3,881,650.00		
2041	--	3,958,200.00		
2042	--	4,039,650.00		
2043	--	4,120,700.00		
2044	--	4,201,200.00		
2045	--	4,286,000.00		
2046	--	4,284,800.00		
Totals	$21,792,750.00	$83,860,650.00		

Source: Kern Community College District.

Kern Community College Safety, Repair and Improvement District. The District received authorization at an election held on November 5, 2002 by at least 55% of the votes cast by eligible voters within the Kern Community College Safety, Repair And Improvement District of the Kern Community College District (the "Safety, Repair And Improvement District") to issue $180,000,000 of general obligation bonds (the "2002 Authorization"). On March 20, 2003, the District caused the issuance of $75,191,547.90 principal amount of the Safety, Repair And Improvement District's Election of 2002 General Obligation Bonds, Series 2003A (the "2003A Bonds") pursuant to the 2002 Authorization. On September 26, 2006, the District caused the issuance of $49,999,533.10 of the Safety, Repair And Improvement District's Election of 2002 General Obligation Bonds, Series 2006 (the "2006 Bonds") pursuant to the 2002 Authorization. On August 13, 2019 the District issued $61,315,000 principal amount of the Safety, Repair And Improvement District's 2019 General Obligation Refunding Bonds (Federally Taxable) to refund the then-outstanding Safety, Repair And Improvement District's Election of 2002 General Obligation Bonds, Series 2013C Bonds (the "2019 Bonds" and, together with the 2003A Bonds and the 2006 Bonds, the "Safety, Repair And Improvement District General Obligation Bonds"). The Safety, Repair And Improvement District General Obligation Bonds are payable from the proceeds of *ad valorem* taxes levied on all property within the Safety, Repair And Improvement District. Currently, $3,919 of the 2002 Authorization remains authorized and unissued.

The following table displays the annual debt service requirements of the District for all outstanding general obligation bonds of the Safety, Repair And Improvement District (assuming no optional redemptions).

GENERAL OBLIGATION BOND DEBT SERVICE
Kern Community College District
Safety, Repair and Improvement District

Year Ending November 1	2003A Bonds	2006 Bonds	2019 Refunding Bonds	Total Annual Debt Service
2022	--	$10,450,000.00	$2,931,655.10	$13,381,655.10
2023	--	10,525,000.00	2,930,670.90	13,455,670.90
2024	--	10,600,000.00	2,928,851.46	13,528,851.46
2025	--	10,785,000.00	2,929,930.26	13,714,930.26
2026	--	11,485,000.00	2,932,017.26	14,417,017.26
2027	$8,490,000.00	3,605,000.00	2,931,865.96	15,026,865.96
2028	4,500,000.00	8,000,000.00	2,929,221.76	15,429,221.76
2029	--	12,890,000.00	2,929,922.20	15,819,922.20
2030	--	13,550,000.00	2,928,794.76	16,478,794.76
2031	--	--	11,320,492.40	11,320,492.40
2032	--	--	11,904,253.70	11,904,253.70
2033	--	--	12,504,365.30	12,504,365.30
2034	--	--	13,059,095.70	13,059,095.70
Total	$12,990,000.00	$91,890,000.00	$75,161,136.76	$180,041,136.76

Source: Kern Community College District.

Mammoth Campus, Kern Community College District School Facilities Improvement District of the Kern Community College District. The District received authorization at an election held on September 26, 2000 by at least two-thirds of the votes cast by eligible voters within the Mammoth Campus, Kern Community College School Facilities Improvement District of the Kern Community College District (the "Mammoth Campus Improvement District") to issue $15,000,000 of general obligation bonds (the "2000 Authorization"). On December 20, 2000, the District caused the issuance of $7,474,412.70 principal amount of the Mammoth Campus Improvement District's Election of 2000, Series 2000A Bonds (the "2000A Bonds") pursuant to the 2000 Authorization. On December 23, 2002, the District caused the issuance of $3,999,979.40 principal amount of the Mammoth Campus Improvement District's Election of 2000 General Obligation Bonds, Series 2002A (the "2002A Bonds") pursuant to the 2000 Authorization. On September 28, 2011, the District issued $6,985,000 principal amount of the Mammoth Campus Improvement District's 2011 General Obligation Refunding Bonds (the "2011 Refunding Bonds," and, together with the 2000A Bonds and the 2002A Bonds, the "Mammoth Campus General Obligation Bonds") to refund a portion of the then-outstanding 2000A Bonds and 2002A Bonds. The Mammoth Campus General Obligation Bonds are payable from the proceeds of *ad valorem* taxes levied on all property within the Mammoth Campus Improvement District, which is located entirely within Mono County. Currently, $3,525,607.90 of the 2000 Authorization remains unissued.

The table on the following page displays the annual debt service requirements of the District for all outstanding general obligation bonds of the Mammoth Campus Improvement District (assuming no optional redemption).

GENERAL OBLIGATION BOND DEBT SERVICE
Kern Community College District
Mammoth Campus Improvement District

Year Ending August 1	2000A Bonds	2002A Bonds	2011 Refunding Bonds	Total Annual Debt Service
2023	$1,015,000.00	--	$402,200.00	$1,417,200.00
2024	1,065,000.00	--	423,000.00	1,488,000.00
2025	1,115,000.00	--	452,400.00	1,567,400.00
2026	--	$1,705,000.00	--	1,705,000.00
2027	--	1,790,000.00	--	1,790,000.00
Total	$3,195,000.00	$3,495,000.00	$1,277,600.00	$7,967,600.00

____
Source: Kern Community College District.

OPEB Bonds. The District issued its 2008 Taxable OPEB (Other Post-Employment Benefit) Bonds (the "OPEB Bonds") on July 25, 2008 to pre-fund the District's liability with respect to post-employment health care benefits. See "- Other Post-Employment Healthcare Benefits" herein. The proceeds thereof were deposited into the OPEB Trust, an irrevocable trust account to fund such benefits. The OPEB Bonds were issued in the principal amount of $85,880,000 as a single term bond that matures on July 1, 2047 and bear interest at a rate of 6.01% per annum. The OPEB Bonds are payable from any source of legally available funds of the District.

The debt service requirements for the OPEB Bonds are shown in the table on the following page.

[REMAINDER OF PAGE LEFT BLANK]

OPEB BONDS DEBT SERVICE
Kern Community College District

Year Ending (July 1)	Principal	Interest	Total Annual Debt Service
2023	$1,330,000.00	$4,399,320.00	$5,729,320.00
2024	1,410,000.00	4,319,387.00	5,729,387.00
2025	1,495,000.00	4,234,646.00	5,729,646.00
2026	1,585,000.00	4,144,796.50	5,729,796.50
2027	1,680,000.00	4,049,538.00	5,729,538.00
2028	1,780,000.00	3,948,570.00	5,728,570.00
2029	1,890,000.00	3,841,592.00	5,731,592.00
2030	2,005,000.00	3,728,003.00	5,733,003.00
2031	2,125,000.00	3,607,502.50	5,732,502.50
2032	2,250,000.00	3,479,790.00	5,729,790.00
2033	2,385,000.00	3,344,565.00	5,729,565.00
2034	2,530,000.00	3,201,226.50	5,731,226.50
2035	2,685,000.00	3,049,173.50	5,734,173.50
2036	2,845,000.00	2,887,805.00	5,732,805.00
2037	3,015,000.00	2,716,820.50	5,731,820.50
2038	3,200,000.00	2,535,619.00	5,735,619.00
2039	3,390,000.00	2,343,299.00	5,733,299.00
2040	3,595,000.00	2,139,560.00	5,734,560.00
2041	3,810,000.00	1,923,500.50	5,733,500.50
2042	4,040,000.00	1,694,519.50	5,734,519.50
2043	4,285,000.00	1,451,715.50	5,736,715.50
2044	4,540,000.00	1,194,187.00	5,734,187.00
2045	4,815,000.00	921,333.00	5,736,333.00
2046	5,105,000.00	631,951.50	5,736,951.50
2047	5,410,000.00	325,141.00	5,735,141.00
Totals	$67,790,000.00	$69,788,420.50	$137,578,420.50

____
Source: Kern Community College District.

Certificates of Participation. On June 27, 2016, the District executed and delivered its 2016 Refunding Certificates of Participation (2008 Certificates of Participation Refinancing) (the "Certificates of Participation") in the principal amount of $27,285,000, to prepay the lease obligations of the District in connection with the District's then-outstanding certificates of participation which were executed and delivered in 2008. The District has covenanted to budget and appropriate lease payments payable with respect to the Certificates of Participation in each fiscal year, in consideration of the use and occupancy of the property leased in connection with the delivery thereof, from any source of legally available funds, and to take such action as may be necessary to include such lease payments in its annual budgets and to make the necessary annual appropriations therefor.

The following table summarizes the future total annual lease payment requirements of the District for the Certificates of Participation (assuming no optional redemptions).

CERTIFICATES OF PARTICIPATION – ANNUAL LEASE PAYMENTS
Kern Community College District

Year Ending June 1	Annual Lease Payments
2023	$2,285,100
2024	2,289,350
2025	2,289,850
2026	2,281,600
2027	2,284,850
2028	2,288,850
2029	2,283,350
2030	2,283600
2031	2,289,100
2032	2,286,250
2033	2,286,600
Total	$25,148,500

____
Source: Kern Community College District.

Lease-Purchase Agreement. On March 25, 2020, the District entered into its 2020 Refunding Lease-Purchase Agreement in the amount of $5,298,000 (the "2020 Lease"), the net proceeds of which were used to refund the then-outstanding Lease Revenue Bonds, Series 2010A (Bank Qualified), issued by the California Community College Financing Authority on June 30, 2010, attributable to the District. The 2020 Lease is payable from any source of legally available funds of the District, and the District has covenanted to take such action as may be necessary to include such lease payments in its annual budgets and to make the necessary annual appropriations therefor. The table on the following page shows the future total annual lease payment requirements for the 2020 Lease.

[REMAINDER OF PAGE LEFT BLANK]

LEASE-PURCHASE AGREEMENT – ANNUAL LEASE PAYMENTS
Kern Community College District

Year Ending June 1	Annual Lease Payments
2023	$334,741.66
2024	344,480.59
2025	358,839.74
2026	375,752.09
2027	390,161.79
2028	408,068.84
2029	424,428.56
2030	443,240.95
2031	435,584.20
2032	452,771.07
2033	475,343.59
2034	497,201.23
2035	509,343.99
Total	$5,449,958.30

____
Source: Kern Community College District.

Energy Conservation Loan. In fiscal year 2010-11, the District entered into an Energy Conservation Loan Agreement (the "2010-11 Energy Loan") with the California Energy Commission in the amount of $2,200,000. The 2010-11 Energy Loan bears interest at a rate of 3.0% and matures in 2026. In fiscal year 2014-15, the District entered into an Energy Conservation Loan Agreement (the "2014-15 Energy Loan," and, together with the 2010-11 Energy Loan, the "Energy Loans") with the California Energy Commission in the amount of $3,000,000. The 2014-15 Energy Loan matures in 2036 and does not bear interest. The District expects to pay the debt service on the Energy Loans with savings in energy costs resulting from the energy-retrofitting projects.

LIMITATION ON REMEDIES; BANKRUPTCY

General. State law contains certain safeguards to protect the financial solvency of community college districts. See "FUNDING OF COMMUNITY COLLEGE DISTRICTS IN CALIFORNIA" herein. If the safeguards are not successful in preventing a community college district from becoming insolvent, the State Chancellor and the Board of Governors, operating through a special trustee appointed by the State Chancellor, may be authorized under State law to file a petition under Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") on behalf of the community college district for the adjustment of its debts. In addition, an insolvent community college district may be able to file a petition under Chapter 9 before a special trustee is appointed. Prior to such petition, if any, the community college district is required to participate in a neutral evaluation process with interested parties as provided in the Government Code or declare a fiscal emergency and adopt a resolution by a majority vote of the governing board that includes findings that the financial state of the community college district jeopardizes the health, safety, or well-being of the residents of its jurisdiction or service area absent the protections of Chapter 9.

Bankruptcy courts are courts of equity and as such have broad discretionary powers. If the District were to become the debtor in a proceeding under Chapter 9 of the Bankruptcy Code, the automatic stay provisions of Bankruptcy Code Sections 362 and 922 generally would prohibit creditors from taking any action to collect amounts due from the District or to enforce any obligation of the District related to such amounts due, without consent of the District or authorization of the bankruptcy court (although such stays would not operate to block creditor application of pledged special revenues to payment of indebtedness secured by such revenues). In addition, as part of its plan of adjustment in a Chapter 9 bankruptcy case, the District may be able to alter the priority, interest rate, principal amount, payment terms, collateral, maturity dates, payment sources, covenants (including tax-related covenants), and other terms or provisions of the Bonds and other transaction documents related to the Bonds, as long as the bankruptcy court determines that the alterations are fair and equitable. There also may be other possible effects of a bankruptcy of the District that could result in delays or reductions in payments on the Bonds. Moreover, regardless of any specific adverse determinations in any District bankruptcy proceeding, the fact of a District bankruptcy proceeding could have an adverse effect on the liquidity and market price of the Bonds.

Statutory Lien. Pursuant to Government Code Section 53515, the Bonds are secured by a statutory lien on all revenues received pursuant to the levy and collection of the *ad valorem* property tax, and such lien automatically arises, without the need for any action or authorization by the District or the Board, and is valid and binding from the time the Bonds are executed and delivered. See "THE BONDS – Security and Sources of Payment" herein. Although a statutory lien would not be automatically terminated by the filing of a Chapter 9 bankruptcy petition by the District, the automatic stay provisions of the Bankruptcy Code would apply and payments that become due and owing on the Bonds during the pendency of the Chapter 9 proceeding could be delayed, unless the Bonds are determined to be secured by a pledge of "special revenues" within the meaning of the Bankruptcy Code and the pledged *ad valorem* property taxes are applied to pay the Bonds in a manner consistent with the Bankruptcy Code.

Special Revenues. If the *ad valorem* property tax revenues that are pledged to the payment of the Bonds are determined to be "special revenues" within the meaning of the Bankruptcy Code, then the application in a manner consistent with the Bankruptcy Code of the pledged *ad valorem* property tax revenues should not be subject to the automatic stay. "Special revenues" are defined to include, among others, taxes specifically levied to finance one or more projects or systems of the debtor, but excluding receipts from general property, sales, or income taxes levied to finance the general purposes of the debtor. State law prohibits the use of the tax proceeds for any purpose other than payment of the Bonds and the Bond proceeds can only be used to fund the acquisition or improvement of real property and other capital expenditures included in the proposition, so such tax revenues appear to fit the definition of special revenues. However, there is no binding judicial precedent dealing with the treatment in bankruptcy proceedings of *ad valorem* property tax revenues collected for the payments of bonds in the State, so no assurance can be given that a bankruptcy court would not hold otherwise.

Possession of Tax Revenues; Remedies. The County on behalf of the District is expected to be in possession of the annual *ad valorem* property taxes and certain funds to repay the Bonds and may invest these funds in the Kern County's pooled investment fund, as described in "THE BONDS – Application and Investment of Bond Proceeds" herein and "APPENDIX E – KERN COUNTY INVESTMENT POOL" attached hereto. If the County goes into bankruptcy and has possession of tax revenues (whether collected before or after commencement of the bankruptcy), and if the County does not voluntarily pay such tax revenues to the owners of the Bonds, it is not entirely clear what procedures the owners of the Bonds would have to follow to attempt to obtain possession of such tax revenues, how much time it would take for such procedures to be completed, or whether such procedures would ultimately be successful. Further, should those investments suffer any losses, there may be delays or reductions in payments on the Bonds.

Opinions of Bond Counsel Qualified by Reference to Bankruptcy, Insolvency and Other Laws Relating to or Affecting Creditor's Rights. The proposed forms of the approving opinions of Bond Counsel attached hereto as APPENDIX A are qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Bankruptcy proceedings, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

TAX MATTERS

In the opinion of Stradling Yocca Carlson & Rauth, a Professional Corporation, San Francisco, California, Bond Counsel, under existing statutes, regulations, rulings and judicial decisions, and assuming certain representations and compliance with certain covenants and requirements described herein, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes, and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. However, it should be noted that for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), generally certain corporations with more than $1,000,000,000 of average annual adjusted financial statement income, interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for purposes of computing the alternative minimum tax imposed by Section 55 of the Code on such corporations. In the further opinion of Bond Counsel, interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

The excess of the stated redemption price at maturity of a Bond over the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bond Owner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by the Bond Owner will increase the Bond Owner's basis in the applicable Bond.

Bond Counsel's opinion as to the exclusion from gross income of interest (and original issue discount) on the Bonds is based upon certain representations of fact and certifications made by the District and others and is subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that interest (and original issue discount) on the Bonds will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause the interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

The amount by which a Bond Owner's original basis for determining loss on sale or exchange in the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable bond premium, which must be amortized under Section 171 of the Code; such amortizable Bond premium reduces the Bond Owner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bond Owner realizing a taxable gain when a Bond is sold by the Owner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Owner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of the Bonds might be affected as a result of such an audit of the Bonds (or by an audit of similar Bonds). No assurance can be given that in the course of an audit, as a result of an audit, or otherwise, Congress or the IRS might not change the Code (or interpretation thereof) subsequent to the issuance of the Bonds to the extent that it adversely affects the exclusion from gross income of interest on the Bonds or their market value.

SUBSEQUENT TO THE ISSUANCE OF THE BONDS THERE MIGHT BE FEDERAL, STATE, OR LOCAL STATUTORY CHANGES (OR JUDICIAL OR REGULATORY CHANGES TO OR INTERPRETATIONS OF FEDERAL, STATE, OR LOCAL LAW) THAT AFFECT THE FEDERAL, STATE, OR LOCAL TAX TREATMENT OF THE BONDS INCLUDING THE IMPOSITION OF ADDITIONAL FEDERAL INCOME OR STATE TAXES BEING IMPOSED ON OWNERS OF TAX-EXEMPT STATE OR LOCAL OBLIGATIONS, SUCH AS THE BONDS. THESE CHANGES COULD ADVERSELY AFFECT THE MARKET VALUE OR LIQUIDITY OF THE BONDS. NO ASSURANCE CAN BE GIVEN THAT SUBSEQUENT TO THE ISSUANCE OF THE BONDS STATUTORY CHANGES WILL NOT BE INTRODUCED OR ENACTED OR JUDICIAL OR REGULATORY INTERPRETATIONS WILL NOT OCCUR HAVING THE EFFECTS DESCRIBED ABOVE. BEFORE PURCHASING ANY OF THE BONDS, ALL POTENTIAL PURCHASERS SHOULD CONSULT THEIR TAX ADVISORS REGARDING POSSIBLE STATUTORY CHANGES OR JUDICIAL OR REGULATORY CHANGES OR INTERPRETATIONS, AND THEIR COLLATERAL TAX CONSEQUENCES RELATING TO THE BONDS.

Bond Counsel's opinions may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. Bond Counsel has not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The authorizing resolutions and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. Bond Counsel expresses no opinion as to the effect on the exclusion from gross income of interest (and original issue discount) on the Bonds for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than Stradling Yocca Carlson & Rauth, a Professional Corporation.

Although Bond Counsel has rendered an opinion that interest on the Bonds is excluded from gross income for federal income tax purposes provided that the District continues to comply with certain requirements of the Code, the ownership of the Bonds and the accrual or receipt of interest with respect to the Bonds may otherwise affect the tax liability of certain persons. Bond Counsel expresses no opinion regarding any such tax consequences. Accordingly, before purchasing any of the Bonds, all potential purchasers should consult their tax advisors with respect to collateral tax consequences relating to the Bonds.

A copy of the proposed form of opinion of Bond Counsel for the Bonds is attached hereto as APPENDIX A.

LEGAL MATTERS

Legality for Investment in California

Under provisions of the State Financial Code, the Bonds are legal investments for commercial banks in the State 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 Government Code, are eligible for security for deposits of public moneys in the State.

Information Reporting Requirements

On May 17, 2006, the President signed the Tax Increase Prevention and Reconciliation Act of 2005 ("TIPRA"). Under Section 6049 of the Code, as amended by TIPRA, interest paid on tax-exempt obligations is subject to information reporting in a manner similar to interest paid on taxable obligations. The purpose of this change was to assist in relevant information gathering for the IRS relating to other applicable tax provisions. TIPRA provides that backup withholding may apply to such interest payments made after March 31, 2007 to any bondholder who fails to file an accurate Form W-9 or who meets certain other criteria. The information reporting and backup withholding requirements of TIPRA do not affect the excludability of such interest from gross income for federal income tax purposes.

Continuing Disclosure

Current Undertaking. In connection with the issuance of the Bonds, the District has covenanted for the benefit of Owners and Beneficial Owners of the Bonds to provide certain financial information and operating data relating to the District and the Improvement District (the "Annual Reports") by not later than nine months following the end of the District's fiscal year (which currently ends June 30), commencing with the report for the 2021-22 fiscal year, and to provide notices of the occurrence of certain listed events. The Annual Reports and notices of listed events will be filed by the District in accordance with the requirements of the Rule. The specific nature of the information to be contained in the Annual Reports or the notices of certain listed events is included in APPENDIX C – "FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. These covenants have been made in order to assist the Underwriters in complying with the Rule.

Previous Undertakings. Within the past five years the District has not failed to comply in any material respect with its obligations to file annual reports or notices of enumerated events in connection with its outstanding debt issues.

Absence of Material Litigation

No litigation is pending or threatened concerning the validity of the Bonds, and a certificate to that effect will be furnished to purchasers at the time of the original delivery of the Bonds. The District is not aware of any litigation pending or threatened questioning the political existence of the District or the Improvement District or contesting the District's ability to receive *ad valorem* property taxes or to collect other revenues or contesting the District's ability to issue and retire the Bonds.

There are a small number of lawsuits and claims pending against 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 finances of the District.

Financial Statements

The financial statements with supplemental information, the independent auditor's report and the related statements of activities and of cash flows for the year ended June 30, 2021, of Horton McNulty & Saeteurn, LLP (the "Auditor"), are included in this Official Statement as Appendix B. In connection with the inclusion of the financial statements and the report of the Auditor herein, the District did not request the Auditor to, and the Auditor has not undertaken to, update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by the Auditor with respect to any event subsequent to the date of its report.

Legal Opinions

The legal opinions of Bond Counsel, approving the validity of the Bonds, will be supplied to the original purchasers thereof without cost. Copies of the proposed forms of such legal opinions are attached to this Official Statement as APPENDIX A.

MISCELLANEOUS

Ratings

Moody's and S&P have assigned the ratings of "Aa2" and "AA-," respectively, to the Bonds. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agencies furnishing the same.

Generally, rating agencies base their ratings on information and materials furnished to them (which may include information and material from the District which is not included in this Official Statement) and on investigations, studies and assumptions by the rating agencies. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agencies, if in the judgment of such rating agencies, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price for the Bonds.

The District has covenanted in a Continuing Disclosure Certificate to file on The Electronic Municipal Market Access ("EMMA") website operated by the Municipal Securities Rulemaking Board notices of any rating changes on the Bonds. See "LEGAL MATTERS – Continuing Disclosure" herein and "APPENDIX C – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. Notwithstanding such covenant, information relating to rating changes on the Bonds may be publicly available from the rating agencies prior to such information being provided to the District and prior to the date the District is obligated to file a notice of rating change on EMMA. Purchasers of the Bonds are directed to the rating agencies and their respective websites and official media outlets for the most current rating changes with respect to the Bonds after the initial issuance of the Bonds.

Underwriting

Stifel, Nicolaus & Company, Inc, as representative (the "Representative") of itself and UBS Financial Services Inc., as the underwriters (the "Underwriters) has agreed, pursuant to a purchase contract (the "Purchase Contract") by and between the District and the Underwriters, to purchase all of the Bonds for a purchase price of $____________ (consisting of the principal amount thereof, plus [net] original issue premium of $__________, and less the Underwriters' discount of $_________).

The Purchase Contract for the Bonds provides that the Underwriters will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in such Purchase Contracts, the approval of certain legal matters by bond counsel and certain other conditions. The initial offering prices stated on the inside front cover of this Official Statement may be changed from time to time by the Underwriters. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than such initial offering prices.

UBS Financial Services Inc. ("UBS FSI"), as an underwriter of the Bonds, has entered into a distribution and service agreement with its affiliate UBS Securities LLC ("UBS Securities") for the distribution of certain municipal securities offerings. Pursuant to such agreement, UBS FSI will share a portion of its underwriting compensation with UBS Securities. UBS FSI and UBS Securities are each subsidiaries of UBS Group AG.

Additional Information

The purpose of this Official Statement is to supply information to prospective buyers of the Bonds. Quotations from and summaries and explanations of the Bonds, the Resolution providing for issuance of the Bonds, and the constitutional provisions, statutes and other documents referenced herein, do not purport to be complete, and reference is made to said documents, constitutional provisions and statutes for full and complete statements of their provisions.

All data contained herein has been taken or constructed from District records. Appropriate District officials, acting in their official capacities, have reviewed this Official Statement and have determined that, as of the date hereof, the information contained herein is, to the best of their knowledge and belief, true and correct in all material respects and does not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made herein, in light of the circumstances under which they were made, not misleading. This Official Statement has been approved by the District.

KERN COMMUNITY COLLEGE DISTRICT

By: ______________________________

Dr. Sonya Christian
Chancellor

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

FORMS OF OPINION OF BOND COUNSEL

Upon issuance and delivery of the Bonds, Stradling Yocca Carlson & Rauth, a Professional Corporation, Bond Counsel, proposes to render its final approving opinion with respect to the Bonds in substantially the following form:

_____________, 2022

Board of Trustees
Kern Community College District

We have examined a certified copy of the record of the proceedings relative to the issuance and sale of $______________ Kern Community College District Facilities Improvement District No. 1 (Kern, San Bernardino, and Tulare Counties, California) Election of 2016 General Obligation Bonds, Series D (the "Bonds"). As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based on our examination as bond counsel of existing law, certified copies of such legal proceedings and such other proofs as we deem necessary to render this opinion, we are of the opinion, as of the date hereof and under existing law, that:

1. Such proceedings and proofs show lawful authority for the issuance and sale of the Bonds pursuant to Article 4.5 of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code a greater than fifty-five percent vote of the qualified electors of the Kern Community College District Facilities Improvement District No. 1 (the "Improvement District") voting at an election held on November 8, 2016, and a resolution (the "Resolution") adopted by the Board of Trustees of the Kern Community College District (the "District") on October 13, 2022.

2. The Bonds constitute valid and binding general obligations of the Improvement District, payable as to both principal and interest from the proceeds of a levy of *ad valorem* property taxes on all property subject to such taxes in the Improvement District, which taxes are unlimited as to rate or amount.

3. Under existing statutes, regulations, rulings and judicial decisions, interest (and original issue discount) on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals, however, for tax years beginning after December 31, 2022, with respect to applicable corporations as defined in Section of 59(k) of the Internal Revenue Code of 1986, as amended (the "Code"), interest (and original issue discount) with respect to the Bonds might be taken into account in determining adjusted financial statement income for the purposes of computing the alternative minimum tax imposed on such corporations.

4. Interest (and original issue discount) on the Bonds is exempt from State of California personal income tax.

5. The difference between the issue price of a Bond (the first price at which a substantial amount of the Bonds of a maturity is to be sold to the public) and the stated

redemption price at maturity with respect to such Bonds (to the extent that the redemption price at maturity is greater than the issue price) constitutes original issue discount. Original issue discount accrues under a constant yield method, and original issue discount will accrue to a Bondowner before receipt of cash attributable to such excludable income. The amount of original issue discount deemed received by a Bondowner will increase the Bondowner's basis in the applicable Bond.

6. The amount by which a Bondowner's original basis for determining gain or loss on sale or exchange of the applicable Bond (generally, the purchase price) exceeds the amount payable on maturity (or on an earlier call date) constitutes amortizable Bond premium, which must be amortized under Section 171 of the "Code; such amortizable Bond premium reduces the Bondowner's basis in the applicable Bond (and the amount of tax-exempt interest received), and is not deductible for federal income tax purposes. The basis reduction as a result of the amortization of Bond premium may result in a Bondowner realizing a taxable gain when a Bond is sold by the Bondowner for an amount equal to or less (under certain circumstances) than the original cost of the Bond to the Bondowner. Purchasers of the Bonds should consult their own tax advisors as to the treatment, computation and collateral consequences of amortizable Bond premium.

The opinions expressed herein may be affected by actions taken (or not taken) or events occurring (or not occurring) after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions or events are taken or do occur. The Resolution and the Tax Certificate relating to the Bonds permit certain actions to be taken or to be omitted if a favorable opinion of Bond Counsel is provided with respect thereto. No opinion is expressed herein as to the effect on the exclusion from gross income of interest (and original issue discount) for federal income tax purposes with respect to any Bond if any such action is taken or omitted based upon the advice of counsel other than ourselves. Other than expressly stated herein, we express no opinion regarding tax consequences with respect to the Bonds.

The opinions expressed herein as to the exclusion from gross income of interest (and original issue discount) on the Bonds are based upon certain representations of fact and certifications made by the District and others and are subject to the condition that the District complies with all requirements of the Code, that must be satisfied subsequent to the issuance of the Bonds to assure that such interest (and original issue discount) will not become includable in gross income for federal income tax purposes. Failure to comply with such requirements of the Code might cause interest (and original issue discount) on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The District has covenanted to comply with all such requirements.

It is possible that subsequent to the issuance of the Bonds there might be federal, state, or local statutory changes (or judicial or regulatory interpretations of federal, state, or local law) that affect the federal, state, or local tax treatment of the Bonds or the market value of the Bonds. No assurance can be given that subsequent to the issuance of the Bonds such changes or interpretations will not occur.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases, and by the limitations on legal remedies against public agencies in the State of California.

Respectfully submitted,

Stradling Yocca Carlson & Rauth

APPENDIX B

2020-21 AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

[THIS PAGE INTENTIONALLY LEFT BLANK]

Kern Community College District

Bakersfield, California

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
WITH INDEPENDENT AUDITORS' REPORTS

June 30, 2021

HORTON MCNULTY & SAETEURN, LLP

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinion

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

Other Matters

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

Other Information Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information on pages 62 to 82, including the schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on pages 64 to 82 and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

INDEPENDENT AUDITORS' REPORT
(Continued)

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Horton McNulty & Saeteurn, LLP

January 25, 2022
Chico, California

FINANCIAL SECTION

OVERVIEW

Management's discussion and analysis (MD&A) provides a broad overview of the State of California's budget, the resources provided for the California Community College System, Kern Community College District's financial condition as of June 30, 2021, and significant changes from the previous year. Management has prepared the financial statements and related note disclosures along with this MD&A. The MD&A should be read in conjunction with the audited financial statements and related notes of the Kern Community College District, which directly follow this MD&A.

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

DISTRICT BACKGROUND

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

FINANCIAL HIGHLIGHTS

The State of California's budget in fiscal year 2020-21 continued to provide increased resources for the state's community college system. The District also experienced continued growth in its funding resources; however, the pandemic created significant uncertainty with the state and District budgets. The District believes it needs to continue to position itself for a long-term financial downturn. The District continues to evaluate and identify opportunities for expenditure controls, organizational enhancements, reserve management and conservative budget planning and student enrollment management practices.

Fiscal year 2020-21 is the third year of Student-Centered Funding Formula (SCFF) that changed the state funding from being based wholly on enrollment, to incorporate student success and equity funding. As SCFF continues to evolve, the District continues to take a conservative approach to the changes occurring at the state. The objective of the new funding formula is to mitigate the challenges that the system has long struggled to address institutionally.

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

The MD&A financial statement presentation consists of the comparative statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and accompanying analysis for the June 30, 2021 and 2020 fiscal years. These statements provide information on the financial position of the District and the financial activity and results of its operations during the years presented.

STATEMENT OF NET POSITION

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

The District's total assets and deferred outflows increased by $130.7 million. This change is largely due to an increase of $56.2 million in non-depreciable construction-in-progress projects, an increase in accounts receivable of $26.7 million and a decrease in deferred outflows of $6.7 million.

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

June 30	2021	2020		Change
Assets				
Current assets:				
Cash and cash equivalents	$ 163,160,804	$ 189,556,578		$ (26,395,774)
Accounts receivable - net	53,087,047	26,717,309		26,369,738
Prepaid expenses	1,491,242	1,457,901		33,341
Inventories	21,321	21,321		-
Total Current Assets	217,760,414	217,753,109		7,305
Noncurrent assets:				
Restricted cash and cash equivalents	107,990,904	40,804,327		67,186,577
Restricted investments	11,836,868	12,223,821		(386,953)
Nondepreciable capital assets	168,587,737	112,303,373		56,284,364
Depreciable capital assets - net	253,797,780	239,472,981		14,324,799
Total Noncurrent Assets	542,213,289	404,804,502		137,408,787
Total Assets	759,973,703	622,557,611		137,416,092
Deferred Outflows of Resources	86,809,179	93,533,793		(6,724,614)
Liabilities				
Current liabilities:				
Accounts payable	35,143,589	29,270,662		5,872,927
Advances from grantors and students	25,538,902	22,514,587		3,024,315
Compensated absences - current portion	1,447,126	1,459,076		(11,950)
Long-term debt - current portion	32,178,444	33,396,532		(1,218,088)
Amounts held in trust for others	-	-	*	-
Total Current Liabilities	94,308,061	86,640,857	*	7,667,204
Noncurrent liabilities:				
Compensated absences - noncurrent portion	3,368,860	2,611,681		757,179
Net other postemployment benefits (OPEB) liability	5,222,862	52,371,608		(47,148,746)
Net pension liabilities	193,409,288	174,572,410		18,836,878
Long-term debt - noncurrent portion	411,360,158	324,420,658		86,939,500
Total Noncurrent Liabilities	613,361,168	553,976,357		59,384,811
Total Liabilities	707,669,229	640,617,214		67,052,015
Deferred Inflows of Resources	19,082,792	11,026,182		8,056,610
Net Position				
Net investment in capital assets	108,742,424	98,314,349		10,428,075
Restricted - expendable	54,459,116	53,024,929	*	1,434,187
Unrestricted	(43,170,679)	(86,891,270)		43,720,591
Total Net Position	$ 120,030,861	$ 64,448,008	*	$ 55,582,853

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Overall the District's net position increased by $55.6 million, increasing from $64.4 million to $120 million. This increase was primarily due to the increases and decreases in revenues and expenditures as described below.

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

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

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

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

Kern Community College District

STATEMENT OF NET POSITION

June 30, 2021	
ASSETS	
Current Assets	
Cash and cash equivalents	$ 118,386,022
Restricted cash and cash equivalents	44,774,782
Accounts receivable - net	53,087,047
Prepaid expenses	1,491,242
Inventories	21,321
Total Current Assets	217,760,414
Noncurrent Assets	
Restricted cash and cash equivalents	107,990,904
Restricted investments	11,836,868
Nondepreciable capital assets	168,587,737
Depreciable capital assets - net	253,797,780
Total Noncurrent Assets	542,213,289
TOTAL ASSETS	759,973,703
Deferred Outflows of Resources	
Deferred outflows related to OPEB	25,386,409
Deferred outflows related to pensions	55,579,348
Deferred loss on refunding - net	5,843,422
Total Deferred Outflows of Resources	$ 86,809,179

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

Kern Community College District

STATEMENT OF NET POSITION
(Continued)

June 30, 2021

LIABILITIES	
Current Liabilities	
Accounts payable	$ 32,813,544
Accrued interest on long-term debt	2,330,045
Advances from grantors and students	25,538,902
Compensated absences - current portion	1,447,126
Long-term debt - current portion	32,178,444
Total Current Liabilities	94,308,061
Noncurrent Liabilities	
Compensated absences - noncurrent portion	3,368,860
Net other postemployment (OPEB) liability	5,222,862
Net pension liabilities	193,409,288
Long-term debt - noncurrent portion	411,360,158
Total Noncurrent Liabilities	613,361,168
TOTAL LIABILITIES	707,669,229
Deferred Inflows of Resources	
Deferred inflows related to OPEB	13,402,349
Deferred inflows related to pensions	5,680,443
Total Deferred Inflows of Resources	19,082,792
NET POSITION	
Net investment in capital assets	108,742,424
Restricted - expendable	54,459,116
Unrestricted	(43,170,679)
TOTAL NET POSITION	$ 120,030,861

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

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

Year Ended June 30, 2021	
Operating Revenues	
Tuition and fees	$ 30,868,576
Less: Scholarship discounts and allowances	21,681,889
Net Tuition and Fees	9,186,687
Grants and contracts - noncapital:	
Federal	19,587,516
State	39,908,797
Local	1,038,942
Auxiliary enterprise sales and charges	4,724
Other operating revenue	48,863
Total Operating Revenues	69,775,529
Operating Expenses	
Salaries	120,955,829
Employee benefits	37,273,507
Supplies, materials, and other operating expenses	37,115,944
Utilities	3,112,951
Depreciation	8,586,625
Payments to students	30,000
Total Operating Expenses	207,074,856
Operating Loss	$ (137,299,327)

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

Kern Community College District

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
(Continued)

Year Ended June 30, 2021	
Nonoperating Revenues (Expenses)	
State apportionments - noncapital	$ 71,641,518
Education protection account revenues - noncapital	35,664,682
Local property taxes - noncapital	61,538,056
State taxes and other revenues - noncapital	6,428,036
Investment income - noncapital	1,407,657
Financial aid revenues - federal	53,489,602
Financial aid revenues - state	11,890,068
Financial aid disbursements	(77,706,828)
Other nonoperating revenues (expenses) - noncapital	3,330,930
Total Nonoperating Revenues (Expenses)	167,683,721
Income (Loss) Before Other Revenues and Expenses	30,384,394
Other Revenues, Expenses, Gains, or Losses	
Local property taxes and revenues - capital	36,409,104
Investment income - capital	1,487,230
Interest expense - capital asset-related debt	(12,697,875)
Total Other Revenues, Expenses, Gains, or Losses	25,198,459
Change in Net Position	55,582,853
Net Position - as Previously Reported	63,113,053
Cumulative effect of change in accounting principle	1,334,955
Net Position - as Restated	64,448,008
Net Position - End of Year	$ 120,030,861

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

Year Ended June 30, 2021	
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ (13,566,743)
Federal grants and contracts	14,653,519
State grants and contracts	45,068,700
Local grants and contracts	(1,012,351)
Payments to/on behalf of employees	(119,368,782)
Payments for benefits	(50,647,276)
Payments for scholarships and grants	(30,000)
Payments to suppliers	(35,276,596)
Payments for utilities	(3,112,951)
Auxiliary enterprise sales and charges	4,724
Other receipts	794,858
NET CASH USED IN OPERATING ACTIVITIES	(162,492,898)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments - noncapital	71,641,518
Education protection account revenues	35,664,682
Local property taxes	61,538,056
Financial aid revenues - federal	53,489,602
Financial aid revenues - state	11,890,068
Financial aid disbursements	(77,706,828)
State taxes and other revenues	6,915,436
Other receipts (payments)	3,330,930
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	166,763,464
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Local property taxes - capital	36,409,104
Purchases of capital assets	(75,095,556)
Interest paid on capital debt	(11,961,354)
Interest on investments - capital	1,487,230
Bond proceeds received	123,081,726
Principal paid on capital debt	(39,195,529)
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	$ 34,725,621

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

Kern Community College District
STATEMENT OF CASH FLOWS
(Continued)

Year Ended June 30, 2021	
CASH FLOWS FROM INVESTING ACTIVITIES	
Sale of investments	$ 3,586,860
Purchase of investments	(3,199,908)
Interest on investments - noncapital	1,407,664
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,794,616
Net Change in Cash and Cash Equivalents	40,790,803
Cash and Cash Equivalents - Beginning of Year	230,360,905
Cash and Cash Equivalents - End of Year	$ 271,151,708
COMPONENTS OF CASH AND CASH EQUIVALENTS	
Cash and cash equivalents	$ 118,386,022
Restricted cash and cash equivalents - current	44,774,782
Restricted cash and cash equivalents - noncurrent	107,990,904
TOTAL CASH AND CASH EQUIVALENTS	$ 271,151,708
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating loss	$ (137,299,327)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Allowance for doubtful accounts	1,773,029
Depreciation	8,586,625
Changes in:	
Accounts receivable	(28,630,167)
Prepaid expenses	(33,341)
Deferred outflows of resources	6,256,659
Accounts payable	3,339,345
Advances from grantors and students	3,024,316
Compensated absences	745,229
Net other postemployment benefit liability	(47,148,746)
Net pension liabilities	18,836,878
Deferred inflows of resources	8,056,602
NET CASH USED IN OPERATING ACTIVITIES	$ (162,492,898)

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

Kern Community College District

STATEMENT OF NET POSITION - FIDUCIARY COMPONENT UNIT

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

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

Kern Community College District

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY COMPONENT UNIT

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

The Corporation was established as a legally separate, not-for-profit corporation to provide financial assistance to the District for acquisition and construction of major capital facilities, which, upon completion, will be leased to the District under a lease-purchase agreement. At the end of the lease term, title to all Corporation property will pass to the District for no additional consideration. Therefore, the District has classified the Corporation as a component unit that will be presented in the District’s annual financial statements using the blending method. Additionally, the Kern Community College Public Retirement System (OPEB Trust) was established to administer payments of certain health care benefits and early retirement incentive benefits to retired employees of the District. Effective with fiscal year 2021, the OPEB Trust will be discretely presented as a fiduciary component unit by applying the criteria set forth in GASB Statement No. 84, as amended by GASB Statement No. 92. Additional information is provided in the next section of this note 1 to these financial statements.

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

Implementation of New Accounting Standards

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

- The Associated Students Trust Fund, Student Representation Fee Trust Fund, and Student Body Center Fee Trust Fund, reported previously as fiduciary trust funds and included in the District's Statement of Net Position, do not meet the new fiduciary criteria and are now reported as special revenue funds. Amounts previously reported as Amounts Held in Trust For Others is now reported as fund balance in these funds. Fund balances of the governmental funds and net position of the governmental activities, as of July 1, 2020, have been restated by $1,334,955.

- The Kern Community College Public Retirement System (OPEB Trust) under this new standard is considered a fiduciary component unit due to the District's financial burden to make contributions to the trust. Therefore the OPEB Trust is now reported as a fiduciary component unit beginning July 1, 2020. Net position restricted for postemployment benefits other than pensions as of July 1, 2020, has been restated by $69,154,876.

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

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

Exceptions to the accrual basis of accounting are as follows:

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

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

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

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

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

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

Accounts Receivable Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the state of California. Accounts receivable also include amounts due from federal, state, and local governments, or private sources, in connection with reimbursement of allowable expenses made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance for uncollectible accounts is calculated by applying certain percentages to each aging group. The allowance was estimated at $10,220,673 for the year ended June 30, 2021.

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

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

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 15 years for portable buildings, 10 years for site improvements, and 3 to 8 years for equipment and vehicles.

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

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

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

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

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

Long-Term Liabilities Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which does not differ materially from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred. Amortization of bond premiums and discount costs was $2,234,443 for the year ended June 30, 2021.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On-Behalf Payments GASB Statement No. 24 requires that direct on-behalf payments for fringe benefits, and salaries made by an entity to a third-party recipient for the employees of another legally separate entity be recognized as revenue and expenses by the employer government. The state of California makes direct on-behalf payments for retirement benefits to CalSTRS and CalPERS on behalf of all community college districts in California. The amount reported in the basic financial statements as of June 30, 2021, was $1,827,485.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The cash and cash equivalents are as follows:

June 30, 2021	
Cash and cash equivalents	$ 118,386,022
Restricted cash and cash equivalents	152,765,686
Total Cash and Cash Equivalents	**$ 271,151,708**

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

June 30, 2021	
Cash in County Treasury	$ 268,807,618
Cash on hand and in banks	2,175,024
Cash held by trustees	169,066
Total Cash and Cash Equivalents	**$ 271,151,708**

As provided for by *California Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the Kern County Treasurer for the purpose of increasing interest earned through County investment activities. The County Treasury's Pooled Money Investment accounts weighted average maturities were less than two years at June 30, 2021, and the pool is unrated.

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

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

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

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. In addition, $607,882 of the bank balances at June 30, 2021, are insured.

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

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

Fair Value Measurements

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

The District has the following recurring fair value measurements as of June 30, 2021:

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

The District's investments are as follows:

June 30, 2021	Level 1	Level 2
County treasury pool	$ -	$ 268,807,618
Investments in LAIF	-	960,744
Bank clearing account	-	-
Certificates of deposit	2,426,390	-
Money market	3,019,874	-
Municipal bonds	-	1,903,269
Corporate bonds and notes:		
Communication	-	-
Energy	-	389,554
Financial services	-	1,261,268
Technology	-	-
Other	-	251,342
U.S. Government agency securities	1,624,427	-
Total Investments	$ 7,070,691	$ 273,573,795

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

Interest Rate Risk

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

1. The implementation of a "ladder" in which bond maturities are staggered evenly over a five-year period. This partially neutralizes interest rate risk by giving the District the flexibility of reinvesting shorter-term securities in higher interest rates (assuming interest rates are moving up) and locking in a portion of the portfolio at higher rates on a longer term basis if interest rates move downward. The overall goal is to provide a more competitive "average" yield on the portfolio as opposed to making directional yield curve projections at various points on the curve.

2. The District also diversifies through investing in credit quality securities. Over 63% of the portfolio is currently weighted in AAA-rated securities. These securities tend to perform better in volatile interest rate environments. The District's bias is to keep a solid majority of the portfolio in AAA-rated securities at all times for capital preservation purposes.

3. The District invests in "step-up" coupon bonds and some "floating-rate" debt in the portfolio. This also assists in cushioning the portfolio from credit risk during periods of higher interest rates.

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

		Investment Maturities		
June 30, 2021	Fair Value	Less Than One Year	One to Five Years	More Than Five Years
Investment in LAIF	$ 960,744	$ 960,744	$ -	$ -
Bank clearing account	-	-	-	-
Certificates of deposit	2,426,390	238,001	2,188,389	-
Municipal bonds	1,903,269	-	1,595,530	307,739
Money market	3,019,874	3,019,874	-	-
Corporate bonds and notes	1,902,164	-	1,902,164	-
U.S. Government agency securities	1,624,427	-	1,624,427	-
Total Investments	$ 11,836,868	$ 4,218,619	$ 7,310,510	$ 307,739

Concentration of Credit Risk

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

		Investment Ratings						
June 30, 2021	Fair Value	AAA	AA+	AA	AA-	A+	A	Unrated
Investment in LAIF	$ 960,744	$ -	$ -	$ -	$ -	$ -	$ -	$ 960,744
Bank clearing account	-	-	-	-	-	-	-	-
Certificates of deposit	2,426,390	2,426,390	-	-	-	-	-	-
Municipal bonds	1,903,269	775,296	365,053	657,664	105,256	-	-	-
Money market	3,019,874	3,019,874	-	-	-	-	-	-
Corporate bonds and notes	1,902,164	-	-	254,377	135,176	753,648	758,963	-
U.S. Government agency securities	1,624,427	1,624,427	-	-	-	-	-	-
Total Investments	$11,836,868	$ 7,845,987	$ 365,053	$ 912,041	$ 240,432	$ 753,648	$ 758,963	$ 960,744

Concentration risk is defined as positions of 5% or more in the securities of a single issuer. The District's investment policy contains no limitations on the amount that can be invested in any single issuer. A total of 24% of the District's investments are in Federal National Mortgage Association and Federal Home Loan Bank, which are U.S. government-sponsored enterprises.

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

Custodial Credit Risk

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

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

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

June 30, 2021	
Tuition and fees	$ 47,885,106
Less: Allowance for doubtful accounts	10,220,673
Tuition and Fees - Net	37,664,433
Federal grants and contracts	8,145,810
State grants and contracts	4,345,131
Local grants and contracts	975,290
State taxes and other revenues	1,253,752
Other	702,631
Total	$ 53,087,047

4. CAPITAL ASSETS

Capital assets activity is summarized as follows:

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

5. ACCOUNTS PAYABLE

Accounts payable consisted of the following:

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

6. BOND ANTICIPATION NOTES

On November 10, 2020, the District issued capital appreciation bond anticipation notes (BANs) in the amount of $52,998,182. The District paid $140,000 in issuance costs from the proceeds. The proceeds from the BANs will be used to finance the various bond projects of the District and were issued as a short-term approach to respond to the downturn in oil producing property values. At June 30, 2021, $53,111,303 of BANs were issued and outstanding. The BANs mature on August 1, 2023 in the amount of $54,385,000, which includes accreted interest of $1,386,818.

7. LONG-TERM LIABILITIES

The long-term liability activity is as follows:

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

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

June 30, 2021	
CERTIFICATES OF PARTICIPATION	
2016 Refunding Bonds Conversion of 2008 Variable Rate Certificates of Participation issued in the original amount of $27,285,000 with final maturity in 2033. Interest rates range from 2.00% to 5.00%.	$ 21,340,000
Unamortized premium on certificates of participation	2,566,364
CERTIFICATES OF PARTICIPATION - NET	23,906,364
LIMITED OBLIGATION IMPROVEMENT BONDS	
2020 Refunding Lease Revenue Bonds issued in the original amount of $5,298,000. Final maturity is in 2035, with an interest rate of 2.234%.	4,868,000
LIMITED OBLIGATION IMPROVEMENT BONDS	4,868,000
CEC LOAN - DIRECT BORROWING	
Energy Conservation Assistance Loan with a principal amount of $2,200,000. Final maturity is in 2026, with an interest rate of 3.00%.	985,772
Energy Conservation Assistance Loan with a principal amount of $3,000,000. Final maturity is in 2036, with an interest rate of 0.00%.	2,250,000
CEC LOANS - DIRECT BORROWING	3,235,772
BOND ANTICIPATION NOTES	
The Series 2020 Bond Anticipation Notes (BANs), issued in the original amount of $52,998,182. The BANs accrete interest at an annual rate of .950% with a final balloon payment due in 2024.	53,111,303
OTHER POSTEMPLOYMENT BENEFIT BONDS	
The 2008 Taxable Other Postemployment Benefit (OPEB) Bonds, Series A, issued in the original amount of $85,880,000. Final maturity is in 2047, with an interest rate of 6.01%.	74,455,000
Balance Forward	$ 159,576,439

June 30, 2021	
Balance Brought Forward	$ 159,576,439
GENERAL OBLIGATION IMPROVEMENT BONDS	
Bonds issued in the original amount of $7,556,642, including current interest bonds and capital appreciation bonds with final maturity in 2025. Interest rates range from 4.00% to 5.66%.	4,637,363
Bonds issued in the original amount of $4,022,236, including current interest bonds and capital appreciation bonds with final maturity in 2027. Interest rates range from 3.55% to 5.57%.	2,262,736
Bonds issued in the original amount of $75,240,068, including current interest bonds and capital appreciation bonds with final maturity in 2028. Interest rates range from 2.00% to 6.78%.	8,455,155
Bonds issued in the original amount of $49,999,533, including current interest bonds and capital appreciation bonds with final maturity in 2030. Interest rates range from 4.25% to 5.00%.	71,241,794
Bonds issued in the original amount of $6,985,000, including current interest bonds and capital appreciation bonds with final maturity in 2026. Interest rates range from 2.00% to 5.50%.	1,770,000
Bonds issued in the original amount of $61,315,000, including current interest bonds with final maturity in 2034. Interest rates range from 2.01% to 3.07%.	59,010,000
Bonds issued in the original amount of $14,370,000, including current interest with final maturity in 2024. Interest rates range from 2.00% to 5.00%.	56,355,000
Bonds issued in the original amount of $71,230,000, including current interest with final maturity in 2024. Interest rates range from 3.00% to 5.00%.	10,805,000
Bonds issued in the original amount of $64,000,000, including current interest bonds with final maturity in 2047. Interest rates range from 0.400% to 4.00%.	58,500,000
Subtotal	273,037,048
Unamortized premium on general obligation improvement bonds	10,925,115
GENERAL OBLIGATION IMPROVEMENT BONDS - NET	283,962,163
Subtotal	443,538,602
Less: Current portion	32,178,444
Total Long-Term Liabilities - Noncurrent Portion	$ 411,360,158

Accretion

General obligation bonds as of June 30, 2021, have been increased by $47,989,693 to include accumulated accretion of the capital appreciation bonds. Annual accretion is recognized as interest in the statement of activities.

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

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

8. OPERATING LEASES

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

The future minimum lease payments are as follows:

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

9. EMPLOYEE RETIREMENT SYSTEMS

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

Summary

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

June 30, 2021	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS State Teachers' Retirement Plan	$ 113,383,530	$ 40,081,831	$ 4,615,940	$ 17,338,950
CalPERS School Employer Pool	80,025,758	15,497,517	1,064,503	15,666,005
Total	$ 193,409,288	$ 55,579,348	$ 5,680,443	$ 33,004,955

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

California State Teachers' Retirement System

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

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

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

- ***CalSTRS 2% at 62*** CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0% of final compensation multiplied by the number of years of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4% at age 65 or older.

Contributions Required member, employer, and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Active plan members of the CalSTRS 2% at 60 formula are required to contribute 10.25% of their salary. Active plan members of the CalSTRS 2% at 62 formula are required to contribute 10.205% of their salary. The required employer contribution rate for fiscal year 2020-21 was 16.15% of annual payroll. The District's contributions to CalSTRS for the fiscal year ended June 30, 2021, were $9,793,738.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2021, the District reported a net pension liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District, were as follows:

June 30, 2021	
District's proportionate share of the net pension liability	$ 113,383,530
State's proportionate share of the net pension liability associated with the District	58,448,750
Total	$ 171,832,280

The District's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers and the state, actuarially determined. At June 30, 2021, the District's proportion was .117%.

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

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

The $9,793,738 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	
2022	$ 4,712,132
2023	6,971,509
2024	7,347,693
2025	4,171,181
2026	1,495,231
Thereafter	974,407
Total	$ 25,672,153

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

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Actuarial assumptions:	
Investment rate of return	7.10%
Interest on accounts	3.00%
Wage growth	3.50%
Consumer price inflation	2.75%
Post-retirement benefit increases	2.00% simple

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

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers were made at statutory contribution rates in accordance with the rate increases pursuant to Chapter 47, Statutes of 2014 (AB 1469). Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assumes that contributions, benefit payments, and administrative expenses occurred midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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

June 30, 2021	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 171,306,720	$ 113,383,530	$ 65,559,780

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

California Public Employees' Retirement System

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

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

Contributions Member contribution rates are defined by law. Employer contribution rates are determined by periodic actuarial valuations. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. Active plan members that met the definition of a new member under the Public Employees' Pension Reform Act are required to contribute 7.00% of their salary. Classic employees are required to contribute 7.00% of their salary. The required employer contribution rate for the 2020-21 fiscal year was 20.70%. The District's contributions to CalPERS for the fiscal year ended June 30, 2021, were $6,774,167.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions At June 30, 2021, the District reported a net pension liability of $80,025,758 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2021, the District's proportion was .2608%.

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

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

The $6,774,167 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30	
2022	$ 3,358,566
2023	2,113,746
2023	1,390,067
2024	796,468
Total	$ 7,658,847

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

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

Post-retirement mortality rates are based on CalPERS' experience and include 15 years of projected ongoing mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 1997, through June 30, 2015.

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15%, as well as the District's proportionate share of the net pension liability if it was calculated using a discount rate that is one percentage point lower (6.15%) or one percentage point higher (8.15%) than the current rate:

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

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

10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description and Benefits Provided

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

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

Employees Covered

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

June 30, 2021	
Inactive Plan members or beneficiaries currently receiving benefit payments	1,057
Active Plan members	421
Total	1,478

Contributions

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

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

Net OPEB Liability

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

Actuarial Assumptions

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

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

(1) Net of investment expenses.

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

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

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

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

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

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

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of mathematical real rates of return for each major asset class included in the target asset allocation as of June 30, 2021, are summarized in the following table:

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

Discount Rate

The discount rate used to measure the total OPEB liability was 5.0%. The projection of cash flows used to determine the discount rate assumed that all contributions are from the District. An historic 17 year real-rates-of-return for each asset class along with an assumed long-term inflation assumption was used to set the discount rate. The expected investment return was offset by expected investment expenses of 50 basis point. The interest assumption reflects a municipal bond rate based on the Bond Buyer 20 Index at June 30, 2020. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

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

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

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

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

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

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

June 30, 2021	1% Decrease (4.00%)	Current Discount Rate (5.00%)	1% Increase (6.00%)
Net OPEB liability	$ 11,877,307	$ 5,222,862	$ (578,564)

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

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

June 30, 2021	1% Decrease (3.00%)	Health Cost Trend Rates (4.00%)	1% Increase (5.00%)
Net OPEB liability	$ (1,356,662)	$ 5,222,862	$ 12,828,187

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

For the year ended June 30, 2021, the District recognized OPEB expense of $30,435,649. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 11,821,737	$ 10,101,865
Net difference between projected and actual earnings on Plan investments	-	704,469
Change in assumptions	13,564,672	2,596,015
Total	$ 25,386,409	$ 13,402,349

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

Year Ending June 30		
2022	$	1,648,087
2023		1,677,339
2024		1,905,773
2025		1,972,549
2026		2,061,478
Thereafter		2,718,834
Total	$	11,984,060

Plan Fiduciary Net Position

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

11. COMMITMENTS AND CONTINGENCIES

Federal and State Allowances, Awards, and Grants

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

COVID-19

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

CONSTRUCTION COMMITMENTS

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

June 30, 2021		
Bakersfield College Administrative Services	$	4,388,395
Bakersfield College Student Center/ABC Building		1,815,487
Bakersfield College Combined Gym and Fieldhouse		41,571,403
Bakersfield College Science & Engineering Building		20,686,815
Bakersfield College Welcome Center		4,700,983
Cerro Coso Maintenance & Operating Facilities		1,501,221
Other		485,034
Total	$	75,149,338

12. RISK MANAGEMENT

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

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

The District has recorded no excess insurance reserves being held by SISC as of June 30, 2021.

13. FUTURE GASB IMPLEMENTATION

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

REQUIRED SUPPLEMENTARY INFORMATION

Kern Community College District

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Years Ended June 30	2021	2020*	2019	2018	2017
Total OPEB Liability					
Service cost	$ 3,097,345	$ 2,902,790	$ 1,421,507	$ 1,383,462	$ 1,346,435
Interest	4,806,623	4,937,130	5,109,304	5,101,500	5,147,159
Benefit payments - including refunds of employee contributions	(4,974,510)	(5,330,228)	(7,711,134)	(6,687,968)	(7,895,232)
Difference between expected and actual experience	(8,831,450)	(2,322,345)	16,888,197	-	-
Changes of benefit terms	(39,222,004)	-	-	-	-
Changes of assumptions	(2,916,511)	2,305,283	16,743,497	-	-
Net Change in Total OPEB Liability	(48,040,507)	2,492,630	32,451,371	(203,006)	(1,401,638)
Total OPEB Liability - Beginning of Year	122,418,245	119,925,615	87,474,244	87,677,250	89,078,888
Total OPEB Liability - End of Year (a)	74,377,738	122,418,245	119,925,615	87,474,244	87,677,250
Plan Fiduciary Net Position					
Contributions - employer	1,983,767	1,856,633	-	1,298,477	-
Net investment income	4,020,326	3,942,100	3,984,165	4,058,277	2,514,945
Benefit payments - including refunds of employee contributions	(4,974,510)	(5,330,228)	(7,711,134)	(6,687,968)	(7,895,232)
Administrative expense	-	(231,101)	(239,036)	(253,487)	(540)
Net difference between projected and actual earnings on Plan investments	-	333,882	1,142,169	146,262	-
Other **	-	-	-	1,356,843	-
Net Change in Plan Fiduciary Net Position	1,029,583	571,286	(2,823,836)	(81,596)	(5,380,827)
Plan Fiduciary Net Position - Beginning of Year	68,125,293	67,554,007	70,377,843	70,459,439	75,840,266
Plan Fiduciary Net Position - End of Year (b)	69,154,876	68,125,293	67,554,007	70,377,843	70,459,439
Plan Net OPEB Liability (asset) - End of Year ((a) - (b))	$ 5,222,862	$ 54,292,952	$ 52,371,608	$ 17,096,401	$ 17,217,811
Plan fiduciary net position as a percentage of the total OPEB liability	92.98%	55.65%	56.33%	80.46%	80.36%
Covered-employee payroll	$ 26,672,863	$ 30,302,533	$ 32,545,999	$ 29,935,251	$ 27,870,768
District's net OPEB liability (asset) as a percentage of covered-employee payroll	19.58%	179.17%	160.92%	57.11%	61.78%

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

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

See the accompanying notes to the required supplementary information.

Kern Community College District

SCHEDULE OF DISTRICT CONTRIBUTIONS - OPEB

Years Ended June 30	2021	2020*	2019	2018	2017
Contractually determined contribution	$ 4,974,510	$ 5,330,228	$ 7,711,134	$ 6,687,968	$ 7,895,232
Contributions in relation to the contractually determined contribution	(6,958,277)	(7,186,861)	(7,711,134)	(7,986,445)	(7,895,232)
Contribution Deficiency (Excess)	$ (1,983,767)	$ (1,856,633)	$ -	$ (1,298,477)	$ -
Covered-employee payroll	$ 26,672,863	$ 30,302,533	$ 32,545,999	$ 29,935,251	$ 27,870,768
Contributions as a percentage of covered-employee payroll	18.65%	17.59%	23.69%	22.34%	28.33%

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

See the accompanying notes to the required supplementary information.

Kern Community College District

SCHEDULE OF INVESTMENT RETURNS - OPEB

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

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

See the accompanying notes to the required supplementary information.

Kern Community College District

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

Years Ended June 30	2021	2020
District's proportion of the net pension liability (asset)	0.117%	0.110%
District's proportionate share of the net pension liability (asset)	$ 113,383,530	$ 99,347,600
State's proportionate share of the net pension liability (asset) associated with the District	58,448,750	54,201,186
Total	$ 171,832,280	$ 153,548,786
District's covered-employee payroll	$ 63,887,854	$ 57,583,108
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	177.47%	172.53%
Plan fiduciary net position as a percentage of the total pension liability	71.80%	72.60%

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

See the accompanying notes to the required supplementary information.

Kern Community College District

SCHEDULE OF DISTRICT CONTRIBUTIONS – CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM

Years Ended June 30	2021	2020
Contractually required contribution	$ 9,793,738	$ 10,924,823
Contributions in relation to the contractually required contribution	(9,793,738)	(10,924,823)
Contribution Deficiency (Excess)	$ -	$ -
District's covered-employee payroll	$ 63,887,854	$ 57,583,108
Contributions as a percentage of covered-employee payroll	15.33%	18.97%

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

See the accompanying notes to the required supplementary information.

Kern Community College District

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

Years Ended June 30	2021	2020
District's proportion of the net pension liability (asset)	0.2608%	0.2581%
District's proportionate share of the net pension liability (asset)	$ 80,025,758	$ 75,224,810
District's covered-employee payroll	$ 33,740,809	$ 32,079,443
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	237.18%	234.50%
Plan fiduciary net position as a percentage of the total pension liability	70.00%	70.00%

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

See the accompanying notes to the required supplementary information.

Kern Community College District

SCHEDULE OF DISTRICT CONTRIBUTIONS – CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Years Ended June 30	**2021**	**2020**
Contractually required contribution	$ 6,774,167	$ 6,654,025
Contributions in relation to the contractually required contribution	(6,774,167)	(6,654,025)
Contribution Deficiency (Excess)	$ -	$ -
District's covered-employee payroll	$ 33,740,809	$ 32,079,443
Contributions as a percentage of covered-employee payroll	20.08%	20.74%

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

See the accompanying notes to the required supplementary information.

1. SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Changes in Benefit Terms

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

Changes in Assumptions

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

2. CHANGES OF BENEFIT TERMS

California State Teachers' Retirement System

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

California Public Employees' Retirement System

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

3. CHANGES OF ASSUMPTIONS

California State Teachers' Retirement System

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

California Public Employees' Retirement System

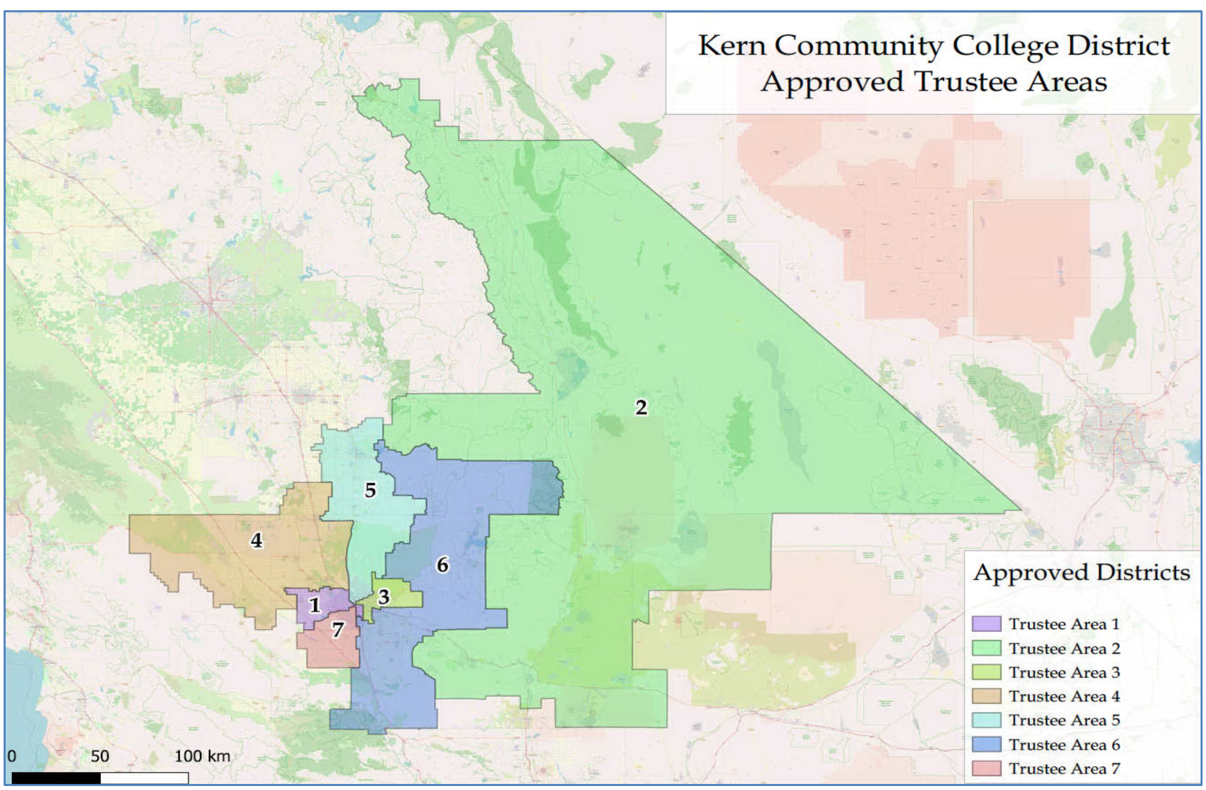
There were no significant changes of assumptions during the measurement period ended June 30, 2020.

OTHER SUPPLEMENTARY INFORMATION SECTION

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

BOARD OF TRUSTEES

Name	Office	Trustee Area	Term Expires
Mr. Romero Agbalog	President	4	2024
Mr. Kyle W. Carter	Vice President	1	2022
Ms. Nan Gomez-Heitzeberg	Clerk	3	2022
Mrs. Kay Meek	Member	7	2024
Mr. Jack Connell	Member	2	2022
Yovani Jiminez	Member	6	2024
Mr. John Corkins	Member	5	2022



ADMINISTRATION

Mr. Thomas J. Burke
Chancellor

Ms. Arlitha Williams-Harmon
Interim Chief Financial Officer

Mr. Gary Moser
Chief Information Officer

Ms. Dena Rhoades
Interim Director, Human Resources

Mr. John Means
Vice Chancellor, Educational Services

Mr. Christopher Hine
General Counsel

AUXILIARY ORGANIZATIONS IN GOOD STANDING

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

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

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

Kern Community College District

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL ATTENDANCE

June 30, 2021

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

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

See the accompanying notes to the other supplementary information.

Kern Community College District

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

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

See the accompanying notes to the other supplementary information.

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

See the accompanying notes to the other supplementary information.

Kern Community College District

SCHEDULE OF EXPENDITURES OF STATE AWARDS

Year Ended June 30, 2021

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

See the accompanying notes to the other supplementary information.

Kern Community College District

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)
WITH AUDITED FINANCIAL STATEMENTS
June 30, 2021

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

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

See the accompanying notes to the other supplementary information.

Kern Community College District

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)
WITH AUDITED FINANCIAL STATEMENTS
June 30, 2021
(Continued)

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

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

See the accompanying notes to the other supplementary information.

Kern Community College District

RECONCILIATION OF 50% LAW CALCULATION
June 30, 2021

	Object Codes	Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799 Reported Data	Audit Adjustments	Revised Data
ACADEMIC SALARIES							
Instructional Salaries							
Contract or regular	1100	$ 39,630,687	$ -	$ 39,630,687	$ 39,674,816	$ -	$ 39,674,816
Other	1300	15,924,918	-	15,924,918	15,938,718	-	15,938,718
Total Instructional Salaries		55,555,605	-	55,555,605	55,613,534	-	55,613,534
Noninstructional Salaries							
Contract or regular	1200	-	-	-	10,867,100	-	10,867,100
Other	1400	-	-	-	804,860	-	804,860
Total Noninstructional Salaries		-	-	-	11,671,960	-	11,671,960
TOTAL ACADEMIC SALARIES		55,555,605	-	55,555,605	67,285,494	-	67,285,494
CLASSIFIED SALARIES							
Noninstructional Salaries							
Regular status	2100	-	-	-	22,673,720	-	22,673,720
Other	2300	-	-	-	574,436	-	574,436
Total Noninstructional Salaries		-	-	-	23,248,156	-	23,248,156
Instructional Aides							
Regular status	2200	819,842	-	819,842	819,842	-	819,842
Other	2400	2,083,405	-	2,083,405	2,083,405	-	2,083,405
Total Instructional Aides		2,903,247	-	2,903,247	2,903,247	-	2,903,247
TOTAL CLASSIFIED SALARIES		2,903,247	-	2,903,247	26,151,403	-	26,151,403
Other							
Employee benefits	3000	22,858,825	-	22,858,825	40,376,094	-	40,376,094
Supplies and materials	4000	-	-	-	1,119,004	-	1,119,004
Other operating expenses	5000	-	-	-	18,221,592	-	18,221,592
Equipment replacement	6420	-	-	-	-	-	-
Total Other		22,858,825	-	22,858,825	59,716,690	-	59,716,690
Total Expenditures Prior to Exclusions		$ 81,317,677	$ -	$ 81,317,677	$ 153,153,587	$ -	$ 153,153,587

See the accompanying notes to the other supplementary information.

Kern Community College District

RECONCILIATION OF 50% LAW CALCULATION
June 30, 2021
(Continued)

		Activity (ECSA) ECS 84362 A Instructional Salary Cost AC 0100-5900 and AC 6110			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
EXCLUSIONS							
Activities to Exclude							
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	$ 5,384,630	$ -	$ 5,384,630	$ -	$ -	$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	454	-	454
Noninstructional Staff Retirees' Benefits and Retirement Incentives	6740	-	-	-	542,172	-	542,172
Total Instructional Salaries		5,384,630	-	5,384,630	542,626	-	542,626
Objects to Exclude							
Rents and leases	5060	-	-	-	1,878,633	-	1,878,633
Lottery expenditures:							
Academic salaries	1000	-	-	-	-	-	-
Classified salaries	2000	-	-	-	-	-	-
Employee benefits	3000	-	-	-	-	-	-
Subtotal		-	-	-	1,878,633	-	1,878,633
Supplies and materials:	4000						
Software	4100	-	-	-	-	-	-
Books, magazines, and periodicals	4200	-	-	-	-	-	-
Instructional supplies and materials	4300	-	-	-	27,795	-	27,795
Noninstructional supplies and materials	4400	-	-	-	274,969	-	274,969
Total Supplies and Materials		-	-	-	302,764	-	302,764
Other operating expenses and services	5000	-	-	-	2,533,209	-	2,533,209
Capital outlay	6000	-	-	-	-	-	-
Library books	6300	-	-	-	-	-	-
Subtotal		-	-	-	2,533,209	-	2,533,209
Equipment	6400	-	-	-	-	-	-
Equipment - additional	6410	-	-	-	315,266	-	315,266
Equipment - replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	315,266	-	315,266
Total Capital Outlay		-	-	-	315,266	-	315,266
Other outgo	7000	-	-	-	-	-	-
TOTAL EXCLUSIONS		5,384,630	-	5,384,630	5,572,498	-	5,572,498
Total for ECS 84362 - 50% Law		$ 75,933,047	$ -	$ 75,933,047	$ 147,581,089	$ -	$ 147,581,089
Percentage of CEE (Instructional Salary Cost/Total CEE)		51.45%	0.00%	51.45%			
50% of Current Expense of Education					$ 73,790,540	$ -	$ 73,790,540

See the accompanying notes to the other supplementary information.

Kern Community College District

RECONCILIATION OF EDUCATION PROTECTION
ACCOUNT EXPENDITURES
June 30, 2021

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

See the accompanying notes to the other supplementary information.

Kern Community College District

COMBINING BALANCE SHEET – DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY

June 30, 2021	General Fund	Bond Interest and Redemption Fund	Other Debt Service Fund	Child Development Fund	Balance Forward
ASSETS					
Current Assets					
Cash and cash equivalents	$ 106,114,167	$ -	$ 1,923,624	$ (488,120)	$ 107,549,671
Restricted cash and cash equivalents - current	-	-	-	-	-
Accounts receivable - net	50,210,235	414,048	36,168	696,345	51,356,796
Prepaid expenses	1,479,512	-	-	-	1,479,512
Inventories	-	-	-	-	-
Due from other funds	4,699,153	-	-	-	4,699,153
Total Current Assets	162,503,067	414,048	1,959,792	208,225	165,085,132
Noncurrent Assets					
Restricted cash and cash equivalents - noncurrent	-	42,498,326	-	-	42,498,326
Restricted investments	-	-	11,836,868	-	11,836,868
Capital assets - net	282,707	-	-	-	282,707
Total Noncurrent Assets	282,707	42,498,326	11,836,868	-	54,617,901
TOTAL ASSETS	$ 162,785,774	$ 42,912,374	$ 13,796,660	$ 208,225	$ 219,703,033
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	$ 15,222,379	$ 3,509	$ -	$ 53,098	$ 15,278,986
Advances from grantors and students	20,710,423	-	-	131,999	20,842,422
Due to other funds	-	-	4,555,141	-	4,555,141
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	35,932,802	3,509	4,555,141	185,097	40,676,549
Fund Equity					
Fund balances:					
Reserved for debt service	-	42,908,865	9,241,519	-	52,150,384
Reserved for special purposes	-	-	-	23,128	23,128
Unreserved:					
Undesignated	126,852,972	-	-	-	126,852,972
Total Fund Equity	126,852,972	42,908,865	9,241,519	23,128	179,026,484
TOTAL LIABILITIES AND FUND EQUITY	$ 162,785,774	$ 42,912,374	$ 13,796,660	$ 208,225	$ 219,703,033

See the accompanying notes to the other supplementary information.

Kern Community College District

COMBINING BALANCE SHEET – DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY
(Continued)

June 30, 2021	Balance Brought Forward	Other Special Revenue Fund	Capital Outlay Projects Fund	Bookstore Fund	Balance Forward
ASSETS					
Current Assets					
Cash and cash equivalents	$ 107,549,671	$ -	$ 55,170,612	$ -	$ 162,720,283
Restricted cash and cash equivalents - current	-	-	61,170,000	-	61,170,000
Accounts receivable - net	51,356,796	-	244,126	-	51,600,922
Prepaid expenses	1,479,512	-	9,387	-	1,488,899
Inventories	-	-	-	-	-
Due from other funds	4,699,153	-	-	-	4,699,153
Total Current Assets	165,085,132	-	116,594,125	-	281,679,257
Noncurrent Assets					
Restricted cash and cash equivalents - noncurrent	42,498,326	-	-	-	42,498,326
Restricted investments	11,836,868	-	-	-	11,836,868
Capital assets - net	282,707	-	-	-	282,707
Total Noncurrent Assets	54,617,901	-	-	-	54,617,901
TOTAL ASSETS	$ 219,703,033	$ -	$ 116,594,125	$ -	$ 336,297,158
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	$ 15,278,986	$ -	$ 13,640,792	$ -	$ 28,919,778
Advances from grantors and students	20,842,422	-	-	-	20,842,422
Due to other funds	4,555,141	-	14,534	-	4,569,675
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	40,676,549	-	13,655,326	-	54,331,875
Fund Equity					
Fund balances:					
Reserved for debt service	52,150,384	-	-	-	52,150,384
Reserved for special purposes	23,128	-	102,938,799	-	102,961,927
Unreserved:					
Undesignated	126,852,972	-	-	-	126,852,972
Total Fund Equity	179,026,484	-	102,938,799	-	281,965,283
TOTAL LIABILITIES AND FUND EQUITY	$ 219,703,033	$ -	$ 116,594,125	$ -	$ 336,297,158

See the accompanying notes to the other supplementary information.

Kern Community College District

COMBINING BALANCE SHEET – DISTRICT FUNDS
INCLUDED IN THE REPORTING ENTITY
(Continued)

June 30, 2021	Balance Brought Forward	Cafeteria Fund	Associated Students Trust Fund	Student Representation Fee Trust Fund	Balance Forward
ASSETS					
Current Assets					
Cash and cash equivalents	$ 162,720,283	$ 50,596	$ 103,844	$ -	$ 162,874,723
Restricted cash and cash equivalents - current	61,170,000	-	585,980	180,941	61,936,921
Accounts receivable - net	51,600,922	5,102	66,265	-	51,672,289
Prepaid expenses	1,488,899	-	840	280	1,490,019
Inventories	-	21,321	-	-	21,321
Due from other funds	4,699,153	-	-	-	4,699,153
Total Current Assets	281,679,257	77,019	756,929	181,221	282,694,426
Noncurrent Assets					
Restricted cash and cash equivalents - noncurrent	42,498,326	1,400	-	-	42,499,726
Restricted investments	11,836,868	-	-	-	11,836,868
Capital assets - net	282,707	-	-	-	282,707
Total Noncurrent Assets	54,617,901	1,400	-	-	54,619,301
TOTAL ASSETS	$ 336,297,158	$ 78,419	$ 756,929	$ 181,221	$ 337,313,727
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	$ 28,919,778	$ 8,823	$ 172,437	$ -	$ 29,101,038
Advances from grantors and students	20,842,422	4,689	1,128	1,867	20,850,106
Due to other funds	4,569,675	129,478	-	-	4,699,153
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	54,331,875	142,990	173,565	1,867	54,650,297
Fund Equity					
Fund balances:					
Reserved for debt service	52,150,384	-	-	-	52,150,384
Reserved for special purposes	102,961,927	(64,571)	583,364	179,354	103,660,074
Unreserved:					
Undesignated	126,852,972	-	-	-	126,852,972
Total Fund Equity	281,965,283	(64,571)	583,364	179,354	282,663,430
TOTAL LIABILITIES AND FUND EQUITY	$ 336,297,158	$ 78,419	$ 756,929	$ 181,221	$ 337,313,727

See the accompanying notes to the other supplementary information.

Kern Community College District

COMBINING BALANCE SHEET – DISTRICT FUNDS

INCLUDED IN THE REPORTING ENTITY

(Continued)

June 30, 2021	Balance Brought Forward	Student Body Center Fee Trust Fund	Student Financial Aid Fund	Other Trust Fund	Total
ASSETS					
Current Assets					
Cash and cash equivalents	$ 162,874,723	$ -	$ 1,698,707	$ 1,621,027	$ 166,194,457
Restricted cash and cash equivalents - current	61,936,921	520,605	-	-	62,457,526
Accounts receivable - net	51,672,289	-	961,030	453,727	53,087,046
Prepaid expenses	1,490,019	-	-	1,223	1,491,242
Inventories	21,321	-	-	-	21,321
Due from other funds	4,699,153	-	-	-	4,699,153
Total Current Assets	282,694,426	520,605	2,659,737	2,075,977	287,950,745
Noncurrent Assets					
Restricted cash and cash equivalents - noncurrent	42,499,726	-	-	-	42,499,726
Restricted investments	11,836,868	-	-	-	11,836,868
Capital assets - net	282,707	-	-	-	282,707
Total Noncurrent Assets	54,619,301	-	-	-	54,619,301
TOTAL ASSETS	$ 337,313,727	$ 520,605	$ 2,659,737	$ 2,075,977	$ 342,570,046
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	$ 29,101,038	$ 3,569	$ -	$ 63,867	$ 29,168,474
Advances from grantors and students	20,850,106	17,849	2,659,737	2,011,210	25,538,902
Due to other funds	4,699,153	-	-	-	4,699,153
Amounts held in trust for others	-	-	-	-	-
Total Liabilities	54,650,297	21,418	2,659,737	2,075,077	59,406,529
Fund Equity					
Fund balances:					
Reserved for debt service	52,150,384	-	-	-	52,150,384
Reserved for special purposes	103,660,074	499,187	-	900	104,160,161
Unreserved:					
Undesignated	126,852,972	-	-	-	126,852,972
Total Fund Equity	282,663,430	499,187	-	900	283,163,517
TOTAL LIABILITIES AND FUND EQUITY	$ 337,313,727	$ 520,605	$ 2,659,737	$ 2,075,977	$ 342,570,046

See the accompanying notes to the other supplementary information.

Kern Community College District

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

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

See the accompanying notes to the other supplementary information.

Kern Community College District

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

(Continued)

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

See the accompanying notes to the other supplementary information.

Kern Community College District

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

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

See the accompanying notes to the other supplementary information.

Kern Community College District

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

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

See the accompanying notes to the other supplementary information.

Kern Community College District

RECONCILIATION OF FUND EQUITY TO NET POSITION

June 30, 2021

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

See the accompanying notes to the other supplementary information.

Kern Community College District

RECONCILIATION OF CHANGE IN FUND EQUITY TO CHANGE IN NET POSITION

Year Ended June 30, 2021	
Total Net Change in Fund Equity - District Funds Included in the Reporting Entity	$ 58,382,984
Compensated absence expense reduction reported within the GASB 35 Statements	(745,229)
Capital outlay expense not reported within the GASB 35 Statements	77,131,011
Depreciation expense reported within the GASB 35 Statements	(8,561,788)
Principal payments on debt not reported within the GASB 35 Statements	39,195,529
Bond proceeds from debt not reported within the GASB 35 Statements	(123,081,726)
Increase in interest expense for capital asset related debt reported within the GASB 35 Statements	(2,503,015)
Change in bond premium cost, net of discounts, reported within the GASB 35 Statements	2,234,443
Change in deferred loss on refunding reported within the GASB 35 Statements	(467,955)
Change in pension expense related to GASB 68	(16,437,050)
Change in OPEB expense related to GASB 75	30,435,649
Net Change in Net Position Reported Within the GASB 35 Statement of Revenues, Expenses, and Changes in Net Position	$ 55,582,853

See the accompanying notes to the other supplementary information.

1. PURPOSE OF SCHEDULES

Schedule of Workload Measures for State General Apportionment Annual Attendance

The Schedule of Workload Measures for State General Apportionment Annualized Attendance as of June 30, 2021, represents the basis of apportionment of the District's annual source of funding.

Schedule of Expenditures of Federal Awards

This schedule includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance).

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

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

Schedule of Expenditures of State Awards

This schedule includes the state activity of the District under categorical programs of the state of California for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of the *California Community Colleges Contracted District Audit Manual 2020-21*.

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

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

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

Reconciliation of 50% Law Calculation

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

Reconciliation of Education Protection Account Expenditures

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

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

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

2. COMBINING FINANCIAL STATEMENTS SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

3. LOAN PROGRAMS

The District is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program. Accordingly, the value of these outstanding loans is not reflected in the District's financial statements. It is not practical to determine the balance of loans outstanding to students of the District under this program as of June 30, 2021.

OTHER REPORTS SECTION

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Kern Community College District (the District) as of and for the year ended June 30, 2021; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated January 25, 2022.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Horton McNulty & Saeteurn, LLP

January 25, 2022
Chico, California

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

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

Report on Compliance for Each Major Federal Program

We have audited Kern Community College District's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Purpose of This Report

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

Horton McNulty & Saeteurn, LLP

January 25, 2022
Chico, California

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Compliance

We have audited the Kern Community College District's (the District) compliance with the types of state compliance requirements described in the *California Community Colleges Contracted District Audit Manual 2020-21,* published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2021. The applicable state compliance requirements are identified in the table below.

Management's Responsibility

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

Auditors' Responsibility

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

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

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE
(Continued)

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

Opinion on State Compliance

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above that are applicable to the District for the year ended June 30, 2021.

Horton McNulty & Saeteurn, LLP

January 25, 2022
Chico, California

FINDINGS AND QUESTIONED COSTS SECTION

SECTION I
SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

Internal control over major programs:	
Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditors' report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

Assistance Listing Number	Program Name
84.425E	CARES Act Higher Education Emergency Relief Fund - Student Aid
84.425L	CARES Act Higher Education Emergency Relief Fund - Minority Serving Institutions
84.425F	CARES Act Higher Education Emergency Relief Fund - Institutional Portion

Threshold for distinguishing types A and B programs:	$2,192,314
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

SECTION II FINDINGS
FINANCIAL STATEMENTS AUDIT

None.

SECTION III FINDINGS
FEDERAL AWARDS AUDIT

None.

SECTION IV FINDINGS
STATE AWARDS AUDIT

None.

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

None.

APPENDIX C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Kern Community College District (the "District") in connection with the issuance of $_________ of the Kern Community College District Facilities Improvement District No. 1 (Kern, San Bernardino, and Tulare Counties, California) Election of 2016 General Obligation Bonds, Series D (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of Trustees of the District, adopted on October 13, 2022 (the "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 Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Dissemination Agent" shall mean initially Dale Scott & Company Inc., or any successor Dissemination Agent designated in writing by the District (which may be the District) and which has filed with the District a written acceptance of such designation.

"Financial Obligation" shall mean: (a) a debt obligation; (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b). The term "Financial Obligation" does not include municipal securities as to which a final official statement has been provided to the Repository consistent with the Rule.

"Improvement District" means the Kern Community College District Facilities Improvement District No. 1.

"Listed Events" shall mean any of the events listed in Section 5(a) or 5(b) of this Disclosure Certificate.

"Official Statement" shall mean that certain official statement, dated ________________, 2022, relating to the offering and sale of the Bonds.

"Participating Underwriter" shall mean Stifel, Nicolaus & Company, Incorporated, and UBS Financial Services Inc. (the "Underwriters"), as the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean, the Municipal Securities Rulemaking Board, which can be found at http://emma.msrb.org/, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"Rule" shall mean 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.

"State" shall mean the State of California.

SECTION 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than nine months after the end of the District's fiscal year (presently ending June 30), commencing with the report for the 2021-2022 fiscal year, provide to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; *provided* that the audited financial statements of the District may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are 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(b).

(b) Not later than thirty (30) days (nor more than sixty (60) days) prior to said date the Dissemination Agent shall give notice to the District that the Annual Report shall be required to be filed in accordance with the terms of this Disclosure Certificate. Not later than fifteen (15) Business Days prior to said date, the District shall provide the Annual Report in a format suitable for reporting to the Repository to the Dissemination Agent (if other than the District). If the District is unable to provide to the Repository an Annual Report by the date required in subsection (a), the District shall send a timely notice to the Repository, no later than the date required in subsection (a) in substantially the form attached as Exhibit A with a copy to the Dissemination Agent. The Dissemination Agent shall not be required to file a Notice to Repository of Failure to File an Annual Report.

(c) The Dissemination Agent shall file a report with the District stating it has filed the Annual Report in accordance with its obligations hereunder, stating the date it was provided to the Repository.

SECTION 4. Content of Annual Reports. (a) The District's Annual Report shall contain or include by reference the following:

1. The audited financial statements of the District for the prior fiscal year, 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 time the Annual Report is required to be filed pursuant to Section 3(a), 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.

2. Material financial information and operating data with respect to the District and the Improvement District of the type included in the Official Statement in the following categories (to the extent not included in the District's audited financial statements):

(a) State funding received by the District for the last completed fiscal year;

(b) Full time equivalent student counts of the District for the last completed fiscal year;

(c) Outstanding District indebtedness;

(d) Summary financial information on revenues, expenditures and fund balances for the District's general fund reflecting adopted budget for the current fiscal year;

(e) Secured Tax Charges and Delinquencies within the Improvement District for the prior fiscal year, to the extent made available by the Counties (as defined in the Official Statement);

(f) Assessed valuation of the Improvement District for the current fiscal year; and

(g) Top 20 property owners in the Improvement District for the current fiscal year, as measured by secured assessed valuation, the amount of their respective taxable value and their percentage of total secured assessed value, if material.

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 have been submitted to the Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The District shall clearly identify each such other document so included by reference.

(b) The Annual Report shall be filed in an electronic format, and accompanied by identifying information, as prescribed by the Municipal Securities Rulemaking Board.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not in excess of 10 business days after the occurrence of the event:

1. principal and interest payment delinquencies.

2. tender offers.

3. defeasances.

4. rating changes.

5. adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, or Notices of Proposed Issue (IRS Form 5701-TEB).

6. unscheduled draws on the debt service reserves reflecting financial difficulties.

7. unscheduled draws on credit enhancement reflecting financial difficulties.

8. substitution of the credit or liquidity providers or their failure to perform.

9. bankruptcy, insolvency, receivership or similar event (within the meaning of the Rule) of the District. For the purposes of the event identified in this Section 5(a)(9), the event 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 U.S. 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 governmental 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.

10. 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) Pursuant to the provisions of this Section 5(b), the District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material:

1. non-payment related defaults.

2. modifications to rights of Bondholders.

3. optional, contingent or unscheduled bond calls.

4. unless described under Section 5(a)(5) above material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

5. release, substitution or sale of property securing repayment of the Bonds.

6. 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.

7. appointment of a successor or additional trustee or paying agent with respect to the Bonds or the change of name of such a trustee or paying agent.

8. incurrence of a Financial Obligation of the District, 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 bondholders.

(c) Whenever the District obtains knowledge of the occurrence of a Listed Event under Section 5(b) hereof, the District shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the District determines that knowledge of the occurrence of a Listed Event under Section 5(b) hereof would be material under applicable federal securities laws, the District shall (i) file a notice of such occurrence with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event or (ii) provide notice of such reportable event to the Dissemination Agent in format suitable for filing with the Repository in a timely manner not in excess of 10 business days after the occurrence of the event. The Dissemination Agent shall have no duty to independently prepare or file any report of Listed Events. The Dissemination Agent may conclusively rely on the District's determination of materiality pursuant to Section 5(c).

SECTION 6. 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(a) or Section 5(b), as applicable.

SECTION 7. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent (or substitute 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. The Dissemination Agent may resign upon fifteen (15) days written notice to the District. Upon such resignation, the District shall act as its own Dissemination Agent until it appoints a successor. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the District pursuant to this Disclosure Certificate and shall not be responsible to verify the accuracy, completeness or materiality of any continuing disclosure information provided by the District. The District shall compensate the Dissemination Agent for its fees and expenses hereunder as agreed by the parties. Any entity succeeding to all or substantially all of the Dissemination Agent's corporate trust business shall be the successor Dissemination Agent without the execution or filing of any paper or further act.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, 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, 5(a) or 5(b), 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 the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances;

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds; and

(d) No duties of the Dissemination Agent hereunder shall be amended without its written consent thereto.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the District shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(b), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent 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 Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the District 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 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. The Dissemination Agent acts hereunder solely for the benefit of the District; this Disclosure Certificate shall confer no duties on the Dissemination Agent to the Participating Underwriter, the Holders and the Beneficial Owners. 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 gross 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. The Dissemination Agent shall have no liability for the failure to report any event or any financial information as to which the District has not provided an information report in format suitable for filing with the Repository. The Dissemination Agent shall not be required to monitor or enforce the District's duty to comply with its continuing disclosure requirements hereunder.

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.

Dated: _______________, 2022

KERN COMMUNITY COLLEGE DISTRICT

By: ____

Chancellor

EXHIBIT A

NOTICE TO REPOSITORY OF FAILURE TO FILE ANNUAL REPORT

Name of District:	KERN COMMUNITY COLLEGE DISTRICT
Name of Bond Issue:	Kern Community College District Facilities Improvement District No. 1 (Kern, San Bernardino, and Tulare Counties, California) Election of 2016 General Obligation Bonds, Series D

Date of Issuance: _______________, 2022

NOTICE IS HEREBY GIVEN that the District has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate relating to the Bonds. The District anticipates that the Annual Report will be filed by _____________.

Dated:_______________________

KERN COMMUNITY COLLEGE DISTRICT

By ____[form only; no signature required]______

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX D

GENERAL ECONOMIC AND DEMOGRAPHIC INFORMATION FOR THE CITY OF BAKERSFIELD AND KERN COUNTY

The following information concerning the City of Bakersfield (the "City"), and Kern County (the "County") is included only for the purpose of supplying general information regarding the local community and economy. The Bonds are not a debt of the City or of the County. This material has been prepared by or excerpted from the sources as noted herein and has not been reviewed for accuracy by the District, Bond Counsel, the Underwriters or the Municipal Advisor.

General

City of Bakersfield. The City is located at the southern end of the San Joaquin Valley in the County, approximately 110 miles north of the City of Los Angeles and approximately 290 miles south of the City and County of San Francisco. The City covers over 150 square miles of land and an additional 162 square miles of land area is located within the City's sphere of influence. 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 of the State of California (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 and has a Council-Manager form of government with the City Council comprised of seven members from the seven city wards and service overlapping four-year terms.

Kern County. The County is located approximately 100 miles north of Los Angeles County and spans the southern end of the Central Valley. The County is the third largest county in State, covering 8,073 square miles ranging west to the southern slope of the Coast Ranges, east beyond the southern slope of the eastern Sierra Nevada into the Mojave Desert, north to Kings, Tulare and Inyo Counties, and south to Los Angeles County. 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. Bakersfield is the largest city in the County and became the county seat in 1874. An elected five-member Board of Supervisors serves as the County's governing body.

[REMAINDER OF PAGE LEFT BLANK]

Population

The following table shows historical population figures for the City, the County, and the State from 2013 through 2022.

POPULATION ESTIMATES
2013 through 2022
City of Bakersfield, Kern County and State of California

Year[1]	City of Bakersfield	Kern County	State of California
2013	363,021	864,605	38,269,864
2014	367,070	870,642	38,556,731
2015	371,519	878,038	38,865,532
2016	375,633	882,395	39,103,587
2017	379,862	890,052	39,352,398
2018	384,704	898,824	39,519,535
2019	388,588	907,065	39,605,361
2020	394,328	916,828	39,648,938
2021	406,129	907,324	39,303,157
2022	408,865	909,813	39,185,605

(1) As of January 1.
Source: 2013-2020 with 2010 Benchmark; 2021-2022 with 2020 Benchmark: California Department of Finance for January 1.

Income

The following table shows per capita personal income for the County, the State, and the United States for 2012 through 2021.

PER CAPITA PERSONAL INCOME
2012 through 2021
Kern County, State of California, and United States

Year	Kern County	State of California	United States
2012	$33,948	$48,121	$44,548
2013	34,506	48,502	44,798
2014	36,509	51,266	46,887
2015	37,041	54,546	48,725
2016	36,634	56,560	49,613
2017	37,080	58,813	51,573
2018	38,079	61,509	53,817
2019	39,559	64,333	55,724
2020	44,721	69,958	59,147
2021	(1)	76,386	63,444

(1) Kern County figure for 2021 not yet available.
Note: Per capita personal income is the total personal income divided by the total mid-year population estimates. Estimates for 2012-2020 reflect county population estimates available as of March 2021. Last updated: March 23, 2022 – new statistics for 2020; revised estimates for 2012-2019. All dollar estimates are in current dollars (not adjusted for inflation).
Source: U.S. Department of Commerce, Bureau of Economic Analysis.

Principal Employers

The following tables show the principal employers in the City and the County by number of employees.

PRINCIPAL EMPLOYERS
2021
City of Bakersfield

Company	Description	Employees
County of Kern	County Government	7,336
Kern High School District	Education	4,645
Bakersfield City School District	Education	4,069
Dignity Health	Health Services	3,558
Panama-Buena Vista Union School District	Education	2,388
Bolthouse Farms	Agricultural Production Crops	2,338
Kern Medical Center	Health Services	2,152
Adventist Health Bakersfield	Health Services	1,722
City of Bakersfield	Local Government	1,610
Kern County Superintendent of Schools	Education	1,477

Source: City of Bakersfield 'Annual Comprehensive Financial Report' for Fiscal Year Ended June 30, 2021.

PRINCIPAL EMPLOYERS
2021
Kern County

Company	Description	Employees
Edwards Air Force Base	Federal Government - National Security	10,420
County of Kern	County Government	6,658
China Lake Naval Air Weapons Station	Federal Government - National Security	3,305
Wasco State Prison Reception Center	State Government	2,200
Amazon	Private Industry	2,200
Adventist Health Bakersfield	Health Services	1,928
City of Bakersfield	Local Government	1,682
Area Energy, LLC	Oil and Gas	1,091
Bolthouse Farms	Agricultural Production Crops	1,000
Sun Pacific	Agriculture	990

Source: County of Kern, State of California 'Annual Comprehensive Financial Report' for Fiscal Year Ended June 30, 2021.

Employment

The following table summarizes the labor force, employment and unemployment figures for the years 2017 through 2021 for the City, the County, the State, and the United States.

CIVILIAN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT ANNUAL AVERAGES
2017 through 2021[(1)]
City of Bakersfield, Kern County, the State of California, and the United States

Year and Area	Labor Force	Employment[(2)]	Unemployment[(3)]	Unemployment Rate (%)
2017				
City of Bakersfield	174,600	163,200	11,300	6.5
Kern County	384,100	348,500	35,600	9.3
State of California	19,185,400	18,258,400	927,300	4.8
United States	160,320,000	153,337,000	6,982,000	4.4
2018				
City of Bakersfield	176,400	166,500	9,900	5.6
Kern County	385,800	354,500	31,400	8.1
State of California	19,289,500	18,468,100	821,400	4.3
United States	162,075,000	155,761,000	6,314,000	3.9
2019				
City of Bakersfield	177,400	167,900	9,600	5.4
Kern County	388,800	358,100	30,700	7.9
State of California	19,409,400	18,612,600	769,800	4.1
United States	163,539,000	157,538,000	6,001,000	3.7
2020				
City of Bakersfield	178,400	157,900	20,500	11.5
Kern County	385,900	335,900	49,900	12.9
State of California	18,931,100	16,996,700	1,934,500	10.2
United States	160,742,000	147,795,000	12,947,000	8.1
2021				
City of Bakersfield	176,500	162,400	14,100	8.0
Kern County	384,000	345,400	38,600	10.0
State of California	18,923,200	17,541,900	1,381,200	7.3
United States	161,204,000	152,581,000	8,623,000	5.3

Note: Data is not seasonally adjusted.
(1) Annual averages, unless otherwise specified.
(2) Includes persons involved in labor-management trade disputes.
(3) The unemployment rate is computed from unrounded data; therefore, it may differ from rates computed from rounded figures in this table.
Source: U.S. Department of Labor – Bureau of Labor Statistics, California Employment Development Department. March 2021 Benchmark.

Industry

The City and the County are included in the Bakersfield Metropolitan Statistical Area (the "MSA"). The distribution of employment in the MSA is presented in the following table for the past five years. These figures are multi county-wide statistics and may not necessarily accurately reflect employment trends in the County.

INDUSTRY EMPLOYMENT AND LABOR FORCE ANNUAL AVERAGES
2017 through 2021
Bakersfield MSA
(Kern County)

Category	2017	2018	2019	2020	2021
Total Farm	61,400	61,500	62,100	58,400	60,900
Total Nonfarm	259,000	266,600	273,100	260,900	268,700
Total Private	193,700	200,500	205,500	195,400	204,000
Goods Producing	37,000	38,400	38,800	35,700	34,800
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
Durable Goods	4,800	4,800	4,900	4,700	4,700
Nondurable Goods	8,600	8,400	8,000	7,600	7,300
Service Providing	222,000	228,200	234,300	225,200	233,800
Private Service Providing	156,800	162,100	166,700	159,700	169,200
Trade, Transportation & Utilities	51,600	53,300	52,900	52,700	59,100
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
Financial Activities	7,700	7,600	7,500	7,200	7,300
Professional & Business Services	25,400	26,500	27,700	26,900	25,900
Educational & Health Services	36,400	38,100	40,900	40,800	41,400
Leisure & Hospitality	25,900	26,700	27,600	23,200	26,200
Other Services	7,700	7,900	8,300	7,400	7,800
Government	65,200	66,100	67,600	65,500	64,600
Total, All Industries	320,300	328,100	335,300	319,300	329,500

Note: The "Total, All Industries" data is not directly comparable to the employment data found herein.
Source: State of California, Employment Development Department, Labor Market Information Division, Annual Average Labor Force and Industry Employment, March 2021 Benchmark.

Commercial Activity

Summaries of annual taxable sales for the City and County from 2017 through 2021 are shown in the following tables.

ANNUAL TAXABLE SALES
2017 through 2021
City of Bakersfield
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2017	6,315	$4,952,589	9,246	$6,117,691
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	5,278,184	11,582	6,356,166
2021	7,419	6,570,455	11,300	7,828,324

Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

ANNUAL TAXABLE SALES
2017 through 2021
Kern County
(Dollars in Thousands)

Year	Retail Permits	Retail Stores Taxable Transactions	Total Permits	Total Outlets Taxable Transactions
2017	12,253	$9,104,669	18,743	$13,967,392
2018	12,558	9,716,458	19,612	15,130,972
2019	13,152	10,091,220	20,757	15,711,099
2020	14,564	10,769,341	23,028	16,145,355
2021	13,760	13,218,065	22,039	19,381,810

Source: "Taxable Sales in California (Sales & Use Tax)," California State Board of Equalization.

Construction Activity

The annual building permit valuations and number of permits for new dwelling units issued for the years 2017 through 2021 for the City and County are shown in the following tables.

BUILDING PERMITS AND VALUATIONS
2017 through 2021
City of Bakersfield
(Dollars in Thousands)

	2017	2018	2019	2020	2021
Valuation					
Residential	$284,646	$313,153	$406,250	$494,774	$262,347
Non-Residential	155,458	149,927	103,167	116,979	139,349
Total	$440,104	$463,080	$509,417	$611,753	$401,696
Units					
Single Family	930	997	1,378	1,369	769
Multiple Family	6	126	56	376	43
Total	936	1,123	1,434	1,745	812

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

BUILDING PERMITS AND VALUATIONS
2017 through 2021
Kern County
(Dollars in Thousands)

	2017	2018	2019	2020	2021
Valuation					
Residential	$443,194	$499,650	$587,466	$656,949	$483,871
Non-Residential	370,695	570,621	363,047	409,932	409,783
Total	$813,889	$1,070,271	$950,513	$1,066,881	$893,654
Units					
Single Family	1,844	1,894	2,260	2,272	1,928
Multiple Family	10	346	659	460	339
Total	1,854	2,240	2,919	2,732	2,267

Note: Totals may not add to sum because of rounding.
Source: Construction Industry Research Board.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX E

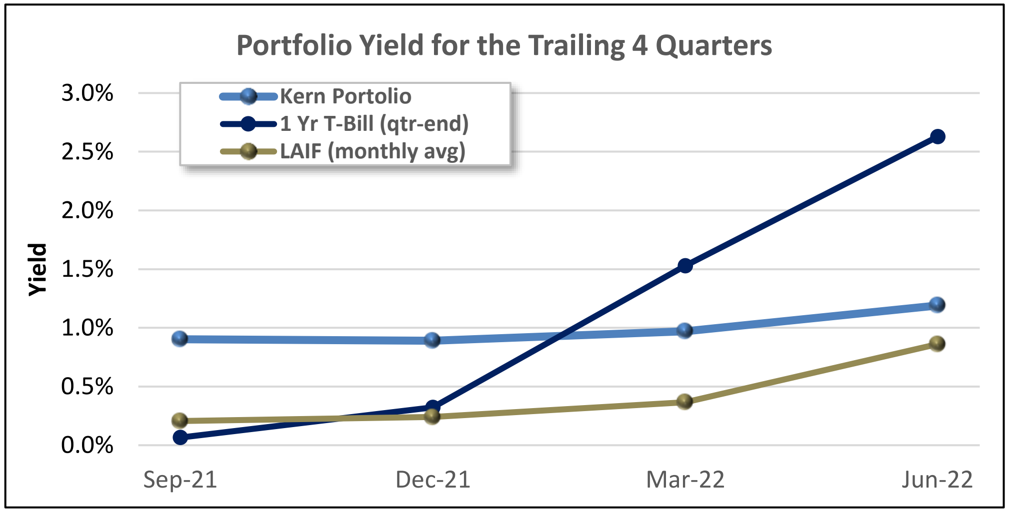
KERN COUNTY INVESTMENT POOL

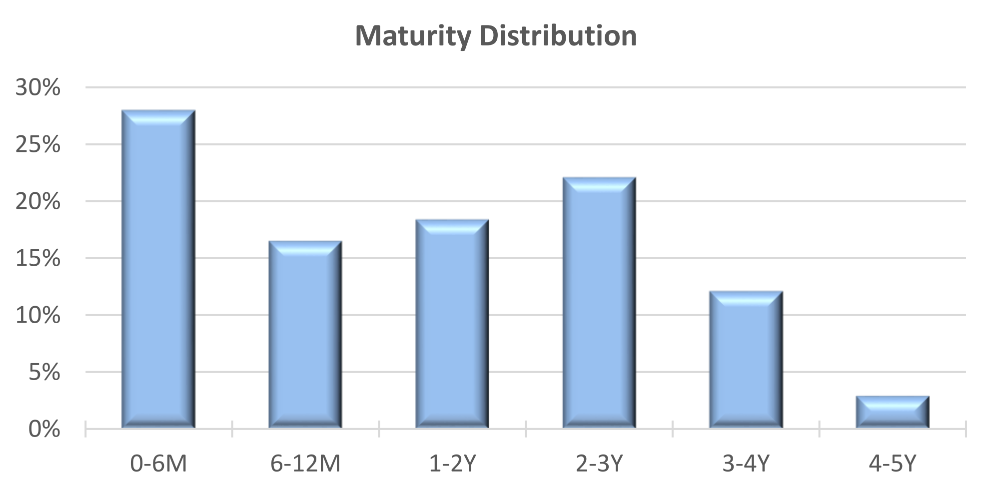
The following information concerning the Kern County Investment Pool (the "Investment Pool") has been provided by the Treasurer, and has not been confirmed or verified by the District, the Municipal Advisor or the Underwriters. The District, the Municipal Advisor and the Underwriters have not made an independent investigation of the investments in the Investment Pool and have made no assessment of the current County investment policy. The value of the various investments in the Investment Pool will fluctuate on a daily basis as a result of a multitude of factors, including generally prevailing interest rates and other economic conditions. Additionally, the Treasurer, with the consent of the County Board of Supervisors, may change the County investment policy at any time. Therefore, there can be no assurance that the values of the various investments in the Investment Pool will not vary significantly from the values described herein. Finally, none of the District, the Municipal Advisor nor the Underwriters make any representation as to the accuracy or adequacy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof, or that the information contained or incorporated hereby by reference is correct as of any time subsequent to its date. Additional information regarding the Investment Pool may be obtained from the Treasurer at https://www.kcttc.co.kern.ca.us; however, the information presented on such website is not incorporated herein by any reference.

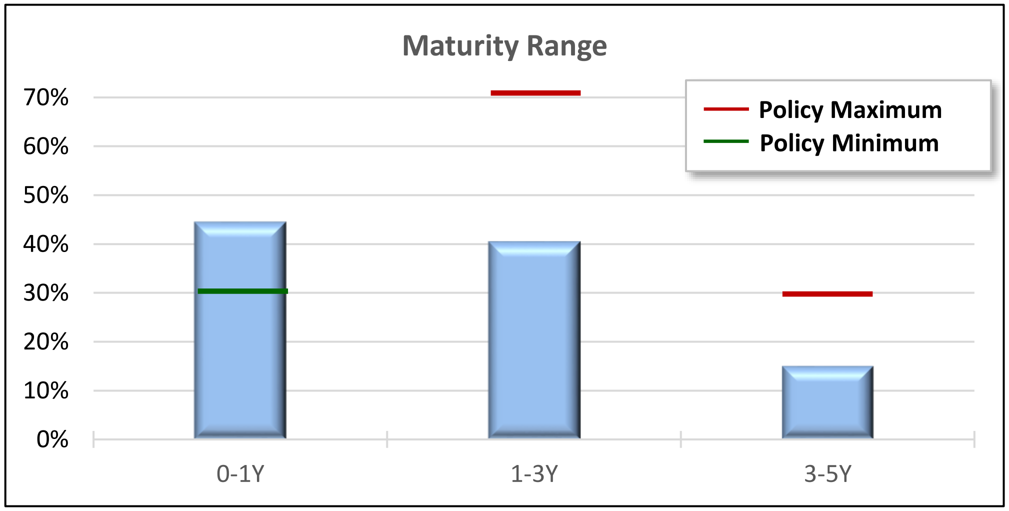
[THIS PAGE INTENTIONALLY LEFT BLANK]

Kern County Treasurer's Pooled Cash
Portfolio Summary
8/31/2022

Total Market Value	$ 4,810,136,259
Yield to Maturity at Cost	1.46%
Yield to Maturity at Market	3.15%
Effective Duration	1.50
Weighted Average Years to Maturity	1.62







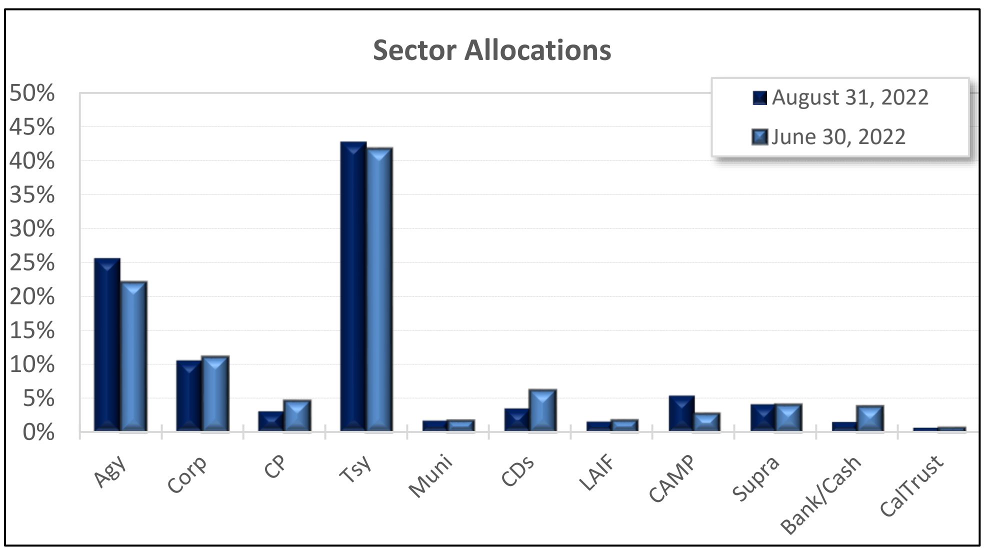
*The County Treasurer believes the Treasury Investment Pool contains sufficient cash flow from liquid and maturing securities, bank deposits, and incoming cash to meet the next six months of expected expenditures.

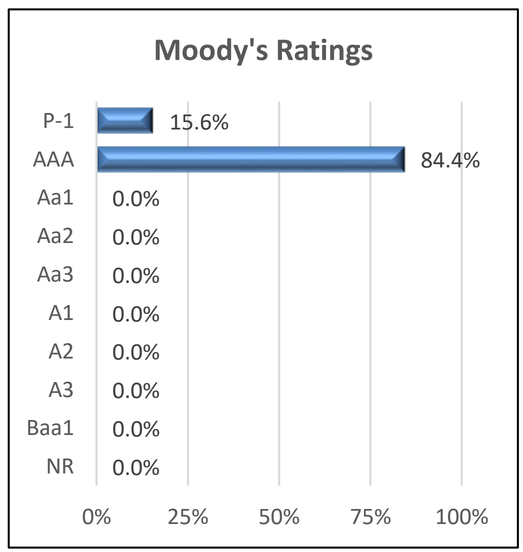
Kern County Treasurer's Pooled Cash

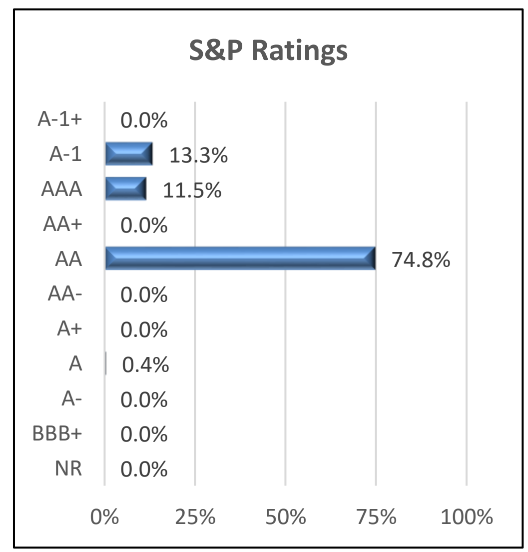
Portfolio Summary

8/31/2022

Sector	Par Amount	Original Cost	Market Value	Original Yield	% of Total Assets	Policy Limit Rating	Days to Maturity
Local Agency Investment Fund	75,116,859	75,116,859	75,116,859	1.27%	1.56%	$75 Million	1
California Asset Management Program	265,621,570	265,621,570	265,621,570	2.30%	5.52%	10%	1
CalTRUST	31,633,502	31,633,502	31,633,502	2.28%	0.66%	10%	1
Money Markets	25,069,809	25,069,809	25,069,809	2.19%	0.52%	10%	1
Bank Sweep (ICS)	15,158,460	15,158,460	15,158,460	2.45%	0.32%	10%	1
U.S. Treasuries	2,094,000,000	2,122,967,581	2,026,313,005	1.04%	42.13%	100%	778
Federal Agencies	1,268,119,000	1,270,061,952	1,239,706,686	1.70%	25.77%	75%	573
Municipal Bonds	81,000,000	81,758,700	79,163,130	1.83%	1.65%	10%	456
Supranationals	195,506,000	200,834,443	191,623,849	1.05%	3.98%	10%	528
Negotiable CDs	171,000,000	170,979,118	170,295,494	1.31%	3.54%	30%	106
Commercial Paper	150,000,000	149,021,875	149,140,179	2.25%	3.10%	40%	33
Corporate Notes	526,240,000	523,259,713	507,730,033	2.00%	10.56%	30%	703
Total Securities	4,898,465,199	4,931,483,582	4,776,572,576	1.46%	99.30%		591
Total Cash	33,563,682	33,563,682	33,563,682		0.70%		
Total Assets	4,932,028,882	4,965,047,264	4,810,136,259		100.00%		







Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
August 31, 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			324,422.99	324,422.99	324,422.99	0.001	Aaa	AAA	0.001	
539995217	419	Local Agency Investment Fund			74,792,436.29	74,792,436.29	74,792,436.29	1.276			1.276	
		Subtotal and Average	**75,116,700.78**		**75,116,859.28**	**75,116,859.28**	**75,116,859.28**				**1.270**	
Negotiable CD's												
06367CW94	16064	Bank of Montreal Chicago		06/27/2022	50,000,000.00	49,957,348.00	50,000,000.00	3.450	P-1	A-1	3.498	05/02/2023
22536ABB9	15975	Credit Agricole NY		12/09/2021	25,000,000.00	24,836,386.25	25,000,000.00	0.420	P-1	A-1	0.426	11/04/2022
63873QRR7	15980	Natixis NY		12/10/2021	35,000,000.00	34,766,314.45	35,000,000.00	0.490	P-1	A-1	0.497	11/07/2022
21684XTV8	15984	RABOBANK NED NY		12/15/2021	25,000,000.00	24,818,060.75	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	35,917,384.32	36,000,000.00	0.270	P-1	A-1	0.274	09/06/2022
		Subtotal and Average	**265,172,666.10**		**171,000,000.00**	**170,295,493.77**	**170,979,117.71**				**1.308**	
Commercial Paper - Discount												
06742X5K9	16055	Barclays US CCP		06/23/2022	25,000,000.00	24,903,854.25	24,903,854.17	1.950	P-1	A-1	2.012	09/02/2022
06744GBQ4	16065	Barclays US CCP		06/29/2022	25,000,000.00	24,843,333.25	24,843,333.33	2.350	P-1	A-1	2.431	10/03/2022
06744GBV3	16069	Barclays US CCP		07/01/2022	25,000,000.00	24,777,916.75	24,777,916.67	2.600	P-1	A-1	2.697	11/01/2022
22533UJF1	16076	Credit Agricole		07/15/2022	25,000,000.00	24,917,600.00	24,896,666.67	2.400	P-1	A-1	2.477	09/15/2022
46640QLE9	16052	JP Morgan Securities LLC		06/13/2022	25,000,000.00	24,786,250.00	24,754,027.78	2.300	P-1	A-1	2.388	11/14/2022
63873KJL2	16024	Natixis NY		04/18/2022	25,000,000.00	24,911,225.00	24,846,076.39	1.430	P-1	A-1	1.479	09/20/2022
		Subtotal and Average	**180,390,292.35**		**150,000,000.00**	**149,140,179.25**	**149,021,875.01**				**2.247**	
Federal Agency Issues - Coupon												
3133EJV63	15439	Federal Farm Credit Bank		11/28/2018	11,311,000.00	11,318,655.06	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	10,579,103.73	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	15,016,098.45	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	15,004,262.55	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	10,002,841.70	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	19,954,530.40	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	9,978,760.10	9,994,500.00	2.700	Aaa	AA	2.712	02/06/2024
3133EKSN7	15535	Federal Farm Credit Bank		06/28/2019	5,500,000.00	5,436,317.81	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	9,947,857.30	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	12,436,016.02	12,650,253.00	1.900	Aaa	AA	1.900	07/01/2024
3133ELJH8	15633	Federal Farm Credit Bank		03/16/2020	10,000,000.00	9,932,573.70	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	9,978,959.50	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	9,959,573.17	10,653,064.80	1.800	Aaa	AA	0.586	05/16/2024

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
August 31, 2022

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												
3133EET67	15665	Federal Farm Credit Bank		04/28/2020	7,174,000.00	7,139,854.77	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	24,538,852.25	26,063,500.00	1.550	Aaa	AA	0.389	01/10/2024
3133EMNG3	15829	Federal Farm Credit Bank		01/20/2021	15,000,000.00	14,423,273.10	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	14,423,273.10	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	17,094,742.38	17,063,460.00	1.400	Aaa	AA	2.890	01/13/2026
3133END80	16088	Federal Farm Credit Bank		08/03/2022	10,000,000.00	10,060,000.00	10,060,000.00	3.000	Aaa	AA	2.840	08/03/2026
3130ADRG9	15376	Federal Home Loan Bank		04/12/2018	15,000,000.00	14,980,322.55	15,030,300.00	2.750	Aaa	AA	2.705	03/10/2023
313383QR5	15469	Federal Home Loan Bank		01/08/2019	20,000,000.00	20,044,286.80	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	9,955,595.90	10,132,300.00	2.550	Aaa	AA	2.248	05/30/2023
3130AJ7E3	15630	Federal Home Loan Bank		02/21/2020	15,000,000.00	14,873,568.60	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	9,995,519.50	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	13,113,428.95	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	11,484,554.86	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	14,889,224.10	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	9,278,381.20	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	18,463,433.80	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	13,731,692.40	15,000,000.00	0.625	Aaa	AA	0.625	02/24/2026
3130ALDB7	15845	Federal Home Loan Bank		02/25/2021	10,000,000.00	9,315,695.90	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	8,504,471.97	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	14,174,119.95	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	15,746,209.03	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	14,041,228.80	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	14,318,713.20	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	14,043,112.80	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	14,273,176.05	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	8,744,600.26	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	38,309,884.00	40,000,000.00	1.250	Aaa	AA	1.631	08/07/2026
3130ARSU6	16041	Federal Home Loan Bank		05/11/2022	20,000,000.00	19,893,995.60	20,000,000.00	3.140	Aaa	AA	3.141	08/11/2026
3130ARTR2	16042	Federal Home Loan Bank		05/16/2022	15,000,000.00	14,932,128.30	15,000,000.00	3.030	Aaa	AA	3.030	05/16/2025
3130AR6U0	16046	Federal Home Loan Bank		05/26/2022	10,000,000.00	9,673,238.30	9,700,163.08	2.500	Aaa	AA	3.175	03/22/2027
3130ASG52	16068	Federal Home Loan Bank		06/30/2022	10,000,000.00	10,056,837.40	10,000,000.00	4.100	Aaa	AA	4.100	06/30/2027
3130ALGJ7	16089	Federal Home Loan Bank		07/29/2022	9,750,000.00	9,054,498.96	9,043,905.00	1.000	Aaa	AA	3.114	03/23/2026
3137EAER6	15678	Federal Home Loan Mort Corp		05/07/2020	30,000,000.00	29,406,812.40	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	9,712,900.00	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	9,712,900.00	10,015,600.00	0.250	Aaa	AA	0.192	08/24/2023

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
August 31, 2022

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												
3137EAEZ8	15812	Federal Home Loan Mort Corp		12/15/2020	25,000,000.00	24,174,892.25	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	9,669,956.90	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	18,934,465.80	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	22,839,205.50	22,769,075.00	0.800	Aaa	AA	2.931	10/28/2026
3134GXSH8	16043	Federal Home Loan Mort Corp		05/17/2022	15,000,000.00	15,004,070.40	15,000,000.00	4.000	Aaa	AA	4.000	05/17/2027
3134GXZN7	16072	Federal Home Loan Mort Corp		07/12/2022	15,000,000.00	15,185,358.90	15,000,000.00	4.250	Aaa	AA	4.250	07/12/2027
3135G0T78	15304	Federal National Mortgage Assn		12/12/2017	10,000,000.00	9,991,627.10	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	9,992,892.60	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	4,995,767.80	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	4,995,767.80	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	9,779,007.90	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	24,337,968.25	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	9,735,187.30	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	24,337,968.25	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	19,470,374.60	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	19,296,215.60	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	14,250,247.97	15,297,347.50	0.375	Aaa	AA	0.387	04/15/2025
880591ER9	15654	Tennessee Valley Authority		04/15/2020	10,000,000.00	9,973,394.50	10,927,800.00	2.875	Aaa	AA	0.736	09/15/2024
		Subtotal and Average	**975,339,076.45**		**945,119,000.00**	**918,914,446.09**	**949,272,767.77**				**1.384**	
Federal Agency Issues - Discount												
313385E28	16079	Federal Home Loan Bank		07/22/2022	25,000,000.00	24,943,055.56	24,943,055.56	2.000	P-1	A-1	2.032	09/01/2022
313385E93	16081	Federal Home Loan Bank		07/26/2022	25,000,000.00	24,932,777.78	24,932,777.78	2.200	P-1	A-1	2.237	09/08/2022
313385F84	16085	Federal Home Loan Bank		07/27/2022	1,000,000.00	1,000,000.00	996,944.44	2.200	P-1	A-1	2.237	09/15/2022
313384CD9	16090	Federal Home Loan Bank		08/10/2022	20,000,000.00	19,689,083.33	19,689,083.33	2.870	P-1	A-1	3.017	02/21/2023
313385M29	16091	Federal Home Loan Bank		08/16/2022	20,000,000.00	19,903,000.00	19,903,000.00	2.425	P-1	A-1	2.471	10/27/2022
313385J64	16092	Federal Home Loan Bank		08/16/2022	40,000,000.00	39,871,155.56	39,871,155.56	2.230	P-1	A-1	2.268	10/07/2022
313384DK2	16098	Federal Home Loan Bank		08/23/2022	10,000,000.00	9,817,444.44	9,817,444.44	3.100	P-1	A-1	3.261	03/23/2023
313384CM9	16101	Federal Home Loan Bank		08/23/2022	13,000,000.00	12,790,736.11	12,790,736.11	3.050	P-1	A-1	3.210	03/01/2023
313385U38	16102	Federal Home Loan Bank		08/24/2022	15,000,000.00	14,855,808.33	14,855,808.33	2.860	P-1	A-1	2.928	12/23/2022
313385K54	16103	Federal Home Loan Bank		08/26/2022	50,000,000.00	49,829,861.11	49,829,861.11	2.500	P-1	A-1	2.543	10/14/2022
313385S23	16104	Federal Home Loan Bank		08/26/2022	50,000,000.00	49,599,083.33	49,599,083.33	2.830	P-1	A-1	2.892	12/06/2022
313385T30	16105	Federal Home Loan Bank		08/26/2022	35,000,000.00	34,690,279.17	34,690,279.17	2.870	P-1	A-1	2.936	12/15/2022
313385Q74	16106	Federal Home Loan Bank		08/29/2022	19,000,000.00	18,869,955.56	18,869,955.56	2.800	P-1	A-1	2.858	11/25/2022

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
August 31, 2022

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	YTM 365	Maturity Date
		Subtotal and Average	**134,780,127.60**		**323,000,000.00**	**320,792,240.28**	**320,789,184.72**				**2.651**	
Medium Term Notes 30/360												
023135BW5	15911	Amazon		06/14/2021	10,000,000.00	9,579,495.60	10,031,600.00	0.450	A	AA	0.341	05/12/2024
023135BW5	15973	Amazon		12/03/2021	5,000,000.00	4,789,747.80	4,942,950.00	0.450	A	AA	0.924	05/12/2024
023135BX3	16045	Amazon		05/25/2022	10,000,000.00	9,270,790.90	9,163,500.00	1.000	A	AA	3.267	05/12/2026
037833DE7	15356	Apple		04/03/2018	10,000,000.00	9,986,293.60	9,724,200.00	2.400	Aa	AA	3.023	01/13/2023
037833DE7	15399	Apple		06/28/2018	14,000,000.00	13,980,811.04	13,519,520.00	2.400	Aa	AA	3.218	01/13/2023
084670BJ6	15402	Berkshire Hathaway		06/29/2018	13,094,000.00	13,094,663.73	13,006,663.02	3.000	Aa	AA	3.156	02/11/2023
084670BJ6	15446	Berkshire Hathaway		12/04/2018	8,460,000.00	8,460,428.84	8,324,809.20	3.000	Aa	AA	3.412	02/11/2023
084670BR8	15579	Berkshire Hathaway		10/30/2019	11,339,000.00	11,317,464.74	11,650,142.16	2.750	Aa	AA	1.906	03/15/2023
19416QEL0	15539	Colgate-Palmolive		07/08/2019	8,340,000.00	8,315,748.70	8,439,996.60	2.250	Aa	AA	1.879	11/15/2022
40139LBD4	15895	Guardian Life Global Funding		05/19/2021	6,800,000.00	6,181,347.70	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	4,936,204.00	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	13,225,077.76	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	20,934,547.84	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	9,794,220.20	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	4,809,479.39	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	12,666,826.54	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	2,829,858.81	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	6,603,003.89	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	14,027,648.23	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	18,448,019.00	20,047,600.00	1.875	Aa	AA	1.824	01/11/2027
59217GFB0	16066	Metropolitan Life Global Fundi		06/30/2022	6,250,000.00	6,408,769.19	6,245,250.00	4.400	Aa	AA	4.417	06/30/2027
594918BQ6	15483	Microsoft Corp		01/29/2019	11,683,000.00	11,586,293.27	11,296,526.36	2.000	Aaa	AAA	2.783	08/08/2023
594918BQ6	15527	Microsoft Corp		06/21/2019	5,000,000.00	4,958,612.20	4,970,700.00	2.000	Aaa	AAA	2.149	08/08/2023
594918BX1	15621	Microsoft Corp		01/27/2020	10,000,000.00	10,006,273.40	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	9,104,755.20	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	16,433,813.76	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	26,276,323.51	26,473,566.60	0.800	Aaa	AA	3.166	01/14/2026
66815L2A6	16087	Northwesterrn Mutual Life		07/29/2022	10,000,000.00	9,104,755.20	9,095,300.00	0.800	Aaa	AA	3.606	01/14/2026
64952WCN1	15874	New York Life		04/15/2021	13,520,000.00	13,409,450.75	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	4,641,649.45	4,998,050.00	0.950	Aaa	AA	0.960	06/24/2025
64952WDQ3	15928	New York Life		06/28/2021	13,105,000.00	12,165,763.21	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	9,011,704.46	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	9,489,708.67	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	6,873,678.03	7,212,400.00	0.600	Aaa	AA	1.052	08/27/2024

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
August 31, 2022

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												
64952WCH4	16018	New York Life		03/31/2022	20,000,000.00	19,105,918.40	19,456,800.00	2.350	Aaa	AA	3.030	07/14/2026
742718FL8	15978	Proctor & Gamble		12/15/2021	15,000,000.00	13,957,375.50	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	9,703,595.30	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	9,975,474.70	10,233,000.00	2.625	A	A	1.824	01/10/2023
90331HNL3	15333	US Bank		01/25/2018	7,500,000.00	7,498,252.73	7,499,625.00	2.850	A	AA	2.851	01/23/2023
90331HNL3	15334	US Bank		01/25/2018	10,000,000.00	9,997,670.30	9,998,100.00	2.850	A	AA	2.854	01/23/2023
90331HNV1	15481	US Bank		01/22/2019	10,000,000.00	10,017,285.10	10,034,700.00	3.400	A	AA	3.316	07/24/2023
90331HNV1	15482	US Bank		01/22/2019	10,000,000.00	10,017,285.10	10,034,700.00	3.400	A	AA	3.316	07/24/2023
90331HPF4	15591	US Bank		12/10/2019	3,000,000.00	2,987,023.08	3,001,860.00	1.950	A	AA	1.929	01/09/2023
90331HPF4	15595	US Bank		12/12/2019	10,250,000.00	10,205,662.19	10,245,900.00	1.950	A	AA	1.964	01/09/2023
92826CAG7	15541	VISA INC		07/08/2019	10,000,000.00	9,995,170.80	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	11,527,263.40	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	10,023,707.30	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	9,971,413.60	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	10,023,707.30	10,511,000.00	3.400	Aa	AA	1.893	06/26/2023
		Subtotal and Average	**536,331,733.95**		**526,240,000.00**	**507,730,033.41**	**523,259,713.01**				**1.999**	
FDIC Insured Cash Sweep												
ICS	15628	ICS			15,158,460.10	15,158,460.10	15,158,460.10	2.450			2.450	
		Subtotal and Average	**15,152,820.58**		**15,158,460.10**	**15,158,460.10**	**15,158,460.10**				**2.450**	
CAMP												
CAMP	14800	CAMP			265,621,569.87	265,621,569.87	265,621,569.87	2.300		AAA	2.300	
		Subtotal and Average	**269,193,057.28**		**265,621,569.87**	**265,621,569.87**	**265,621,569.87**				**2.300**	
CALTRUST												
CALTRUST	15476	CalTRUST			31,633,501.52	31,633,501.52	31,633,501.52	2.280		AAA	2.280	
		Subtotal and Average	**31,623,727.49**		**31,633,501.52**	**31,633,501.52**	**31,633,501.52**				**2.280**	
Money Market Mutual Funds												
3255565	16034	SSGA Government MMF - OPP			25,069,808.66	25,069,808.66	25,069,808.66	2.190			2.190	
		Subtotal and Average	**25,065,273.62**		**25,069,808.66**	**25,069,808.66**	**25,069,808.66**				**2.190**	

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
August 31, 2022

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												
9128284S6	15393	U S Treasury Note		06/15/2018	10,000,000.00	9,981,640.60	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	9,893,359.40	9,955,468.75	2.125	Aaa	AA	2.225	11/30/2023
9128285K2	15564	U S Treasury Note		09/30/2019	10,000,000.00	9,992,968.80	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	9,992,968.80	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	9,832,421.90	9,951,171.88	1.250	Aaa	AA	1.382	07/31/2023
912828UN8	15603	U S Treasury Note		12/19/2019	20,000,000.00	19,903,906.20	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	9,971,093.80	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	14,980,888.05	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	9,980,555.30	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	9,937,109.40	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	19,903,906.20	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	9,816,015.60	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	19,849,218.80	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	14,840,625.00	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	4,833,789.05	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	4,911,523.45	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	9,756,640.60	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	9,756,640.60	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	46,201,172.00	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	47,068,125.12	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	4,902,929.70	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	16,819,375.00	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	4,946,875.00	5,330,859.38	2.375	Aaa	AA	0.424	08/15/2024
912828G38	15855	U S Treasury Note		03/18/2021	22,000,000.00	21,698,359.32	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	48,783,203.00	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	49,029,297.00	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	14,840,625.00	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	39,167,187.60	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	9,573,437.50	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	14,634,960.90	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	19,787,500.00	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	23,944,336.00	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	24,514,648.50	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	22,684,648.38	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	9,893,750.00	10,640,625.00	2.375	Aaa	AA	0.397	08/15/2024

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
August 31, 2022

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												
9128286Z8	15894	U S Treasury Note		05/18/2021	6,000,000.00	5,873,671.86	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	19,155,468.80	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	23,837,890.50	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	15,256,249.92	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	4,911,523.45	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	32,419,531.08	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	20,562,773.49	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	29,269,921.80	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	11,156,250.00	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	15,370,000.00	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	20,941,503.96	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	24,948,632.88	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	19,646,093.80	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	39,223,437.60	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	14,878,710.90	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	14,668,945.35	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	42,094,648.33	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	8,719,453.08	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	6,661,210.92	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	10,972,070.34	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	23,100,586.00	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	47,625,000.00	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	46,400,390.50	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	39,451,562.40	42,289,062.50	2.250	Aaa	AA	0.456	11/15/2024
9128282A7	15957	U S Treasury Note		09/28/2021	35,000,000.00	33,306,054.60	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	8,629,453.08	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	10,547,109.32	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	9,223,046.90	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	11,707,968.72	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	29,399,140.78	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	29,125,781.40	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	20,955,000.00	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	46,400,390.50	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	47,625,000.00	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	47,888,672.00	49,366,000.00	0.125	Aaa	AA	0.715	02/15/2024

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
August 31, 2022

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												
912828M56	15991	U S Treasury Note		12/21/2021	30,000,000.00	29,469,140.70	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	16,300,078.04	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	24,479,492.25	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	9,694,531.20	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	9,606,250.00	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	36,038,867.28	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	33,561,718.75	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	5,838,750.00	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	6,948,925.80	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	9,588,281.20	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	9,731,250.00	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	21,408,750.00	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	20,935,234.32	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	23,355,000.00	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	23,266,874.88	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	30,166,875.00	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	35,032,500.00	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	19,420,312.40	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	14,840,625.00	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	38,840,624.80	38,940,625.00	0.125	Aaa	AA	2.197	08/15/2023
91282CAF8	16044	U S Treasury Note		05/24/2022	10,000,000.00	9,710,156.20	9,760,546.88	0.125	Aaa	AA	2.108	08/15/2023
91282CAF8	16047	U S Treasury Note		05/25/2022	35,000,000.00	33,985,546.70	34,168,750.00	0.125	Aaa	AA	2.096	08/15/2023
91282CAF8	16062	U S Treasury Note		06/24/2022	50,000,000.00	48,550,781.00	48,474,771.50	0.125	Aaa	AA	2.855	08/15/2023
91282CAF8	16063	U S Treasury Note		06/24/2022	10,000,000.00	9,710,156.20	9,694,954.30	0.125	Aaa	AA	2.855	08/15/2023
9128282A7	16071	U S Treasury Note		07/12/2022	1,000,000.00	951,601.56	939,140.63	1.500	Aaa	AA	3.094	08/15/2026
91282CCJ8	16074	U S Treasury Note		07/14/2022	5,000,000.00	4,649,804.70	4,590,625.00	0.875	Aaa	AA	3.086	06/30/2026
912828ZB9	16083	U S Treasury Note		07/26/2022	1,000,000.00	931,093.75	925,781.25	1.125	Aaa	AA	2.859	02/28/2027
912828X88	16084	U S Treasury Note		07/26/2022	5,000,000.00	4,918,359.40	4,890,625.00	2.375	Aaa	AA	2.865	05/15/2027
91282CDH1	16086	U S Treasury Note		07/27/2022	1,000,000.00	952,890.62	949,609.38	0.750	Aaa	AA	3.033	11/15/2024
91282CCG4	16093	U S Treasury Note		08/18/2022	18,000,000.00	17,069,062.50	17,069,062.50	0.250	Aaa	AA	3.189	06/15/2024
91282CER8	16097	U S Treasury Note		08/18/2022	18,000,000.00	17,780,625.00	17,780,625.00	2.500	Aaa	AA	3.207	05/31/2024
		Subtotal and Average	**2,103,856,462.12**		**2,094,000,000.00**	**2,026,313,005.08**	**2,122,967,581.07**				**1.036**	

Run Date: 09/12/2022 - 14:26

Portfolio KERN
CP
PM (PRF_PM2) 7.3.0

Treasurer's Pooled Cash
Portfolio Management
Portfolio Details - Investments
August 31, 2022

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												
13063DDF2	15323	State of California		01/08/2018	10,000,000.00	9,996,700.00	10,004,600.00	2.500	Aa	AA	2.489	10/01/2022
13063DGN2	15416	State of California		09/18/2018	21,000,000.00	21,024,780.00	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	9,996,700.00	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	9,996,700.00	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	14,183,550.00	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	13,964,700.00	15,000,000.00	0.859	Aaa	AAA	0.902	11/01/2025
	Subtotal and Average		**81,758,700.00**		**81,000,000.00**	**79,163,130.00**	**81,758,700.00**				**1.833**	
Supranationals												
4581X0DA3	15490	INTER AMERICAN DEV BANK		03/27/2019	10,000,000.00	9,966,498.00	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	6,187,345.62	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	15,029,989.35	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	8,296,719.01	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	19,932,996.00	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	9,696,347.00	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	15,001,144.50	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	10,000,763.00	10,321,700.00	3.000	Aaa	AAA	2.242	09/27/2023
459058JM6	15806	International Bank for Reconst		12/11/2020	15,000,000.00	14,475,657.00	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	18,895,890.00	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	13,875,606.00	14,930,850.00	0.500	Aaa	AAA	0.600	10/28/2025
459058JK1	16077	International Bank for Reconst		07/19/2022	5,000,000.00	4,985,450.00	4,985,450.00	3.125	Aaa	AAA	3.190	06/15/2027
45950VLH7	15649	International Finance Corp		04/08/2020	11,003,000.00	10,998,275.31	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	15,012,300.25	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	19,268,868.00	20,592,400.00	1.375	Aaa	AAA	0.520	10/16/2024
	Subtotal and Average		**200,834,442.85**		**195,506,000.00**	**191,623,849.04**	**200,834,442.85**				**1.051**	
	Total and Average		**4,922,438,463.98**		**4,898,465,199.43**	**4,776,572,576.35**	**4,931,483,581.57**				**1.460**	