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WEST KERN COMMUNITY COLLEGE DISTRICT

AUDIT REPORT

June 30, 2024

WEST KERN COMMUNITY COLLEGE DISTRICT

AUDIT REPORT

JUNE 30, 2024

WEST KERN COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
West Kern Community College District
Taft, California

Report on Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the fiduciary activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of West Kern Community College District (the "District") as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; 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 misstatements, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the table of contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section and unaudited supplementary information section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



San Diego, California
February 5, 2025

**WEST KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**



MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Taft College/West Kern Community College District's (the "District") Annual Financial Report presents a narrative overview and analysis of the District's financial activities during the fiscal year just ended as well as the overall financial condition of the District at June 30, 2024. This analysis is presented with comparative information from the year ended June 30, 2023 to highlight changes between the fiscal years. This section is designed to focus on currently known facts, current activities, and the resulting changes, and is intended to be read in conjunction with the District's basic financial statements and the accompanying footnotes. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District's management.

USING THIS ANNUAL REPORT

The current financial statement format, which incorporates Governmental Accounting Standards Board (GASB) principles, consists of three basic financial statements that focus on the District as a whole: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The District's financial statements are designed to resemble corporate financial models whereby all District activities are consolidated into one set of totals. The focus of the Statement of Net Position is designed to be similar to bottom line results for the District and reflect its financial position at a certain date. This statement combines and consolidates current spendable financial resources with capital assets. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the gross costs and the net results of the District's operational activities which are supported mainly by student tuition and fees, as well as grant funded sources. Non-operating revenues such as property taxes and State apportionments make up the primary revenue source for the District. The Statement of Cash Flows provides an analysis of the District's sources and uses of the cash during the fiscal year. This approach is intended to summarize and simplify the user's analysis of costs of various District services to students and the public. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities in relation to its mission have been included.

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

The California Community College Chancellors Office (CCCCO) calculates total apportionment to be received by the District each year. Within FY 2023-24, Taft College and California Community Colleges across the State continued to phase in the State mandated Student-Centered Funding Formula that calculates the District's general apportionment. Total apportionment payment consists of tuition fees, property taxes and state apportionment revenues. The District experienced an increase in total apportionment based on the statewide funding formula and a statewide inflation adjustment. With the funding, the District was able to maintain a strong focus on curriculum offerings and ensure success within the guidance of the Educational Master Plan.

The district is still experiencing the effects of the pandemic on enrollment. The Federal funding for COVID-19 has been exhausted.

**WEST KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL HIGHLIGHTS OF THE PAST YEAR, continued

Analysis of Net Position

The System calculated the District FTES increased for fiscal year 2023-24 by 463 FTES in comparison to fiscal year 2022-23. Regular non-operating factors such as deferred pension contribution adjustments for compliance with the GASB led to a decrease in the District's assets. GASB Statement No. 68 addresses accounting and financial reporting for pensions, specifically, those provided to the employees of State and local governmental employers through pension plans that are administered through irrevocable trusts.

As a result of refunding 2015 Certificate of Participation (COP), we have decreased restricted net position.

	2024	2023	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 25,171,047	\$ 81,543,277	\$ (56,372,230)
Non-current assets	101,965,066	71,945,240	30,019,826
Deferred outflows of resources	10,503,263	9,882,018	621,245
Total Assets and Deferred Outflows of Resources	137,639,376	163,370,535	(25,731,159)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	15,219,591	47,593,293	(32,373,702)
Non-current liabilities	76,450,798	77,489,035	(1,038,237)
Deferred inflows of resources	7,145,953	8,260,247	(1,114,294)
Total Liabilities and Deferred Inflows of Resources	98,816,342	133,342,575	(34,526,233)
NET POSITION			
Net investment in capital assets	35,729,024	35,229,982	499,042
Restricted	21,570,659	19,640,131	1,930,528
Unrestricted	(18,476,649)	(24,842,153)	6,365,504
Total Net Position	\$ 38,823,034	\$ 30,027,960	\$ 8,795,074

This statement is prepared from the District's Statement of Net Position which is presented on the accrual basis of accounting where capital assets are depreciated, and long-term obligations are recognized.

**WEST KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL HIGHLIGHTS OF THE PAST YEAR, continued

Analysis of Current Assets

The District's current assets decreased by \$56.4 million due to the refunding of long-term obligations of the District along with scheduled payments being made on the District's long-term construction project financing.

Analysis of Capital Assets

As of June 30, 2024, the District recorded \$127.6 million invested in capital assets, \$57.4 million in accumulated depreciation, totaling \$70.2 million recorded in net capital assets. In addition to these investments, the District also increased construction in progress (CIP), land and building improvements, and furniture and equipment for a total net amount of \$1.5 million as of June 30, 2024. The CIP represents the ongoing expenditures of the long-term capital improvement projects related to the District's Facilities Master Plan. As individual projects are completed, they are listed as capital assets and depreciated accordingly.

Analysis of Liabilities

Liabilities and deferred inflows decreased by \$34.5 million for the year just ended.

**WEST KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL ACTIVITIES OF THE DISTRICT

	2024	2023	Change
OPERATING REVENUES			
Tuition and fees, net	\$ 1,615,621	\$ 1,958,787	\$ (343,166)
Federal and state grants and contracts, non-capital	25,982,232	21,606,231	4,376,001
Total Operating Revenues	27,597,853	23,565,018	4,032,835
OPERATING EXPENSES			
Salaries and employee benefits	37,200,617	30,697,538	6,503,079
Supplies, materials, and other operating expenses and services	8,649,627	8,757,825	(108,198)
Student aid	11,000,845	9,401,157	1,599,688
Depreciation	3,496,157	3,117,979	378,178
Total Operating Expenses	60,347,246	51,974,499	8,372,747
Operating Loss	(32,749,393)	(28,409,481)	(4,339,912)
NON-OPERATING REVENUES/(EXPENSES)			
State apportionments, non-capital	29,657,332	21,600,461	8,056,871
Property taxes	10,193,407	9,983,692	209,715
State taxes and other revenues	1,013,286	942,595	70,691
Investment income, non-capital	1,467,782	409,230	1,058,552
Interest expense on capital asset-related debt	(1,187,184)	(1,241,197)	54,013
Other financing sources/(uses)	(2,686,818)	(2,046,442)	(640,376)
Local grants and other non-operating revenues	2,836,872	4,623,048	(1,786,176)
Total Non-Operating Revenues/(Expenses)	41,294,677	34,271,387	7,023,290
CHANGES IN NET POSITION	8,545,284	5,861,906	2,683,378
NET POSITION, BEGINNING AS REPORTED	30,027,960	24,166,054	5,861,906
PRIOR PERIOD ADJUSTMENT (NOTE 17)	249,790	-	249,790
NET POSITION, BEGINNING AS RESTATED	30,277,750	24,166,054	6,111,696
NET POSITION, END OF YEAR	\$ 38,823,034	\$ 30,027,960	\$ 8,795,074

This statement is prepared from the District's Statement of Revenues, Expenses, and Changes in Net Position which is presented on the accrual basis of accounting, in which revenues and expenditures are recorded when incurred, regardless of the timing of the related cash flow.

Operating Results

COLA adjustments and staff variances during fiscal year 2023-24 resulted in an increase of \$4.9 million in salaries and employee benefits. Also, an increase in health and welfare costs.

**WEST KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FUNCTIONAL EXPENDITURE CALCULATIONS

In accordance with requirements set forth by the California State System's Office, the District reports operating expenses by object code. Operating expenses by functional classifications are as follows but do not include the impact of the conversion entries posted to convert the modified accrual fund financial statements to the full accrual entity side financial statements except for reporting depreciation expense:

	Salaries and Employee Benefits	Supplies, Material and Other Expenses and Services	Student Aid	Depreciation	Total
Instructional activities	\$ 15,443,830	\$ 1,364,670	\$ 2,969,825	\$ -	\$ 19,778,325
Academic support	3,452,730	863,200	-	-	4,315,930
Student services	6,838,318	1,568,340	23,981	-	8,430,639
Plant operations and maintenance	1,414,959	3,124,792	-	-	4,539,751
Institutional support	5,832,574	2,577,158	(6,801)	-	8,402,931
Community services and economic development	186,630	66,248	-	-	252,878
Ancillary services and auxiliary operations	4,381,891	2,265,056	269,863	-	6,916,810
Physical property and other outgo	417,822	25,725	1,529,123	-	1,972,670
Student aid	-	-	10,823,092	-	10,823,092
Depreciation expense-unallocated	-	-	-	3,236,141	3,236,141
Total	\$ 37,968,754	\$ 11,855,189	\$ 15,609,083	\$ 3,236,141	\$ 68,669,167

SIGNIFICANT ACCOMPLISHMENTS

Capital Improvement Project

To date the District has issued all three series of bonds, for \$39.8 million, which were originally approved by the residents of the West Kern Community College District in March 2004. The funds have been used for architectural work, licensing and permits and the acquisition and construction of swing space to be used as temporary housing of personnel and classrooms, as well as the main construction projects across the campus.

The District has completed several major projects to date. Completion of a new Child Development Center provides a permanent 9,400 square foot building that will support up to 75 children. It replaces portable buildings that were being used. It also serves as a base for future improvements to be focused around. The remodel of the Community Technology Center, complete as of December 2009 consists of the reconstruction of the current administration building and the addition of a new Library. In total the project provides 45,000 square feet of facilities that houses the library, the learning resources center (LRC), the student services center, and administrative offices. The modernization of the Science building and the courtyard renovation between the science building and administration building projects were completed for use in the 2009-10 school year. The Science building project modernized approximately 11,000 square feet of classroom space used primarily for the instruction of science and math courses as well as adding offices within the building for the science and math faculty. The courtyard adds updated landscaping and revitalization of areas for students to use between classes. The Tech Arts project was completed in late 2013 and modernized approximately 10,000 square feet of classroom space used primarily for the instruction of Liberal Arts and Business courses. The most recently completed projects were the Center for Independent Living Facility and a renovation of the dorm facilities. The Center for Independent Living project provides a 20,000 square foot live-in facility with offices and instructional space. Construction was completed in late 2014. Dorm renovations of current facilities began in November 2013 and were completed in early 2015. The renovations updated the dorm rooms and surrounding areas, improving the on-campus living experience. The District has completed construction on the Student Center project which now houses the District's cafeteria, bookstore, and student union.

ECONOMIC FACTORS AFFECTING THE FUTURE

Economic Condition

The 735-square-mile West Kern CCD includes Taft, which is located about 40 miles southwest of Bakersfield. The District, which serves about 27,000 residents, operates Taft College, a comprehensive community college that offers a variety of general and specialized instructional programs. It also educates a significant number of students who commute from outside its boundaries. We consider Kern County's income levels good-to-adequate, with median household income 88.4% of the national levels. The county's unemployment rate has historically been higher than the nation's. In June 2024, the county reported an unemployment rate of 8.9%, up from a revised 8.5% in June 2023.

The District's tax and employment bases are highly concentrated in oil and gas production as well as in electricity generation, given that oil and natural gas deposits in the district are some of the nation's largest. The District's top 10 taxpayers account for about 80% of total AV, which we consider extremely concentrated, and are led by Chevron USA Inc. (26.7%) and California Resources Elk Hills (25.6%). Due to changes in output from these companies and to national oil prices, AV can significantly fluctuate. Over the past five years, the district's AV reached a high of \$8.5 billion in fiscal 2020, and a low of \$6.7 billion in fiscal year 2022. The estimated assessed value for the upcoming fiscal year is \$11.4 billion.

Prospects for the Future

Statewide the Governor predicts another deficit budget year. This type of deficit has resulted in cash-flow issues for the state which has delayed promised appointment payments causing local cash-flow issues. Management will continue to monitor this situation and address delayed payments appropriately. Due to conservative stewardship of district funds, we have a small reserve that should mitigate the use of debt in managing any state level cash-flow problems.

In general, full-time equivalent student (FTES) counts in California community college systems are typically influenced by employment cycles and tuition rates, the latter of which are set by the state. West Kern CCD, however, is somewhat insulated from employment cycles affecting its FTES because, when the economy is doing well and the district's large petrochemical companies are hiring, the employers usually seek education and training opportunities provided by the college for its employees. And, similar to other community colleges and institutes of higher learning, there is also a demand for enrollment when the economy is in a downturn and unemployment rates are high. Although the 2024 FTES increased from 2023 FTES, the recovery is slow and ongoing. Management is continuing to monitor the state of the District's FTES funding level on a regular basis to address any potential funding concerns immediately. Continuing to improve budgetary modeling and forecasting methods along with a positive economic climate, the College remains committed to responding to increasing course demands by offering additional classes and educational options. Our forecasting models show a possibility of falling into stability funding. This will allow us to keep current funding levels but will not allow us to accumulate annual COLA adjustments to our funding level.

**WEST KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

ECONOMIC FACTORS AFFECTING THE FUTURE, continued

Prospects for the Future, continued

Although the impacts of the COVID-19 pandemic are yet to be determined, the District’s fiscal outlook currently reflects stability within the educational industry. With the implementation of the state's student centered funding formula, the focus has shifted from solely a FTES emphasis approach in the funding calculation, to an increased emphasis on student demographics and performance (although FTES will still be the greatest factor of the calculation). Given the District’s demographics, the district is expected to benefit from the change in the funding formula. While FTES levels are less significant to the funding formula, it still constitutes an essential part of the equation and the District expects to continue to monitor these trends for potential impacts. Furthermore, the near-term funding outlook for CCDs remains positive with recent increases to funding for higher education within the state. As a result of the positive state funding and continued support to provide free education, we believe enrollment and state funding in future years should demonstrate stable growth even in a time of slight FTES decline given the student success metrics remain steady.

The following table illustrates enrollment levels over the last five years:

	2019-20	2020-21	2021-22	2022-23	2023-24
Enrollment	2,870	2,136	1,811	1,796	2,259
% Increase (Decrease)	(1.34%)	(25.57%)	(15.22%)	(0.83%)	25.78%

5-year average decrease in enrollment year over year is -3.44%.

The College’s long term educational and facilities master plans are focused on ensuring that the campus will continue to be able to meet the needs of its students now and in the future. The projected demographic changes in the area will mean continued growth and the facilities plan will enable Taft College to meet those needs. The plan involves a combination of constructing new buildings and modernizing the existing structures so that the College’s resources can be maximized.

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide a general overview of the West Kern Community College District’s financial position and finances to the District’s citizens, taxpayers, students and to all others who need this information. Questions concerning this report or requests for additional financial information should be directed to Todd Hampton, Vice President of Administrative Services or Nick Valsamides, Executive Director of Fiscal Services at Taft College, 29 Cougar Court, Taft, CA 93268.

FINANCIAL SECTION

WEST KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS

Current Assets:

Cash and cash equivalents	\$ 19,481,184
Accounts receivable, net	4,931,077
Inventory	268,169
Due from fiduciary funds, net	18,001
Prepaid expenses	472,616
Total Current Assets	25,171,047

Non-current Assets:

Restricted cash and cash equivalents	31,404,077
Right-of-use assets, net	361,736
Capital assets, net	70,199,253
Total Non-current Assets	101,965,066

TOTAL ASSETS

127,136,113

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to OPEB	625,215
Deferred outflows related to pensions	9,878,048

TOTAL DEFERRED OUTFLOWS OF RESOURCES

10,503,263

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

\$ 137,639,376

LIABILITIES

Current Liabilities:

Accounts payable	\$ 1,905,442
Unearned revenue	10,910,982
Lease liabilities, current portion	258,167
Long-term debt, current portion	2,145,000
Total Current Liabilities	15,219,591

Non-current Liabilities:

Compensated absences	621,647
Net OPEB liability	13,179,639
Net pension liability	30,212,426
Lease liabilities, non-current portion	111,857
Long-term debt, non-current portion	32,325,229
Total Non-current Liabilities	76,450,798

TOTAL LIABILITIES

91,670,389

DEFERRED INFLOWS OF RESOURCES

Deferred charge on refunding	1,386,438
Deferred inflows related to pensions	3,538,944
Deferred inflows related to OPEB	2,220,571

TOTAL DEFERRED INFLOWS OF RESOURCES

7,145,953

NET POSITION

Net investment in capital assets	35,729,024
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Restricted for:

Debt service	3,607,122
Capital projects	13,990,167
Other special purposes	3,973,370

Unrestricted	(18,476,649)
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TOTAL NET POSITION

38,823,034

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

\$ 137,639,376

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

OPERATING REVENUES	
Tuition and fees	\$ 3,359,209
Less: Scholarship discounts and allowances	(1,743,588)
Tuition and fees, net	<u>1,615,621</u>
Grants and contracts, non-capital	
Federal	6,562,542
State	19,419,690
TOTAL OPERATING REVENUES	<u>27,597,853</u>
OPERATING EXPENSES	
Salaries	24,598,095
Employee benefits	12,602,522
Supplies, materials, and other operating expenses and services	8,649,627
Student aid	11,000,845
Depreciation	3,496,157
TOTAL OPERATING EXPENSES	<u>60,347,246</u>
OPERATING LOSS	<u>(32,749,393)</u>
NON-OPERATING REVENUES/(EXPENSES)	
State apportionments, non-capital	29,657,332
Local property taxes	7,202,886
Taxes levied for other specific purposes	2,990,521
State taxes and other revenues	1,013,286
Investment income, non-capital	1,467,782
Interest expense on capital asset-related debt	(1,187,184)
Other financing sources/(uses)	(2,686,818)
Local grants and other non-operating income	2,836,872
TOTAL NON-OPERATING REVENUES/(EXPENSES)	<u>41,294,677</u>
CHANGE IN NET POSITION	<u>8,545,284</u>
NET POSITION, BEGINNING AS REPORTED	30,027,960
PRIOR YEAR ADJUSTMENT (SEE NOTE 17)	249,790
NET POSITION, BEGINNING AS RESTATED	<u>30,277,750</u>
NET POSITION, END OF YEAR	<u>\$ 38,823,034</u>

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 1,859,443
Federal and state grants and contracts	20,971,817
Payments to students	(11,000,845)
Payments to or on behalf of employees	(37,750,044)
Payments to vendors	(8,356,126)
Net Cash Provided by/(Used in) Operating Activities	<u>(34,275,755)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State apportionments	29,657,332
Property taxes - non-debt related	7,202,886
State taxes and other apportionments	1,013,286
Local grants and other non-operating revenues	2,810,836
Contributions to trusts	(2,553,818)
Net Cash Provided by/(Used in) Non-capital Financing Activities	<u>38,130,522</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(1,750,259)
Local property taxes and other revenues for capital purposes	2,990,521
Principal paid on capital debt	(2,245,029)
Interest paid on capital debt	(1,387,313)
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(2,392,080)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received from investments	1,467,782
Net Cash Provided by/(Used in) Investing Activities	<u>1,467,782</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,930,469
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	47,954,792
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 50,885,261</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

**RECONCILIATION OF OPERATING LOSS TO NET CASH
PROVIDED BY/(USED IN) OPERATING ACTIVITIES**

Operating loss	\$ (32,749,393)
Adjustments to Reconcile Operating Loss to Net Cash Provided by/ (Used in) Operating Activities:	
Depreciation	3,496,157
Changes in Assets and Liabilities:	
Accounts receivables, net	389,547
Inventory	55,902
Prepaid expenses	68,249
Deferred outflows of resources	(621,245)
Accounts payable	156,485
Unearned revenue	(4,952,069)
Compensated absences	(51,692)
Net pension liability	1,529,675
Net OPEB liability	(483,077)
Deferred inflows of resources	(1,114,294)
Total Adjustments	<u>(1,526,362)</u>
Net Cash Provided by/(Used in) Operating Activities	<u>\$ (34,275,755)</u>

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:

Cash in banks	\$ 19,481,184
Cash equivalents, restricted	31,404,077
Total Cash and Cash Equivalents	<u>\$ 50,885,261</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024**

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 194,920
Accounts receivable, net	472
Total Assets	\$ 195,392
LIABILITIES	
Accounts payable	\$ 4,666
Total Liabilities	4,666
NET POSITION	
Unreserved	190,726
Total Net Position	190,726
Total Net Position and Liabilities	\$ 195,392

**WEST KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
JUNE 30, 2024**

	Agency Funds
OPERATING REVENUES	
Local revenue	\$ 211,911
Total Operating Revenues	<u>211,911</u>
OTHER FINANCING SOURCES/(USES)	
Operating transfers out	(226,017)
Total Other Financing Sources/(Uses)	<u>(226,017)</u>
Change in Net Position	(14,106)
Net Position - Beginning of Year	204,832
Net Position - End of Year	<u>\$ 190,726</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT - TAFT COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024**

ASSETS

Current assets:

Cash and cash equivalents	\$ 5,776,791
Prepaid expenses	1,746
Total current assets	<u>5,778,537</u>

Non-current assets:

FCCC - Bernard Osher Perpetuity	81,000
Total non-current assets	<u>81,000</u>

TOTAL ASSETS	\$ 5,859,537
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LIABILITIES

Accounts payable and accrued liabilities	\$ 10,000
Total liabilities	<u>10,000</u>

NET ASSETS

Net assets without donor restrictions	375,379
Net assets with donor restrictions	5,474,158
Total net assets	<u>5,849,537</u>

TOTAL LIABILITIES AND NET ASSETS	\$ 5,859,537
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**WEST KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT - TAFT COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Special events	\$ 167,252	\$ -	\$ 167,252
Interest and dividends	216,726	643,428	860,154
Unrealized gain on investments	470,886	-	470,886
TOTAL SUPPORT AND REVENUE	854,864	643,428	1,498,292
EXPENSES			
Program	453,920	536,142	990,062
General and administrative	46,257	-	46,257
TOTAL EXPENSES	500,177	536,142	1,036,319
CHANGES IN NET ASSETS	354,687	107,286	461,973
NET ASSETS, BEGINNING	20,692	5,366,872	5,387,564
NET ASSETS, ENDING	\$ 375,379	\$ 5,474,158	\$ 5,849,537

**WEST KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT - TAFT COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 461,973
Reconciliation to net cash provided by/(used in) operating activities	
Effect on changes in:	
Other current assets	(1,746)
Accounts payable	(41,925)
Net Cash Provided by/(Used in) Operating Activities	<u>418,302</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	418,302
CASH AND CASH EQUIVLENTS, BEGINNING	<u>5,358,489</u>
CASH AND CASH EQUIVLENTS, ENDING	<u>\$ 5,776,791</u>

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – ORGANIZATION

West Kern Community College District (the "District") was established in 1922 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees (the Board) form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college with one campus located within Kern County in the City of Taft. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity and Component Units

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

- Taft College Foundation

The Taft College Foundation (the "Foundation") is a legally separate, tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to provide grants and scholarships to students and support to employees, programs, and departments of the District. The board of the Foundation consists of community members, alumni, and other supporters of the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District with the inclusion of the statements as a discretely presented component unit. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a not-for-profit organization under *Internal Revenue Code* (IRC) Section 501(c)(3) that reports its financial results in accordance with Financial Accounting Standards Codifications. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences; however, significant note disclosures to the Foundation's financial statements have been incorporated into the District's notes to financial statements.

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office Budget and Accounting Manual. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

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

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as non-operating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation, continued

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, and No. 39. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
 - Statement of Net Position - Primary Government
 - Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
 - Statement of Cash Flows - Primary Government
 - Financial Statements for the Fiduciary Funds including:
 - Statement of Fiduciary Net Position
 - Statement of Changes in Fiduciary Net Position
- Notes to Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts or specifically restricted for the repayment of capital debt.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2024, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required by debt covenants and contributions to be set aside by the District for the purpose of satisfying certain requirements of the debt issuance and program funding requirements.

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. Management has analyzed these accounts and believes most amounts are fully collectible.

Inventory

Inventory consist primarily of bookstore merchandise and cafeteria food and supplies held for resale to the students and faculty of the colleges. Inventories are stated at cost, utilizing the first-in, first-out method. The cost is recorded as an expense as the inventory is consumed.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services or contracts that will benefit periods beyond June 30.

Right-of-Use-Assets and Lease Liabilities

The District has recorded right-of-use assets as a result of implementing GASB 96, *Subscription-Based Information Technology Arrangements*. The right-of-use-assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-of-use assets are amortized on a straight-line basis over the life of the related lease or subscription.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, land and building improvements, buildings, and furniture and equipment. The District maintains an initial unit cost capitalization threshold of \$5,000 and an estimated useful life greater than one year. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at acquisition value. Improvements to buildings and land that significantly increase the value or extend the useful life of the asset are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 25 to 50 years; land and building improvements, 25 to 50 years; furniture and equipment, 5 to 10 years.

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Payable and Long-term Debt

All payables and long-term debt are reported in the District and fiduciary fund financial statements. In general, accounts payable that, once incurred, are paid in a timely manner and in full, from current financial resources are reported as liabilities of the District.

Long-term debt include bonds, lease liability, certificates of participation, pensions, and OPEB obligations with maturities greater than one year.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, certificate of participations and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs and Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method. Issuance costs are expended in the period incurred.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for refunding debt, for pension related items and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pensions

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

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Postemployment Benefits Other Than Pensions (OPEB)

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

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Compensated Absences

Accumulated unpaid employee vacation and compensatory time benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid.

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Net Investment in Capital Assets: consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component invested in capital assets.

Restricted: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report \$38,823,034 of total net position.

Operating and Non-Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or non-operating. Certain significant revenue streams relied upon for operation are classified as non-operating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

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

Non-operating revenues – Non-operating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

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

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

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

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

State Apportionments

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

Property Taxes

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

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

Scholarships, Discounts, and Allowances

Student tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the Board of Governors are included within the scholarships, discounts, and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Estimates

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

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interfund Activity

Exchange transactions between funds of the District are reported as revenues and expenses within the Statement of Revenues, Expenses, and Changes in Net Position. Flows of cash or goods from one fund to another without a requirement for repayment are recognized as interfund transfers within the District's fund financial statements. Amounts owing between funds for both exchange and non-exchange transactions are recorded as interfund receivables and payables within the District's fund financial statements. Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

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 15th 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.

Foundation Financial Statement Presentation

The Foundation presents its financial statements in accordance with Statement of Financial Accounting Codifications. The Foundation's financial statements are presented on the accrual basis of accounting, have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into two classes: net assets without donor restrictions and net assets with donor restrictions, as follows:

Net assets without donor restrictions are those resources that are currently available for operations.

Net assets with donor restrictions are those resources which are stipulated by donors for various scholarships or other programmatic uses.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Investments are reported at fair value in accordance with FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*.

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the *Internal Revenue Code* and related *California Franchise Tax Codes*.

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Adoption of New Accounting Standards

The following GASB Pronouncements were adopted by the District during the year ending June 30, 2024:

GASB Statement No. 100 - In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023.

Management has determined that the adoption of the foregoing accounting standard did not have any material impact in the financial statements of the District.

Upcoming GASB Pronouncements

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

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

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

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 – CASH AND CASH EQUIVALENTS

Policies and Practices

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

Cash in County Treasury

The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

General Authorizations

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

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

Summary of Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2024, consisted of the following:

	Primary	
	Government	Foundation
Cash on hand and in banks	\$ 41,646,473	\$ 46,241
Cash in revolving	2,407,076	-
Cash in county treasury	5,003,160	-
Investments	1,828,552	5,730,550
Total Cash and Cash Equivalents	\$ 50,885,261	\$ 5,776,791

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by investing in the County Pool which purchases a combination of shorter term and longer term investments and which also times cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

California Government Code, Section 53601, limits the District’s investments to maturities of five years. The weighted average days to maturity of the District’s investment of cash in the County treasurer’s investment pool is 668 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the *California Government Code*. Investments in any one issuer that represent five percent or more of the total investments are as follows:

Investment Type	Issuer	Reported Amount
Corporate Notes	US Bank	\$ 1,828,552
Corporate Notes	UBS (Foundation)	\$ 5,730,550

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3 – CASH AND CASH EQUIVALENTS, continued

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2024, the carrying amount of the District cash accounts held in banks was \$41,646,473 of which \$250,000 was insured. This excess is exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The *California Government Code* and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

NOTE 4 – FAIR VALUE MEASUREMENTS

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

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest, and other local sources.

The following is a summary of accounts receivable for the fiscal year ended June 30, 2024:

	Primary Government
Federal Government	
Categorical aid	\$ 390,467
State Government	
Apportionment	194,591
Categorical aid	2,732,577
Local Sources	
Student receivables	1,036,485
Categorical aid	51,231
Other local sources	525,726
Total	<u>\$ 4,931,077</u>

NOTE 6 – RIGHT-OF-USE ASSETS

Right-of-use assets activity for the District for the fiscal year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Right-of-Use Assets:				
Leased software	\$ -	\$ 614,206	\$ -	\$ 614,206
Total Right-of-Use Assets	<u>-</u>	<u>614,206</u>	<u>-</u>	<u>614,206</u>
Less Accumulated Amortization				
Leased software	-	252,470	-	252,470
Total Accumulated Amortization	<u>-</u>	<u>252,470</u>	<u>-</u>	<u>252,470</u>
Right-of-Use Assets, net	<u>\$ -</u>	<u>\$ 361,736</u>	<u>\$ -</u>	<u>\$ 361,736</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 – CAPITAL ASSETS

Capital assets activity for the District for the fiscal year ended June 30, 2024, was as follows:

	Balance			Balance
	July 1, 2023	Additions	Deductions	June 30, 2024
Capital Assets Not Being Depreciated				
Land	\$ 1,610,032	\$ -	\$ -	\$ 1,610,032
Construction in progress	453,600	555,668	453,600	555,668
Total Capital Assets Not Being Depreciated	2,063,632	555,668	453,600	2,165,700
Capital Assets Being Depreciated				
Land and building improvements	9,632,150	754,800	-	10,386,950
Buildings	103,223,947	-	-	103,223,947
Furniture and equipment	11,194,179	640,832	-	11,835,011
Total Capital Assets Being Depreciated	124,050,276	1,395,632	-	125,445,908
Total Capital Assets	126,113,908	1,951,300	453,600	127,611,608
Less Accumulated Depreciation				
Land and building improvements	5,623,685	375,132	-	5,998,817
Buildings	38,746,656	2,388,403	-	41,135,059
Furniture and equipment	9,798,327	480,152	-	10,278,479
Total Accumulated Depreciation	54,168,668	3,243,687	-	57,412,355
Capital Assets, net	\$ 71,945,240	\$ (1,292,387)	\$ 453,600	\$ 70,199,253

NOTE 8 – ACCOUNTS PAYABLE

The following is a summary of accounts payable for the fiscal year ended June 30, 2024:

	Primary Government
Vendors payable	\$ 948,828
Salaries and benefits	591,834
Accrued interest	364,780
Total	\$ 1,905,442

NOTE 9 – UNEARNED REVENUE

The following is a summary of unearned revenue for the fiscal year ended June 30, 2024:

	Primary Government
Federal financial assistance	\$ 570,337
State categorical aid	9,692,658
Local sources	647,987
Total	\$ 10,910,982

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 – INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

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

Interfund Operating Transfers

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

NOTE 11 – LONG-TERM DEBT

Summary

The changes in the District's long-term debt during the 2024 fiscal year consisted of the following:

	Balance July 1, 2023	Additions	Payments and Reductions	Balance June 30, 2024	Due Within One Year
General obligation bonds	\$ 24,215,000	\$ -	\$ 2,015,000	\$ 22,200,000	\$ 2,145,000
Unamortized bond premium	2,070,258	-	230,029	1,840,229	-
Certificates of participation	10,430,000	-	-	10,430,000	-
Lease liabilities	-	614,206	244,182	370,024	258,167
Net OPEB liability	13,662,716	-	483,077	13,179,639	-
Net pension liability	28,682,751	1,529,675	-	30,212,426	-
Compensated absences	673,339	-	51,692	621,647	-
Total long-term obligations	\$ 79,734,064	\$ 2,143,881	\$ 3,023,980	\$ 78,853,965	\$ 2,403,167

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund and the Debt Service Fund with local property tax revenues. Payments on the certificates of participation are paid by the Debt Service Fund. The other postemployment benefit obligations are paid by the General Fund.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

Debt Maturity

General Obligation Bonds

Series	Issuance Date	Interest Yield	Maturity Date	Amount of Original Issue	Bonds			Bonds	
					Outstanding July 1, 2023	Additions	Redeemed	Outstanding June 30, 2024	Due Within One Year
2015 Series A Refunding	4/16/2015	1.89 - 3.51%	11/1/2031	\$ 16,995,000	\$ 14,750,000	\$ -	\$ 1,565,000	\$ 13,185,000	\$ 1,645,000
2019 Refunding	11/26/2019	1.16 - 2.06%	11/1/2032	9,865,000	9,465,000	-	450,000	9,015,000	500,000
Total General Obligation Bonds				\$ 47,167,305	\$ 24,215,000	\$ -	\$ 2,015,000	\$ 22,200,000	\$ 2,145,000

2015 A - Refunding

The bonds mature as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 1,645,000	\$ 547,750	\$ 2,192,750
2026	1,765,000	465,500	2,230,500
2027	1,895,000	377,250	2,272,250
2028	1,000,000	282,500	1,282,500
2029	1,070,000	252,500	1,322,500
2030-2032	5,810,000	445,225	6,255,225
Total	\$ 13,185,000	\$ 2,370,725	\$ 15,555,725

2019 - Refunding

The bonds mature as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 500,000	\$ 360,600	\$ 860,600
2026	560,000	340,600	900,600
2027	615,000	318,200	933,200
2028	680,000	293,600	973,600
2029	745,000	266,400	1,011,400
2030-2033	5,915,000	738,800	6,653,800
Total	\$ 9,015,000	\$ 2,318,200	\$ 11,333,200

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – LONG-TERM OBLIGATIONS, continued

Certificates of Participation

A schedule of changes in COPs for the year ended June 30, 2024 is shown below:

Series	Issuance Date	11/1/2034 Yield	Maturity Date	Amount of Original Issue	Outstanding July 1, 2023	Additions	Redeemed	Outstanding June 30, 2024	Due Within One Year
2020 COPs	1/9/2020	1.20 - 2.96%	11/1/2049	\$ 10,430,000	\$ 10,430,000	\$ -	\$ -	\$ 10,430,000	\$ -
Total COPs				\$ 10,430,000	\$ 10,430,000	\$ -	\$ -	\$ 10,430,000	\$ -

The COPs mature as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ -	\$ 371,982	\$ 371,982
2026	265,000	368,006	633,006
2027	270,000	359,981	629,981
2028	280,000	351,732	631,732
2029-2033	1,535,000	1,607,993	3,142,993
2034-2038	1,860,000	1,271,430	3,131,430
2039-2043	2,265,000	860,530	3,125,530
2044-2048	2,740,000	388,724	3,128,724
2049-2050	1,215,000	35,147	1,250,147
Total	\$ 10,430,000	\$ 5,615,525	\$ 16,045,525

Leases

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 96 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payment
Software	3	2.34%	7/1/2019 - 12/31/2025	\$ 244,860

Future minimum lease payments on non-cancellable leases at June 30, 2024 are as follows:

Year Ending	Principal	Interest	Total
2025	\$ 258,167	\$ 5,390	\$ 263,557
2026	111,857	550	112,407
Total	\$ 370,024	\$ 5,940	\$ 375,964

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2024, the District reported net OPEB liability/(asset) and OPEB expense/(benefit) for the following plan:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ 13,179,639	\$ 625,215	\$ 2,220,571	\$ (556,207)

Plan Description

The District's governing board administers the Postemployment Benefits Plan (the "Plan"). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

The Benefits Trust Company (BTC) administers the Plan. The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Financial information for BTC can be found on the BTC website at: <http://www.benefitstrust.org>.

Plan Membership

At June 30, 2023, the valuation date, the plan membership consisted of the following:

	Number of Participants
Inactive Employees Receiving Benefits	103
Active Employees	150
Total	253

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the faculty union, the local California Service Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements with the District and the groups. For fiscal year 2023-24, the District contributed \$1,560,177 to the Plan, of which \$1,169,933 was used for current premiums and \$390,244 was used to fund the OPEB Trust.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Net OPEB Liability/(Asset) of the District

The District's net OPEB liability/(asset) of \$13,179,639 was measured as of June 30, 2024, by an actuarial valuation as of that date. The components of the net OPEB liability/(asset) of the District at June 30, 2024, were as follows:

Total OPEB liability	\$	24,873,509
Plan fiduciary net position		11,693,870
District's net OPEB liability/(asset)	\$	<u>13,179,639</u>
Plan fiduciary net position as a percentatge of the total OPEB liability		47.01%

Actuarial Assumptions

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

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	5.75%
Discount rate	5.75%
Healthcare cost trend rate	4.00%

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2024, valuation were based on the results of an actual experience study for the period July 1, 2023 to June 30, 2024.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2023	\$ 24,062,335	\$ 10,399,619	\$ 13,662,716
Changes for the year:			
Service cost	460,797	-	460,797
Interest	1,363,197	-	1,363,197
Employer contributions to trust	-	390,244	(390,244)
Employee contributions as benefit payments	-	1,169,933	(1,169,933)
Experience (gains)/losses	286,508	-	286,508
Changes of assumptions	(129,395)	-	(129,395)
Expected investment income	-	607,187	(607,187)
Investment (gains)/losses	-	366,757	(366,757)
Administrative expense	-	(69,937)	69,937
Expected benefit payments	(1,169,933)	(1,169,933)	-
Net changes	811,174	1,294,251	(483,077)
Balance June 30, 2024	\$ 24,873,509	\$ 11,693,870	\$ 13,179,639

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

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

	Discount Rate 1% Lower (4.75%)	Current Discount Rate 5.75%	Discount Rate 1% Higher (6.75%)
Net OPEB liability/(asset)	\$ 16,371,118	\$ 13,179,639	\$ 10,529,574

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), continued

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

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

	Trend Rate 1% Lower (3.00%)	Current Trend Rate (4.00%)	Trend Rate 1% Higher (5.00%)
Net OPEB liability/(asset)	\$ 10,195,606	\$ 13,179,639	\$ 16,829,740

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

At June 30, 2024, the District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,220,571
Change in assumptions	322,424	-
Investment gains and losses	302,791	-
Total	\$ 625,215	\$ 2,220,571

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense/(benefit) as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (290,493)
2026	44,286
2027	(509,454)
2028	(450,616)
2029	(377,267)
Thereafter	(11,812)
Total	\$ (1,595,356)

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 – RISK MANAGEMENT

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2024, the District contracted with the Self Insured Schools of California II (SISC II) Joint Powers Authority for property and liability insurance coverage, health and welfare benefits as well as workers compensation coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2023-24, the District participated in the Self Insured Schools of California I (SISC I) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Employee Medical Benefits

The District has contracted with Self Insured Schools of California III (SISC III) to provide employee medical benefits. SISC III is a shared risk pool comprised of members of participating districts in California. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of the claim's flow. The Board of Directors has the right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2024, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 11,380,549	\$ 3,349,529	\$ 1,768,455	\$ 1,306,453
CalPERS	18,831,877	6,528,519	1,770,489	3,570,767
Total	\$ 30,212,426	\$ 9,878,048	\$ 3,538,944	\$ 4,877,220

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

Benefits Provided

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

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

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans. The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented on the preceding page and the District's total contributions were \$2,129,635.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of the net pension liability	\$ 11,380,549
State's proportionate share of the net pension liability associated with the District	5,452,840
Total	\$ 16,833,389

The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.0149 percent and 0.0154 percent, resulting in a net decrease in the proportionate share of 0.0005 percent.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

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

For the year ended June 30, 2024, the District recognized pension expense of \$1,306,453. In addition, the District recognized pension expense and revenue of \$2,129,635 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 48,145	\$ -
Differences between expected and actual experience	894,390	608,768
Changes in assumptions	65,898	-
Net changes in proportionate share of net pension liability	211,461	1,159,687
District contributions subsequent to the measurement date	2,129,635	-
Total	<u>\$ 3,349,529</u>	<u>\$ 1,768,455</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (539,877)
2026	(952,164)
2027	681,222
2028	(159)
2029	113,352
Thereafter	149,065
Total	<u>\$ (548,561)</u>

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Methods and Assumptions, continued

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 its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2024, are summarized in the following table:

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

*20-year average. Real rates of return of net of assumed 2.75% inflation.

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Discount Rate

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 19,089,963	\$ 11,380,549	\$ 4,976,982

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2024, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	26.68%	26.68%

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$2,880,319.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$18,831,877. The net pension liability was measured as of June 30, 2023. 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. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.0520 percent and 0.0523 percent, resulting in a net decrease in the proportionate share of 0.0003 percent.

For the year ended June 30, 2024, the District recognized pension expense of \$3,570,767. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 2,011,513	\$ -
Differences between expected and actual experience	687,228	289,230
Changes in assumptions	867,577	-
Net changes in proportionate share of net pension liability	81,882	1,481,259
District contributions subsequent to the measurement date	2,880,319	-
Total	\$ 6,528,519	\$ 1,770,489

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

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

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 489,697
2026	226,579
2027	1,299,735
2028	(138,300)
Total	<u>\$ 1,877,711</u>

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Actuarial Methods and Assumptions, continued

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

Discount Rate

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 27,226,026	\$ 18,831,877	\$ 11,894,303

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 14 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Deferred Compensation

The District offers its employees a CalPERS administered 457 Deferred Compensation Program (the Program). The Program, available to all permanent employees, permits them to defer a portion of pre-tax salary into investment of an individual's own choosing until future years. The deferred compensation is not available to the employees or their beneficiaries until termination, retirement, death, or an unforeseeable emergency. The CalPERS Board controls the investment and administrative functions of the CalPERS 457 Deferred Compensation Program. The Board for the exclusive benefit of participating employees, which adds security, holds the assets in trust.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$872,174. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

NOTE 15 – PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Self-Insured Schools of California (SISC) Joint Powers Authority JPA. The District pays annual premiums for its workers' compensation, health and welfare, and property/liability coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes.

The JPA has budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2024, the District made payments of \$239,018 and \$5,080,332 to SISC for its workers' compensation and health and welfare coverage, respectively. The District also made payments of \$139,939 to SWACC for its property/liability coverage and \$51,225 to Student Insurance for its student liability insurance coverage.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 16 – COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2024.

Related Party Transactions

WESTEC

Taft College and WESTEC share administrative and other costs and are considered to be related parties. Certain data processing, administrative services, and purchases are performed on behalf of, or for Taft College by WESTEC. WESTEC also has a relation with Taft College in that the North Kern Training Center (NKTC) was purchased by Taft College. In turn, WESTEC maintains the center and incurs costs such as betterments and improvements. As is the case with WESTEC's original Taft facility, NKTC use charges are based on a per student per class fee payable to Taft College.

Impounded Property Taxes

Each year several property tax assessments are protested. Accordingly, the District impounds monies in order to repay the assessments in the event the District should lose any of the protests.

NOTE 17 – PRIOR PERIOD ADJUSTMENTS

In fiscal year 2022-23, the District had an overstatement of revenue which should have been in accounts receivable. The net impact is a \$249,790 restatement.

NOTE 18 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2024 through February 5, 2025, the date the financial statements were available to be issued. No subsequent events occurred requiring accrual or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 460,797	\$ 448,464	\$ 654,325	\$ 601,676	\$ 303,531	\$ 295,407	\$ 287,501
Interest	1,363,197	1,327,267	1,567,793	1,532,045	1,402,173	1,354,792	1,317,275
Changes of assumptions	(129,395)	-	-	823,548	(160,292)	-	-
Experience gains/(losses)	286,508	-	(5,091,797)	-	1,525,665	-	-
Benefit payments	(1,169,933)	(1,144,123)	(1,276,784)	(1,226,634)	(884,617)	(844,536)	(1,130,262)
Net change in total OPEB liability	811,174	631,608	(4,146,463)	1,730,635	2,186,460	805,663	474,514
Total OPEB liability, beginning of year	24,062,335	23,430,727	27,577,190	25,846,555	23,660,095	22,854,432	22,379,918
Total OPEB liability, end of year (a)	\$ 24,873,509	\$ 24,062,335	\$ 23,430,727	\$ 27,577,190	\$ 25,846,555	\$ 23,660,095	\$ 22,854,432
Plan fiduciary net position							
Employer contributions	\$ 1,169,933	\$ 1,144,123	\$ 642,878	\$ 641,650	\$ 542,001	\$ 1,388,436	\$ 1,747,490
Employee contributions	390,244	484,464	1,276,784	1,226,634	884,617	-	-
Interest	-	-	-	2,169,026	-	-	-
Expected investment income	607,187	538,056	632,325	-	439,186	390,716	382,281
Investment (gains)/losses	366,757	294,187	(68,786)	-	(38,595)	(70,464)	-
Administrative expense	(69,937)	(64,695)	(2,768,727)	(63,737)	(56,757)	(53,974)	(51,722)
Expected benefit payments	(1,169,933)	(1,144,123)	(1,276,784)	(1,226,634)	(884,617)	(844,536)	(1,130,262)
Change in plan fiduciary net position	1,294,251	1,252,012	(1,562,310)	2,746,939	885,835	810,178	947,787
Fiduciary trust net position, beginning of year	10,399,619	9,147,607	10,709,917	7,962,978	7,077,143	6,266,965	5,319,178
Fiduciary trust net position, end of year (b)	\$ 11,693,870	\$ 10,399,619	\$ 9,147,607	\$ 10,709,917	\$ 7,962,978	\$ 7,077,143	\$ 6,266,965
Net OPEB liability/(asset), ending (a) - (b)	\$ 13,179,639	\$ 13,662,716	\$ 14,283,120	\$ 16,867,273	\$ 17,883,577	\$ 16,582,952	\$ 16,587,467
Covered payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Plan fiduciary net position as a percentage of the total OPEB liability	47%	43%	39%	39%	31%	30%	27%
Net OPEB liability/(asset) as a percentage of covered payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

**The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented*

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2024**

	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 1,169,933	\$ 2,284,756	\$ 1,276,784	\$ 1,226,634	\$ 884,617	\$ 844,536	\$ 1,130,262
Contributions in relations to the actuarially determined contribution	1,169,933	2,284,756	1,276,784	1,226,634	884,617	844,536	1,130,262
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*
Contribution as a percentage of covered-employee payroll	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*	N/A*

**The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented*

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024**

	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
CalSTRS					
District's proportion of the net pension liability	0.015%	0.015%	0.016%	0.016%	0.015%
District's proportionate share of the net pension liability	\$ 11,380,549	\$ 10,700,751	\$ 7,168,060	\$ 15,841,057	\$ 13,793,518
State's proportionate share of the net pension liability associated with the District	5,452,840	5,358,968	3,606,765	8,166,001	7,525,346
Total	\$ 16,833,389	\$ 16,059,719	\$ 10,774,825	\$ 24,007,058	\$ 21,318,864
District's covered-employee payroll	\$ 9,579,243	\$ 5,942,346	\$ 9,812,471	\$ 9,812,471	\$ 9,148,391
District's proportionate share of the net pension liability as percentage of covered-employee payroll	119%	180%	73%	161%	151%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%

	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
CalPERS					
District's proportion of the net pension liability	0.052%	0.052%	0.053%	0.058%	0.056%
District's proportionate share of the net pension liability	\$ 18,831,877	\$ 17,982,000	\$ 10,803,715	\$ 17,764,152	\$ 16,417,794
District's covered-employee payroll	\$ 10,219,764	\$ 8,065,408	\$ 7,626,130	\$ 7,626,130	\$ 7,742,769
District's proportionate share of the net pension liability as percentage of covered-employee payroll	184%	223%	142%	233%	212%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%

See accompanying note to required supplementary information.

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024**

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS					
District's proportion of the net pension liability	0.015%	0.016%	0.016%	0.017%	0.015%
District's proportionate share of the net pension liability	\$ 14,075,880	\$ 14,597,368	\$ 13,291,939	\$ 11,344,264	\$ 8,963,465
State's proportionate share of the net pension liability associated with the District	8,059,488	8,635,680	7,566,863	5,999,865	5,412,527
Total	\$ 22,135,368	\$ 23,233,048	\$ 20,858,802	\$ 17,344,129	\$ 14,375,992
District's covered-employee payroll	\$ 8,784,678	\$ 9,350,970	\$ 8,594,138	\$ 8,147,241	\$ 7,833,564
District's proportionate share of the net pension liability as percentage of covered-employee payroll	160%	156%	155%	139%	114%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%
	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS					
District's proportion of the net pension liability	0.057%	0.062%	0.065%	0.066%	0.069%
District's proportionate share of the net pension liability	\$ 15,156,659	\$ 14,728,674	\$ 12,767,803	\$ 9,740,820	\$ 7,820,779
District's covered-employee payroll	\$ 6,972,049	\$ 7,947,379	\$ 7,744,982	\$ 7,357,701	\$ 7,243,856
District's proportionate share of the net pension liability as percentage of covered-employee payroll	217%	185%	165%	132%	108%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	84%

See accompanying note to required supplementary information.

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024**

CaSTRS	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 2,129,635	\$ 1,620,808	\$ 1,005,445	\$ 1,584,714	\$ 1,688,012
District's contributions in relation to the statutorily required contribution	2,129,635	1,620,808	1,005,445	1,584,714	1,688,012
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 11,149,921	\$ 9,579,243	\$ 5,942,346	\$ 9,812,471	\$ 9,310,601
District's contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.92%	16.15%	18.13%

CaPERS	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
Statutorily required contribution	\$ 2,880,319	\$ 2,341,348	\$ 1,847,785	\$ 1,578,609	\$ 1,649,161
District's contributions in relation to the statutorily required contribution	2,880,319	2,341,348	1,847,785	1,578,609	1,649,161
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 10,795,798	\$ 10,219,764	\$ 8,065,408	\$ 7,626,130	\$ 8,362,461
District's contributions as a percentage of covered-employee payroll	26.68%	22.91%	22.91%	20.70%	19.72%

See accompanying note to required supplementary information.

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024**

CaSTRS	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 1,489,358	\$ 1,267,629	\$ 1,176,352	\$ 922,151	\$ 723,475
District's contributions in relation to the statutorily required contribution	1,489,358	1,267,629	1,176,352	922,151	723,475
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 9,148,391	\$ 8,784,678	\$ 9,350,970	\$ 8,594,138	\$ 8,147,241
District's contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%

CaPERS	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 1,398,499	\$ 1,082,829	\$ 1,103,732	\$ 917,548	\$ 866,075
District's contributions in relation to the statutorily required contribution	1,398,499	1,082,829	1,103,732	917,548	866,075
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 7,742,769	\$ 6,972,049	\$ 7,947,379	\$ 7,744,982	\$ 7,357,701
District's contributions as a percentage of covered-employee payroll	18.06%	15.53%	13.89%	11.85%	11.77%

See accompanying note to required supplementary information.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 - PURPOSE OF SCHEDULES

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

This schedule presents information on the District's changes in the net OPEB liability/(asset), including beginning and ending balances, the plan's fiduciary net position, and the net OPEB liability/(asset). In the future, as data becomes available, ten years of information will be presented. There were no changes in benefit terms or assumptions in the current year.

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

Changes of Assumptions - There were no changes in assumptions since the previous valuation.

Schedule of Contributions – OPEB

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of the Proportionate Share of the Net Pension Liability

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

Changes in Benefit Terms - The required employer contributions rate changed from 25.37% to 26.68% since the previous valuation for CalPERS. There were no changes in benefit terms since the previous valuation for CalSTRS.

Changes of Assumptions - There were no changes in assumptions since the previous valuations for CalSTRS. The consumer price inflation for CalPERS as of the June 30, 2023 measurement date was 2.30%, while as of the June 30, 2022 measurement date it was 2.5%.

Schedule of Contributions – Pensions

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

SUPPLEMENTARY INFORMATION

**WEST KERN COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
JUNE 30, 2024**

The West Kern Community College District (the "District") was established in 1922 and is comprised of an area of approximately 735 square miles located in Kern County, in the City of Taft. There were no changes in the boundaries of the District during the current year. The District's one college is accredited by the Western Association of Schools and Junior Colleges.

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Billy White	President	2028
Dr. Kathy Garner Orrin	Secretary	2028
Dawn Cole	Member	2026
Jeremy Gregory	Member	2026
Michael Eveland	Member	2026

ADMINISTRATION

Dr. Todd Hampton
Acting Superintendent/President

Dr. Todd Hampton
Vice-President of Administrative Services

Dr. Leslie Minor
Vice-President of Instruction

Vacant
Vice-President of Student Services

Heather del Rosario
Vice-President of Human Resources

Nicolas Valsamides
Executive Director of Fiscal Services

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
Taft College Foundation	Dr. Sheri Horn-Bunk Executive Director, Foundation and Institutional Advancement	Established as an auxiliary organization in 2002 and has a signed master agreement dated September 11, 2019

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through California Department of Education:</i>			
Child and Adult Care Food Programs-2021	10.558	13666	\$ 46,845
Subtotal U.S. Department of Agriculture			<u>46,845</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Programs:</i>			
Transition Programs for Students with Intellectual Disabilities (TPSID)	84.407A	*	392,064
<i>Student Financial Assistance Cluster:</i>			
Direct Student Loans	84.268	*	126,187
Federal Work Study	84.033	*	76,052
Pell Grants	84.063	*	5,604,478
Supplemental Educational Opportunity Grant (SEOG)	84.007	*	127,817
Subtotal Student Financial Assistance Cluster			<u>5,934,534</u>
<i>Passed Through California Community Colleges Chancellor's Office</i>			
Perkins, Title I-C	84.048	*	106,607
Subtotal U.S. Department of Education			<u>6,433,205</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through California Department of Health Services</i>			
<i>Medicaid Cluster</i>			
School-based Medi-Cal Administrative Activities	93.778		38,742
Subtotal U.S. Department of Health and Human Services			<u>38,742</u>
Total Expenditures of Federal Awards			<u>\$ 6,518,792</u>

**Pass-through entity identifying number not applicable*

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Program	Program Entitlements			Program Revenues			Total Program Expenditures	
	Current Year	Prior Year	Total Entitlement	Cash Received	Accounts Receivable	Unearned Revenue		Total Revenue
Adult Education Block Grant - AB104	\$ 999,080	\$ -	\$ 999,080	\$ 999,080	\$ -	\$ -	\$ 999,080	\$ 999,080
Adult Education ELL Healthcare Grant	164,788	-	164,788	164,788	-	-	164,788	164,788
Basic Needs Center	216,123	324,409	540,532	540,532	-	396,156	144,377	144,377
Cal Fresh Outreach	-	20,658	20,658	20,658	-	20,658	-	-
Cal Works	138,824	178,188	317,012	317,012	-	161,871	155,141	155,141
CARE	116,018	81,482	197,500	197,500	-	90,227	107,272	107,272
CCAP-GPAP (Extension Phase III)	38,853	16,761	55,614	41,761	13,853	-	55,614	55,614
CCC Equitable Placement & Completion	341,905	-	341,905	328,052	13,853	282,174	59,731	59,731
CDTC	21,160	22,393	43,553	43,553	-	42,641	912	912
CDC - Child Care General Fund	371,352	-	371,352	364,291	7,061	-	371,352	371,352
CDC - Child Care Preschool Grant	1,130,793	60,309	1,191,102	929,014	262,088	636,046	555,056	555,056
CDC - Migrant Education Grant	576,749	-	576,749	368,199	208,550	-	576,749	576,749
CDC - Migrant Bilingual Education	167,787	-	167,787	167,787	-	57,561	110,227	110,227
Classified Professional Development	-	21,659	21,659	21,659	-	18,762	2,898	2,898
CTE - Strong Workforce Regional SW7	457,789	46,550	504,339	-	504,339	-	504,339	504,339
CTE - Strong Workforce Local SW6	-	185,460	185,460	185,460	-	-	185,460	185,460
CTE - Strong Workforce Local SW7	-	290,070	290,070	290,070	-	-	290,070	290,070
CTE - Strong Workforce Regional SW6	-	292,223	292,223	-	292,223	-	292,223	292,223
CTE - RERP	35,814	-	35,814	35,814	-	32,622	3,192	3,192
Culturally Competent Faculty PD	-	45,365	45,365	45,365	-	45,365	-	-
DSPS	457,142	116,524	573,666	573,666	-	175,359	398,307	398,307
EEO Best Practices	-	208,333	208,333	208,333	-	208,333	-	-
EOPS	732,068	306,208	1,038,276	1,038,276	-	329,093	709,183	709,183
Faculty / Staff Diversity / EEO	138,888	242,237	381,125	381,125	-	259,095	122,030	122,030
Financial Aid + 2% Admin	202,673	85,352	288,025	288,025	-	54,982	233,043	233,043
Subtotal	\$ 6,307,806	\$ 2,544,181	\$ 8,851,987	\$ 7,550,020	\$ 1,301,967	\$ 2,810,945	\$ 6,041,044	\$ 6,041,044

See accompanying note to supplementary information.

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Program	Program Entitlements			Program Revenues				Total Program Expenditures
	Current Year	Prior Year	Total Entitlement	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	
Balance forwarded	\$ 6,307,806	\$ 2,544,181	\$ 8,851,987	\$ 7,550,021	\$ 1,301,966	\$ 2,810,945	\$ 6,041,042	\$ 6,041,042
Financial Aid Cal Grants	1,024,858	-	1,024,858	1,024,858	-	-	1,024,858	1,024,858
Financial Aid California College Promise	175,311	102,918	278,229	278,229	-	79,554	198,675	198,675
Financial Aid Technology	44,557	13,058	57,615	57,615	-	8,927	48,688	48,688
Guided Pathways	-	288,462	288,462	288,462	-	230,992	57,470	57,470
Kern K-16 Collaborative	29,440	20,490	49,930	20,490	29,440	-	-	-
LGBTQI Plus	44,149	61,327	105,476	105,476	-	96,565	8,911	8,911
Library Services Platform	-	1,510	1,510	1,510	-	-	1,510	1,510
Lottery (Restricted)	432,814	14,859	447,674	441,297	6,377	222,039	225,634	225,634
Mental Health Services	142,333	304,198	446,531	446,531	-	217,973	228,558	228,558
MESA Grant	865,258	-	865,258	837,258	28,000	567,829	297,428	297,428
NextUp	241,148	-	241,148	241,148	-	183,318	57,831	57,831
Retention & Enroll Outreach (SB 85)	182,363	(99,888)	82,475	82,475	-	(77,122)	159,597	159,597
Scheduled Maintenance	-	1,192,642	1,192,642	1,192,642	-	-	1,192,642	1,192,642
Student Equity & Achievement Program	1,792,012	619,038	2,411,050	2,411,050	-	20,849	2,390,201	2,390,201
Student Food & Housing Support	218,320	271,421	489,741	489,741	-	250,206	239,535	239,535
Student Success Completion Grant	1,117,932	-	1,117,932	1,117,932	-	-	1,117,932	1,117,932
Student Transfer Reform	565,217	-	565,217	565,217	-	565,217	-	-
Systemwide Technology & Data Security	475,000	288,497	763,497	763,497	-	530,905	232,592	232,592
Supplemental Emergency Fin Aid	-	43,893	43,893	43,893	-	-	43,893	43,893
TANF / Needy Families	28,300	-	28,300	21,508	6,792	-	28,300	28,300
Transfer Ed and Articulation Seamle	48,695	-	48,695	48,695	-	48,695	-	-
Undocumented Resources Liaison	68,704	152,044	220,748	220,748	-	209,849	10,899	10,899
Veteran Resource Center	30,343	71,594	101,937	101,937	-	54,339	47,598	47,598
Zero Textbook	425,000	200,000	625,000	625,000	-	614,116	10,884	10,884
TOTAL	\$ 14,259,560	\$ 6,090,244	\$ 20,349,805	\$ 18,977,230	\$ 1,372,575	\$ 6,635,196	\$ 13,664,678	\$ 13,664,678

See accompanying note to supplementary information.

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024**

CATEGORIES	Reported Data	Audit Adjustment	Audited Data
A. Summer Intersession (Summer 2023 only)			
1. Noncredit	-	-	-
2. Credit	263.52	-	263.52
B. Summer Intersession (Summer 2024 - Prior to July 1, 2024)			
1. Noncredit	-	-	-
2. Credit	296.50	-	296.50
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	674.01	-	674.01
(b) Daily Census Contact Hours	6.31	-	6.31
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	-	-	-
(b) Credit	113.42	-	113.42
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	619.53	-	619.53
(b) Daily Census Contact Hours	286.20	-	286.20
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	2,259.49	-	2,259.49
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	-	-	-
2. Noncredit	-	-	-
Total Basic Skills FTES	-	-	-

**WEST KERN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2024**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 6,036,681	\$ -	\$ 6,036,681	\$ 6,036,681	\$ -	\$ 6,036,681
Other	1300	2,764,753	-	2,764,753	2,764,753	-	2,764,753
Total Instructional Salaries		8,801,434	-	8,801,434	8,801,434	-	8,801,434
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	1,787,183	-	1,787,183
Other	1400	-	-	-	313,355	-	313,355
Total Non-Instructional Salaries		-	-	-	2,100,538	-	2,100,538
Total Academic Salaries		8,801,434	-	8,801,434	10,901,972	-	10,901,972
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	5,255,853	-	5,255,853
Other	2300	-	-	-	448,111	-	448,111
Total Non-Instructional Salaries		-	-	-	5,703,964	-	5,703,964
Instructional Aides							
Regular Status	2200	301,035	-	301,035	301,035	-	301,035
Other	2400	-	-	-	-	-	-
Total Instructional Aides		301,035	-	301,035	301,035	-	301,035
Total Classified Salaries		301,035	-	301,035	6,004,999	-	6,004,999
Employee Benefits	3000	5,424,745	-	5,424,745	9,921,366	-	9,921,366
Supplies and Materials	4000	-	-	-	146,333	-	146,333
Other Operating Expenses	5000	699,221	-	699,221	3,901,084	-	3,901,084
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		15,226,435	-	15,226,435	30,875,754	-	30,875,754
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	748,233	-	748,233	748,233	-	748,233
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	23,992	-	23,992
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	675,207	-	675,207
Object to Exclude							
Rents and Leases	5060	-	-	-	45,696	-	45,696
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	442,323	-	442,323
Classified Salaries	2000	-	-	-	1,064	-	1,064
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 748,233	\$ -	\$ 748,233	\$ 1,936,515	\$ -	\$ 1,936,515
Total for ECS 84362, 50% Law		\$ 14,478,202	\$ -	\$ 14,478,202	\$ 28,939,239	\$ -	\$ 28,939,239
Percent of CEE (Instructional Salary Cost/Total CEE)		50.03%	0.00%	50.03%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 14,469,620	\$ -	\$ 14,469,620

**WEST KERN COMMUNITY COLLEGE DISTRICT
 PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
 FOR THE YEAR ENDED JUNE 30, 2024**

EPA Revenue	\$ 2,221,101
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 2,221,101	\$ -	\$ -	\$ 2,221,101
Total		\$ 2,221,101	\$ -	\$ -	\$ 2,221,101

**WEST KERN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2024.

**WEST KERN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
JUNE 30, 2024**

Total Fund Equity - District Funds Included in the Reporting Entity

General Fund	\$	23,063,268	
Debt Service Fund		3,607,122	
Internal Service Fund		3,016,288	
Impounds Fund		448,534	
Capital Projects Funds		13,411,420	
Student Financial Aid Fund		(54,051)	
Other Funds		208,517	\$ 43,701,098

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

Capital assets	127,611,608	
Right-of-use asset	614,206	
Accumulated amortization	(252,470)	
Fair Market Value - Cash in County Investments	(199,265)	
Accumulated depreciation	(57,412,355)	70,361,724

Unmatured Interest (364,780)

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

Deferred outflows related to OPEB	625,215
Deferred outflows related to pensions	9,878,048

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

General obligation bonds	22,200,000	
Certificates of participation	10,430,000	
Unamortized bond premium	1,840,229	
Lease liabilities	370,024	
Net OPEB liability	13,179,639	
Net pension liability	30,212,426	(78,232,318)

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

Deferred charge on refunding	(1,386,438)
Deferred inflows related to OPEB	(2,220,571)
Deferred inflows related to pensions	(3,538,944)

Net Position Reported Within the Statement of Net Position \$ 38,823,034

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Schedule of Expenditures of State Awards

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

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

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation

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

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 - PURPOSE OF SCHEDULES, continued

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

Reconciliation of Fund Equity to Net Position

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

OTHER INDEPENDENT AUDITORS' REPORTS



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

Board of Trustees
West Kern Community College District
Taft, 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 the West Kern Community College District (the "District") as of and for the year ended June 30, 2024; and the related notes to financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated February 5, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did identify any deficiencies in internal control that we consider to be significant deficiency, described in the accompanying schedule of findings and questioned costs as finding 2024-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

CWDL, Certified Public Accountants

San Diego, California
February 5, 2025



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

Board of Trustees
West Kern Community College District
Taft, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Kern Community College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the Summary of Audit Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

Report on Internal Control Over Compliance, continued

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

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

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

CWDL, Certified Public Accountants

San Diego, California
February 5, 2025



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

Board of Trustees
West Kern Community College District
Taft, California

Report on State Compliance

Opinion on State Compliance

We have audited West Kern Community College District's (the "District") compliance with the types of compliance requirements as identified in the *2023-24 California Community Colleges Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2024. The applicable state compliance requirements are identified in the table below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the *2023-24 California Community Colleges Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements described in the *2023-24 California Community Colleges Contracted District Audit Manual*.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 California Community Colleges Chancellor's Office Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-24 California Community Colleges Chancellor's Office Contracted District Audit Manual*, we:

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *2023-24 California Community Colleges Chancellor's Office Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office, and which is described in the accompanying schedule of findings and questioned costs as finding 2024-002. Our opinion on each state program is not modified with respect to these matters.

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

Procedures Performed

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

- Section 411 – SCFF Data Management Control Environment
- Section 412 – SCFF Supplemental Allocation Metrics
- Section 413 – SCFF Success Allocation Metrics
- Section 421 – Salaries of Classroom Instructors (50 Percent Law)
- Section 423 – Apportionment for Activities Funded From Other Sources
- Section 424 – Student Centered Funding Formula Base Allocation: FTES
- Section 425 – Residency Determination for Credit Courses
- Section 426 – Students Actively Enrolled
- Section 427 – Dual Enrollment (CCAP and Non-CCAP)
- Section 430 – Scheduled Maintenance Program
- Section 431 – Gann Limit Calculation
- Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Section 475 – Disabled Student Programs and Services (DSPS)
- Section 490 – Propositions 1D and 51 State Bond Funded Projects
- Section 491 – Education Protection Account Funds
- Section 492 – State Representation Fee
- Section 494 – State Fiscal Recovery Fund
- Section 499 – COVID-19 Response Block Grant Expenditures

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *2023-24 California Community Colleges Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California

February 5, 2025

FINDINGS AND QUESTIONED COSTS SECTION

**WEST KERN COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditor's report?	No
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

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

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

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2024**

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

FINDING #2024 – 001 – FINANCIAL CLOSING PROCESS

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting

Criteria Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP in a timely manner.

Condition / Context The District was unable to complete its closing process in a timely manner due to key management turnover. This turnover created difficulties in closing the fund financial statements and reporting of audited financial statements to all required agencies by statutory deadlines and has continued to impact the financial reporting process for fiscal year 2023-24.

Effect The errors resulted in significant delays to the completion of the District’s audited financial statements and the potential for misstatements in the closing process.

Cause Implementation of new processes for closing the District’s books in a timely manner including all financial adjustments.

Recommendation To ensure policies and procedures are in place for all key management roles, so that, in the case of significant employee turnover, employees can be trained and ready for fiscal operations including closing, internal controls and financial reporting within a timely manner and within all required statutory deadlines.

Management Response The management will create redundancies to ensure that in the event of turnover tasks can be accomplished during the transition.

**WEST KERN COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

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

There were no federal award findings or questioned costs identified during 2023-24.

**WEST KERN COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

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

FINDING #2024-002 – STATE COMPLIANCE (ANNUAL CCFS-311 REPORTING)

Criteria The California Community Colleges Chancellor’s Office requires that each community college district report the financial activity of the General Fund on a quarterly basis via the CCFS-311Q report and the districts’ total revenues and expenditures for the fiscal year via the CCFS-311 by October 10 of each year. This report is also required to include the adopted budget for the subsequent fiscal year.

Condition/Context In our testing of the District annual CCFS-311 for the fiscal year 2023-24, we noted that the certification and filing did not occur by October 10, 2024.

Questioned Costs No questioned costs noted.

Effect Noncompliance with submission requirements for the annual CCFS-311.

Cause The annual CCFS-311 report was certified to the State Chancellor’s Office after October 10, 2024.

Recommendation We recommend that in accordance with the instructions of the State Chancellor’s Office for the Annual Financial and Budget Report requirements, the annual activity of all funds of the District be made available to the public on or before September 30 of each year and be submitted to the Chancellor’s Office no later than October 10 of each year.

Management Response The management will ensure that state compliance deadline is met by reevaluation of internal timelines to allow for contingencies.

**WEST KERN COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no findings identified during 2022-23.

UNAUDITED SUPPLEMENTARY INFORMATION

**WEST KERN COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2024**

	General Unrestricted	General Restricted	Bond Interest and Redemption	Restricted Purpose Debt Service	Bookstore	Cafeteria	Child Development	Revenue Bond Capital Projects	Balance Forward
ASSETS									
Cash and cash equivalents	\$ 14,762,354	\$ 11,835,538	\$ 2,956,786	\$ 633,058	\$ 1,839,215	\$ 1,525,881	\$ 1,912,076	\$ 780,149	\$ 36,245,057
Accounts receivable, net	979,587	2,433,647	17,278	-	283,030	93,821	793,282	47,366	4,648,011
Inventory	-	-	-	-	233,574	34,595	-	-	268,169
Prepaid expenses	275,018	185,729	-	-	11,869	-	-	-	472,616
Due from other funds	8,224,703	34,979	-	-	7	129,950	55	121,261	8,510,955
Total Assets	\$ 24,241,662	\$ 14,489,893	\$ 2,974,064	\$ 633,058	\$ 2,367,695	\$ 1,784,247	\$ 2,705,413	\$ 948,776	\$ 50,144,808
LIABILITIES									
Accounts payable	\$ 843,374	\$ 372,099	\$ -	\$ -	\$ 163,785	\$ 34,501	\$ 29,439	\$ 10,400	\$ 1,453,598
Unearned revenue	1,936,671	7,934,298	-	-	-	-	952,713	-	10,823,682
Compensated absences	465,135	70,047	-	-	13,743	3,664	38,634	13,557	604,780
Due to other funds	303,221	3,743,442	-	-	758,431	1,765,000	81,157	523,303	7,174,554
Total Liabilities	3,548,401	12,119,886	-	-	935,959	1,803,165	1,101,943	547,260	20,056,614
FUND EQUITY									
Restricted	-	2,370,007	2,974,064	633,058	-	-	1,603,470	401,516	7,982,115
Unassigned	20,693,261	-	-	-	1,431,736	(18,918)	-	-	22,106,079
Total Fund Equity	20,693,261	2,370,007	2,974,064	633,058	1,431,736	(18,918)	1,603,470	401,516	30,088,194
Total Liabilities and Fund Equity	\$ 24,241,662	\$ 14,489,893	\$ 2,974,064	\$ 633,058	\$ 2,367,695	\$ 1,784,247	\$ 2,705,413	\$ 948,776	\$ 50,144,808

**WEST KERN COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2024**

	Balance Forward	Parking Fund	Independent Living (TIL)	Impounds	Capital Outlay Projects	General Obligation Bond	Student Financial Aid	Associated Students	Student Representation Trust	Total
ASSETS										
Cash and cash equivalents	\$ 36,245,057	\$ 1,512	\$ 634,610	\$ 448,534	\$ 13,286,470	\$ 186,726	\$ 55,500	\$ 194,920	\$ 31,197	\$ 51,084,526
Accounts receivable, net	4,648,011	9	162,536	-	114,230	1,225	-	472	4,594	4,931,077
Inventory	268,169	-	-	-	-	-	-	-	-	268,169
Prepaid expenses	472,616	-	-	-	-	-	-	-	-	472,616
Due from other funds	8,510,955	-	-	-	-	-	-	-	-	8,510,955
Total Assets	\$ 50,144,808	\$ 1,521	\$ 797,146	\$ 448,534	\$ 13,400,700	\$ 187,951	\$ 55,500	\$ 195,392	\$ 35,791	\$ 65,267,343
LIABILITIES										
Accounts payable	\$ 1,453,598	\$ 128	\$ 42,019	\$ -	\$ -	\$ -	\$ 22,251	\$ 4,666	\$ 18,000	\$ 1,540,662
Unearned revenue	10,823,682	-	-	-	-	-	87,300	-	-	10,910,982
Compensated absences	604,780	-	16,867	-	-	-	-	-	-	621,647
Due to other funds	7,174,554	1,500	1,316,900	-	-	-	-	-	-	8,492,954
Total Liabilities	20,056,614	1,628	1,375,786	-	-	-	109,551	4,666	18,000	21,566,245
FUND EQUITY										
Restricted	7,982,115	(107)	-	-	13,400,700	187,951	(54,051)	190,726	17,791	21,725,125
Unassigned	22,106,079	-	(578,640)	448,534	-	-	-	-	-	21,975,973
Total Fund Equity	30,088,194	(107)	(578,640)	448,534	13,400,700	187,951	(54,051)	190,726	17,791	43,701,098
Total Liabilities and Fund Equity	\$ 50,144,808	\$ 1,521	\$ 797,146	\$ 448,534	\$ 13,400,700	\$ 187,951	\$ 55,500	\$ 195,392	\$ 35,791	\$ 65,267,343

**WEST KERN COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	General Unrestricted	General Restricted	Bond Interest and Redemption	Restricted Purpose Debt Service	Bookstore	Cafeteria	Child Development	Revenue Bond Capital Projects	Balance Forward
REVENUES									
Federal	\$ 29,334	\$ 627,881	\$ -	\$ -	\$ -	\$ -	\$ 46,845	\$ -	\$ 704,060
State	31,599,104	13,391,269	22,485	-	2,012	-	1,618,833	-	46,633,703
Local	9,008,253	769,021	3,060,302	49	1,147,833	847,977	99,434	354,660	15,287,529
Total Revenues	40,636,691	14,788,171	3,082,787	49	1,149,845	847,977	1,765,112	354,660	62,625,292
EXPENDITURES									
Academic salaries	11,512,259	1,602,820	-	-	230,906	-	50,057	-	13,396,042
Classified salaries	6,656,286	1,912,387	-	-	325,964	431,094	780,546	151,593	10,257,870
Employee benefits	10,419,158	1,595,977	-	-	152,582	220,233	506,580	62,554	12,957,084
Supplies and materials	234,103	778,856	-	-	578,691	620,721	82,199	32,873	2,327,443
Other operating expenses	3,835,083	1,624,679	-	-	103,420	7,611	197,148	156,380	5,924,321
Capital outlay	307,140	2,540,770	-	-	7,592	13,225	91,894	3,807	2,964,428
Debt service - principal	56,783	14,003	2,956,825	-	50,529	-	140,208	-	3,218,348
Total Expenditures	33,020,812	10,069,492	2,956,825	-	1,449,684	1,292,884	1,848,632	407,207	51,045,536
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,615,879	4,718,679	125,962	49	(299,839)	(444,907)	(83,520)	(52,547)	11,579,756
OTHER FINANCING SOURCES/(USES)									
Operating transfer in	-	-	-	-	-	-	-	-	-
Operating transfer out	(1,840,234)	(1,177,779)	-	-	-	-	-	-	(3,018,013)
Other uses	1,281,278	(2,386,718)	-	-	-	-	-	-	(1,105,440)
Total Other Financing Sources/(Uses)	(558,956)	(3,564,497)	-	-	-	-	-	-	(4,123,453)
NET CHANGE IN FUND BALANCE	7,056,923	1,154,182	125,962	49	(299,839)	(444,907)	(83,520)	(52,547)	7,456,303
FUND BALANCE - BEGINNING	13,636,464	1,215,825	2,848,102	633,009	1,731,575	425,989	1,437,074	454,063	22,382,101
FUND BALANCE ADJUSTMENTS	(126)	-	-	-	-	-	249,916	-	249,790
FUND BALANCE - ENDING	\$ 20,693,261	\$ 2,370,007	\$ 2,974,064	\$ 633,058	\$ 1,431,736	\$ (18,918)	\$ 1,603,470	\$ 401,516	\$ 30,088,194

**WEST KERN COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

	Balance Forward	Parking Fund	Independent Living (TIL)	Impounds	Capital Outlay Projects	General Obligation Bond	Student Financial Aid	Associated Students	Student Representation Trust	Total
REVENUES										
Federal	\$ 704,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,858,482	\$ -	\$ -	\$ 6,562,542
State	46,633,703	-	934,197	-	-	-	2,601,593	-	-	50,169,493
Local	15,287,529	269	207,342	-	363,517	1,246	-	211,913	11,102	16,082,918
Total Revenues	62,625,292	269	1,141,539	-	363,517	1,246	8,460,075	211,913	11,102	72,814,953
EXPENDITURES										
Academic salaries	13,396,042	-	-	-	-	-	-	-	-	13,396,042
Classified salaries	10,257,870	-	944,183	-	-	-	-	-	-	11,202,053
Employee benefits	12,957,084	-	413,564	-	-	-	-	-	-	13,370,648
Supplies and materials	2,327,443	2,273	14,655	-	-	-	-	-	-	2,344,371
Other operating expenses	5,924,321	-	204,507	-	3,365	-	(660)	-	5,808	6,137,341
Capital outlay	2,964,428	8,718	-	-	-	-	-	-	-	2,973,146
Debt service - principal	3,218,348	-	-	-	-	-	-	-	4,490	3,222,838
Total Expenditures	51,045,536	10,991	1,576,909	-	3,365	-	(660)	-	10,298	52,646,439
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,579,756	(10,722)	(435,370)	-	360,152	1,246	8,460,735	211,913	804	20,168,514
OTHER FINANCING SOURCES/(USES)										
Operating transfer in	-	-	-	-	-	557,791	-	-	-	557,791
Operating transfer out	(3,018,013)	-	-	(579)	-	-	-	(226,017)	-	(3,244,609)
Other uses	(1,105,440)	-	-	-	-	(371,981)	(8,460,075)	-	-	(9,937,496)
Total Other Financing Sources/(Uses)	(4,123,453)	-	-	(579)	-	185,810	(8,460,075)	(226,017)	-	(12,624,314)
NET CHANGE IN FUND BALANCE	7,456,303	(10,722)	(435,370)	(579)	360,152	187,056	660	(14,104)	804	7,544,200
FUND BALANCE - BEGINNING	22,382,101	10,615	(143,270)	449,113	13,040,548	895	(54,711)	204,830	16,987	35,907,108
FUND BALANCE ADJUSTMENTS	249,790	-	-	-	-	-	-	-	-	249,790
FUND BALANCE - ENDING	\$ 30,088,194	\$ (107)	\$ (578,640)	\$ 448,534	\$ 13,400,700	\$ 187,951	\$ (54,051)	\$ 190,726	\$ 17,791	\$ 43,701,098

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTE TO UNAUDITED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 - PURPOSE OF SCHEDULES

Fund Financial Statements

The accompanying financial statements report the governmental activities of the District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. The information is not a required component of the financial statements in accordance with GASB Statements No. 34 and No. 35 and is presented at the request of the District management.