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WEST KERN COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

WEST KERN COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
West Kern Community College District
Taft, California

Opinions

We have audited the accompanying financial statements of the business-type 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, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2022, 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of West Kern Community College 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Other Matters

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

Supplementary Information

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

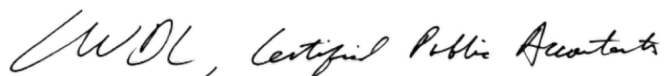
Other Information

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 auditor's 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 December 19, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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
December 19, 2022

**WEST KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**



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, 2022. This analysis is presented with comparative information from the year ended June 30, 2022 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 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 2021-22, 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.

**WEST KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

During FY 2021-22, the COVID-19 pandemic has continued to present challenges to the California Community College system. The District has experienced a reduction in enrollment numbers as we transition back to in person instruction. The District has utilized federal and state COVID-19 relief funding to mitigate the financial impact to the District and ensure a safe environment to serve students during this time of uncertainty.

Analysis of Net Assets

The System calculated the District FTES decline for fiscal year 2021-2022 at 351 FTES in comparison to fiscal year 2020-2021. Regular non-operating factors such as deferred pension contribution adjustments for compliance with the Governmental Accounting Standards Board (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 COP, we have decreased Restricted Net Assets.

Salaries and benefits decreased by \$3.1 million in 2021-2022 due to vacant positions being filled during the current fiscal year and due to a decline in extra load needed due to the COVID-19 pandemic.

	2022	2021	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 40,667,564	\$ 32,776,560	\$ 7,891,004
Noncurrent assets	73,472,120	74,017,176	(545,056)
Deferred outflows of resources	6,885,462	9,803,593	(2,918,131)
Total Assets and Deferred Outflows of Resources	121,025,146	116,597,329	4,427,817
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	9,680,837	9,131,424	549,413
Noncurrent liabilities	69,776,698	90,174,723	(20,398,025)
Deferred inflows of resources	17,401,557	4,540,006	12,861,551
Total Liabilities and Deferred Inflows of Resources	96,859,092	103,846,153	(6,987,061)
NET POSITION			
Invested in capital assets, net of related debt	34,626,767	33,196,409	1,430,358
Restricted	11,544,396	7,000,268	4,544,128
Unrestricted	(22,005,109)	(27,445,501)	5,440,392
Total Net Position	\$ 24,166,054	\$ 12,751,176	\$ 11,414,878

This statement is prepared from the District's Statement of Net Assets 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, 2022**

Analysis of Current Assets

The District's current assets increased by \$7.9 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, 2022, the District recorded \$124.5 million invested in capital assets, \$51.0 million in accumulated depreciation, totaling \$73.5 million recorded in net capital assets. In addition to these investments, the District also decreased construction in progress (CIP) by \$15.1 million to \$49,640 as of June 30, 2022. 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 \$7.2 million for the year just ended. In comparison of prior years, the material portion of this change is due to changes in collective net pension liability. This was primarily a result of an increase in the investment earning related to pension resulting in a \$15.7M decrease to the net pension liability and a \$10M increase of deferred inflows related to pensions.

**WEST KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

FINANCIAL ACTIVITIES OF THE DISTRICT

	2022	2021	Change
OPERATING REVENUES			
Tuition and fees	\$ 1,757,469	\$ 1,683,479	\$ 73,990
Federal and State grants and contracts, noncapital	21,050,332	20,804,705	245,627
Total Operating Revenues	22,807,801	22,488,184	319,617
OPERATING EXPENSES			
Salaries and benefits	26,901,110	30,041,366	(3,140,256)
Supplies, materials, and other operating expenses	8,388,783	15,247,684	(6,858,901)
Student financial aid	9,433,892	9,040,008	393,884
Depreciation	3,272,473	2,971,310	301,163
Total Operating Expenses	47,996,258	57,300,368	(9,304,110)
Operating Loss	(25,188,457)	(34,812,184)	9,623,727
NON-OPERATING REVENUES (EXPENSES)			
State apportionments	24,306,806	22,894,399	1,412,407
Property taxes	9,263,474	9,238,148	25,326
State taxes and other revenues	890,788	649,727	241,061
Investment income	265,478	709,893	(444,415)
Interest expense, net	(1,165,417)	(7,074,484)	5,909,067
Other financing sources (uses)	(1,008,805)	5,715,935	(6,724,740)
Local grants and other non-operating revenues	4,051,011	4,063,537	(12,526)
Total Non-Operating Revenues (Expenses)	36,603,335	36,197,155	406,180
OTHER REVENUES (EXPENSES)			
State and local capital income	-	-	-
Change in Net Position	11,414,878	1,384,971	10,029,907
NET POSITION, BEGINNING OF YEAR	12,751,176	8,364,619	4,386,557
PRIOR PERIOD ADJUSTMENT	-	3,001,586	(3,001,586)
NET POSITION, END OF YEAR	\$ 24,166,054	\$ 12,751,176	\$ 11,414,878

This statement is prepared from the District's Statement of Activities 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

Operating revenues reflect an increase in enrollment fees due to the timing of payments recognized by the District, as well as maintained levels of financial aid awards to eligible students for the year. Another contributing factor was the fact that residents of California are eligible for a wider variety of educational aid options than non-resident students. Overall, FTE attendance decreased to 1,811 in 2021-2022, as compared to 2,136 in 2020-2021.

**WEST KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

FUNCTIONAL EXPENDITURE CALCULATIONS

In accordance with requirements set forth by the California Community College Chancellor'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 Benefits	Supplies, Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	\$ 12,472,806	\$ 3,857,735	\$ -	\$ -	\$ 16,330,541
Academic support	1,963,310	274,759	-	-	2,238,069
Student services	5,200,141	1,131,097	-	-	6,331,238
Plant operations and maintenance	6,551,289	4,171,040	-	-	10,722,329
Community Services and economic development	189,371	126,423	-	-	315,794
Ancillary services and auxiliary operations	3,377,593	1,851,879	6,382	-	5,235,854
Trust and agency activities	248,137	11,585,618	7,207,247	-	19,041,002
Depreciation expense-unallocated	-	-	-	3,272,473	3,272,473
	<u>\$ 30,002,647</u>	<u>\$ 22,998,551</u>	<u>\$ 7,213,629</u>	<u>\$ 3,272,473</u>	<u>\$ 63,487,300</u>

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 continued construction on the Student Center project. Once completed, the building will house 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 23,400 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 effective buying income (EBI) and per capita EBI at 94% and 70%, respectively, of the national levels. The county's unemployment rate has historically been higher than the nations. In March 2022, the county reported an unemployment rate of 7.7%, down from a revised 8.4% in February 2022, and below the year-ago estimate of 12.3%.

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.

Prospects for the Future

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 2022 FTES declined from 2021 FTES, the pandemic has proven a challenge statewide for the entire Community College system. 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.

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.

**WEST KERN COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2022**

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

	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Enrollment	2,640	2,830	2,909	2,870	2,136	1,811
% Increase (Decrease)	3.24%	7.20%	2.79%	(1.34%)	(25.57%)	(15.22%)

5-year average decrease in enrollment year over year is -6.4%

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 – PRIMARY GOVERNMENT
JUNE 30, 2022

ASSETS

Current Assets:	
Cash and investments	\$ 18,185,545
Restricted cash and investments	16,012,540
Accounts receivable, net	5,808,548
Inventory	212,495
Prepaid expenses	448,436
Total Current Assets	<u>40,667,564</u>
Noncurrent Assets:	
Capital assets, net	<u>73,472,120</u>
Total Noncurrent Assets	<u>73,472,120</u>
TOTAL ASSETS	<u>114,139,684</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to OPEB	1,796,429
Deferred outflows related to pensions	<u>5,089,033</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>6,885,462</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 121,025,146</u>

LIABILITIES

Current Liabilities:	
Accounts payable	\$ 1,445,698
Unearned revenue	6,110,018
Due to fiduciary funds	239,691
Long-term debt, current portion	<u>1,885,430</u>
Total Current Liabilities	<u>9,680,837</u>
Noncurrent Liabilities:	
Compensated absences	561,880
Net OPEB liability	14,283,120
Net pension liability	17,971,775
Long-term debt, noncurrent portion	<u>36,959,923</u>
Total Noncurrent Liabilities	<u>69,776,698</u>
TOTAL LIABILITIES	<u>79,457,535</u>

DEFERRED INFLOWS OF RESOURCES

Deferred charge on refunding	1,386,438
Deferred inflows related to pensions	12,628,112
Deferred inflows related to OPEB	<u>3,387,007</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>17,401,557</u>

NET POSITION

Net investment in capital assets	34,626,767
Restricted for:	
Debt service	3,861,272
Capital projects	5,226,657
Other special purposes	2,456,467
Unrestricted	<u>(22,005,109)</u>
TOTAL NET POSITION	<u>24,166,054</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 121,025,146</u>

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 – PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2022**

OPERATING REVENUES	
Tuition and fees	\$ 3,270,566
Less: Scholarship discounts and allowances	(1,513,097)
Net tuition and fees	<u>1,757,469</u>
Grants and Contracts, Noncapital	
Federal	10,058,088
State	<u>10,992,244</u>
TOTAL OPERATING REVENUES	<u>22,807,801</u>
OPERATING EXPENSES	
Salaries	19,290,427
Employee benefits	7,610,683
Supplies, materials, and other operating expenses and services	8,388,783
Student aid	9,433,892
Depreciation	<u>3,272,473</u>
TOTAL OPERATING EXPENSES	<u>47,996,258</u>
OPERATING (LOSS)	<u>(25,188,457)</u>
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	24,306,806
Local property taxes	6,078,174
Taxes levied for other specific purposes	3,185,300
State taxes and other revenues	890,788
Investment income, noncapital	265,478
Interest expense on capital asset-related debt	(1,165,417)
Other financing sources (uses)	(1,008,805)
Local grants and other non-operating income	<u>4,051,011</u>
TOTAL NON-OPERATING REVENUES	<u>36,603,335</u>
CHANGE IN NET POSITION	<u>11,414,878</u>
NET POSITION, BEGINNING OF YEAR	<u>12,751,176</u>
NET POSITION, END OF YEAR	<u>\$ 24,166,054</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 1,313,458
Federal and state grants and contracts	26,576,260
Payments to students	(9,433,892)
Payments to or on behalf of employees	(29,094,827)
Payments to vendors	<u>(10,893,327)</u>
Net Cash Used by Operating Activities	<u>(21,532,328)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	24,306,806
Property taxes - non debt related	6,078,174
State taxes and other apportionments	890,788
Local grants and other non-operating revenues	3,865,864
Contributions to trusts	<u>(769,114)</u>
Net Cash Provided by Non-capital Financing Activities	<u>34,372,518</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(2,727,417)
Local property taxes and other revenues for capital purposes	3,185,300
Principal paid on capital debt	(2,013,242)
Interest paid on capital debt	<u>(1,261,315)</u>
Net Cash Used by Capital Financing Activities	<u>(2,816,674)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	<u>265,478</u>
Net Cash Provided by Investing Activities	<u>265,478</u>
NET DECREASE IN CASH & CASH EQUIVALENTS	<u>10,288,994</u>
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>23,909,091</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 34,198,085</u>

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2022**

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

Operating loss	\$ (25,188,457)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	3,272,473
Changes in Assets and Liabilities:	
Accounts receivables, net	2,430,167
Inventory	2,571
Prepaid expenses	(34,748)
Deferred outflows of resources	2,918,131
Accounts payable and accrued liabilities	(1,965,951)
Unearned revenue	2,489,835
Compensated absences	(100,313)
Net pension liability	(15,633,434)
Net OPEB liability	(2,584,153)
Deferred inflows of resources	12,861,551
Total Adjustments	<u>3,656,129</u>
Net Cash used by Operating Activities	<u>\$ (21,532,328)</u>

CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:

Cash in banks	\$ 18,185,545
Cash equivalents, restricted	16,012,540
Total Cash and Cash Equivalents	<u>\$ 34,198,085</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022**

	Agency Funds
ASSETS	
Cash and cash equivalents	<u>\$ 203,962</u>
Total Assets	<u>203,962</u>
LIABILITIES	
Due to student groups	<u>203,962</u>
Total Liabilities	<u>\$ 203,962</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
STATEMENT OF ACTIVITIES - FIDUCIARY FUNDS
JUNE 30, 2022**

	Agency Funds
OPERATING REVENUES:	
Local revenue	<u>\$ 127,764</u>
Total Operating Revenues	<u>127,764</u>
OTHER FINANCING SOURCES (USES)	
Operating transfers out	<u>(148,917)</u>
Total Other Financing Sources (Uses)	<u>(148,917)</u>
Net Change in Net Position	(21,153)
Net Position - Beginning of Year	<u>225,115</u>
Net Position - End of Year	<u>\$ 203,962</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
TAFT COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022**

ASSETS

Current assets:

Cash and cash equivalents	\$ 5,234,809
Total current assets	<u>5,234,809</u>

Noncurrent assets:

FCCC - Bernard Osher Perpetuity	81,000
Total noncurrent assets	<u>81,000</u>
Total assets	<u>\$ 5,315,809</u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 102,854
Total liabilities	<u>102,854</u>

NET ASSETS

Net assets without donor restrictions	43,236
Net assets with donor restrictions	<u>5,169,719</u>
Total Net Assets	<u>5,212,955</u>
Total Liabilities and Net Assets	<u>\$ 5,315,809</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
TAFT COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

Year Ended June 30, 2022	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT AND REVENUE			
Special events	\$ 158,134	\$ -	\$ 158,134
Interest and dividends	195,917	943,704	1,139,621
Unrealized gain on investments	(379,718)	-	(379,718)
Total Support and Revenue	<u>(25,667)</u>	<u>943,704</u>	<u>918,037</u>
EXPENSES			
Program	348,216	351,277	699,493
General and administrative	41,928	-	41,928
Total Expenses	<u>390,144</u>	<u>351,277</u>	<u>741,421</u>
Change in Net Assets	(415,811)	592,427	176,616
Net Assets - Beginning of Year	<u>459,047</u>	<u>4,577,292</u>	<u>5,036,339</u>
Net Assets - End of Year	<u>\$ 43,236</u>	<u>\$ 5,169,719</u>	<u>\$ 5,212,955</u>

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
TAFT COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	\$ (741,421)
Accounts payable	19,665
Net Cash (Used) by Operating Activities	<u>(563,622)</u>
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends	1,139,621
Unrealized gain on investments	<u>(379,718)</u>
Net cash provided by investing activities	<u>759,903</u>
 Net Increase in Cash and Cash Equivalents	 196,281
 Cash and Cash Equivalents - Beginning of Year	 <u>5,038,528</u>
 Cash and Cash Equivalents - End of Year	 <u>\$ 5,234,809</u>

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

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.

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 the financial statements.

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.

Nonexchange 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 nonoperating. 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, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, 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:
 - Statements of Net Position - Primary Government
 - Statements of Revenues, Expenses, and Changes in Net Position - Primary Government
 - Statements of Cash Flows - Primary Government
 - Financial Statements for the Fiduciary Funds including:
 - Statements of Fiduciary Net Position
 - Statements 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.

Investments

In accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and External Investment Pools, investments held at June 30, 2022, 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, 2022**

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 collectable.

Prepaid Expenses

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

Inventories

Inventories 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.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, 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; improvements, 25 to 50 years; equipment, 5 to 10 years; vehicles, 5 to 10 years.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Payable and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

Debt Issuance Costs and Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method. Issuance costs are expensed 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.

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 pension related items.

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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and OPEB expense, 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.

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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.

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.

Noncurrent Liabilities

Noncurrent liabilities include bonds, certificates of participation, pensions, and OPEB obligations with maturities greater than one year.

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.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 \$24,166,035 of total net position.

Operating Revenues and Expenses

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

Nonoperating revenues - Nonoperating 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.

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

State Apportionments

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Property Taxes

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

The voters of the District passed 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.

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Foundation Financial Statement Presentation

The Taft College Foundation presents its financial statements in accordance with Statement of Financial Accounting Codifications. The Taft College Foundation 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, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting 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. 87 – In June 2017, GASB issued Statement No. 87, Leases. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after June 15, 2022. The District has implemented GASB Statement No. 87 for the year ending June 30, 2022.

GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This standard's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2020. The District has implemented GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements for the year ended June 30, 2022.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022- 23.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – DEPOSITS AND INVESTMENTS

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.

Investment 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.

NOTE 3 – DEPOSITS AND INVESTMENTS, continued

General Authorizations

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

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	40%	30%
Banker's Acceptance	180 days	25%	10%
Commercial Paper	270 days	30%	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	20% of base	None
Reverse Repurchase Agreements	92 days	30%	None
Medium-Term Corporate Notes	5 years	20%	10%
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, 2022**

NOTE 3 – DEPOSITS AND INVESTMENTS, continued

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022, consisted of the following:

	Primary	
	Government	Foundation
Cash on hand and in banks	\$ 24,191,270	\$ 128,886
Cash in revolving	14,153	-
Cash in county treasury	9,387,234	-
Investments	605,428	5,105,923
Total Deposits and Investments	<u>\$ 34,198,085</u>	<u>\$ 5,234,809</u>

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 637 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	\$ 1,220,801
Corporate Notes	UBS (Foundation)	\$ 5,105,923

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS, continued

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. 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, 2022, the carrying amount of the District cash accounts held in banks was \$24,191,270 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, 2022

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, 2022:

	Primary Government
Federal Government	
Categorical aid	\$ 242,406
State Government	
Apportionment	3,001,775
Categorical aid	354,601
Other state sources	236,392
Local Sources	
Student receivables	1,251,342
Categorical aid	64,351
Other local sources	657,681
Total	<u>\$ 5,808,548</u>

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Capital Assets Not Being Depreciated				
Land	\$ 1,473,619	\$ -	\$ -	\$ 1,473,619
Construction in progress	15,172,537	1,913,945	17,036,842	49,640
Total Capital Assets Not Being Depreciated	<u>16,646,156</u>	<u>1,913,945</u>	<u>17,036,842</u>	<u>1,523,259</u>
Capital Assets Being Depreciated				
Land and building improvements	9,125,814	456,696	-	9,582,510
Buildings	85,908,251	16,917,945	-	102,826,196
Furniture and equipment	10,115,171	475,673	-	10,590,844
Total Capital Assets Being Depreciated	<u>105,149,236</u>	<u>17,850,314</u>	<u>-</u>	<u>122,999,550</u>
Total Capital Assets	<u>121,795,392</u>	<u>19,764,259</u>	<u>17,036,842</u>	<u>124,522,809</u>
Less Accumulated Depreciation				
Land and building improvements	4,739,682	543,258	-	5,282,940
Buildings	33,903,604	2,421,006	-	36,324,610
Furniture and equipment	9,134,930	308,209	-	9,443,139
Total Accumulated Depreciation	<u>47,778,216</u>	<u>3,272,473</u>	<u>-</u>	<u>51,050,689</u>
Net Capital Assets	<u>\$74,017,176</u>	<u>\$16,491,786</u>	<u>\$17,036,842</u>	<u>\$ 73,472,120</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 7 – ACCOUNTS PAYABLE

The following is a summary of accounts payable for the fiscal year ended June 30, 2022:

	Primary Government
Vendors payable	\$ 553,271
Salaries and benefits	654,185
Accrued interest	238,242
Total	<u>\$ 1,445,698</u>

NOTE 8 – UNEARNED REVENUE

The following is a summary of unearned revenue for the fiscal year ended June 30, 2022:

	Primary Government
Federal financial assistance	\$ 400,322
State categorical aid	5,159,354
Local sources	550,342
Total	<u>\$ 6,110,018</u>

NOTE 9 – 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.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2022 fiscal year consisted of the following:

	Balance July 1, 2021	Additions	Payments and Reductions	Balance June 30, 2022	Due Within One Year
General obligation bonds	\$27,831,883	\$ 43,547	\$ 1,775,000	\$ 26,100,430	\$ 1,885,430
Unamortized bond premium	2,553,165	-	238,242	2,314,923	-
Certificates of participation	10,430,000	-	-	10,430,000	-
Net OPEB liability	16,867,273	-	2,584,153	14,283,120	-
Compensated absences	662,193	-	100,313	561,880	-
Total long-term obligations	\$ 58,344,514	\$ 43,547	\$ 4,697,708	\$ 53,690,353	\$ 1,885,430

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.

Debt Maturity

General Obligation Bonds

Series	Issuance Date	Interest Yield	Maturity Date	Amount of Original Issue	Bonds Outstanding			Bonds Outstanding		Due Within One Year
					July 1, 2021	Additions	Redeemed	June 30, 2021		
2007C	10/18/2007	3.68 - 4.68%	11/1/2032	\$ 12,297,305	\$ 536,883	\$ 43,547	\$ 400,000	\$ 536,883	\$ 180,430	
2015 Series A Refunding	4/16/2015	1.89 - 3.51%	11/1/2031	16,995,000	16,995,000	-	790,000	16,995,000	1,455,000	
2015 Series B Refunding	4/16/2015	2.20 - 2.75%	11/1/2021	2,715,000	585,000	-	585,000	585,000	-	
2019 Refunding	11/26/2019	1.16 - 2.06%	11/1/2032	9,865,000	9,715,000	-	-	9,715,000	250,000	
Total General Obligation Bonds				\$ 59,668,161	\$ 29,577,159	\$ 79,724	\$ 1,825,000	\$ 27,831,883	\$ 1,775,000	

2007 C – Current Interest

The bonds mature through fiscal year 2023 as follows:

Fiscal Year	Principal	Interest	Accreted Int.	Total
2023	\$ 32,941	\$ -	\$ 157,059	\$ 190,000
Accreted Interest	426,022	-	(426,022)	-
	\$ 458,963	\$ -	\$ (268,963)	\$ 190,000

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 10 – LONG-TERM OBLIGATIONS, continued

2015 A - Refunding

The bonds mature through fiscal year 2023 as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 1,455,000	\$ 664,550	\$ 2,119,550
2024	1,565,000	591,800	2,156,800
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 - 2032	7,880,000	980,225	8,860,225
Total	\$ 16,205,000	\$ 3,627,075	\$ 19,832,075

2015 B - Refunding

The 2015 B refunding bond fully matured during fiscal year 2022.

2019 - Refunding

The bonds mature through fiscal year 2023 as follows:

Fiscal Year	Principal	Interest	Total
2023	\$ 250,000	\$ 388,600	\$ 388,600
2024	450,000	378,600	828,600
2025	500,000	360,600	860,600
2026	560,000	340,600	900,600
2027	615,000	318,200	933,200
2028 - 2032	4,095,000	1,169,000	5,264,000
2033	3,245,000	129,800	3,374,800
Total	\$ 9,715,000	\$ 3,085,400	\$ 12,550,400

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – LONG-TERM OBLIGATIONS, continued

2022 - Refunding

A schedule of changes in COPs for the year ended June 30, 2022 is shown below:

Series	Issuance Date	11/1/2034 Yield	Maturity Date	Amount of Original Issue	COPs		COPs		Due Within One Year
					Outstanding July 1, 2021	Additions	Redeemed	Outstanding June 30, 2022	
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	\$ -

NOTE 11 – POSTEMPLOYMENT BENEFITS

For the fiscal year ended June 30, 2022, the District reported net OPEB liability and OPEB expense for the following plan:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	\$ 14,283,120	\$ 1,796,429	\$ 3,387,007	\$ (418,523)
MPP Program				

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 West Kern Community College District's 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.

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

	Number of Participants
Inactive Employees Receiving Benefits	97
Active Employees	139
	<u>236</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 11 – POSTEMPLOYMENT BENEFITS, continued

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 2021-2022, the District contributed \$1,919,662 to the Plan, of which \$1,276,784 was used for current premiums and \$642,877 was used to fund the OPEB Trust.

Net OPEB Liability of the District

The District's net OPEB liability of \$14,283,120 was measured as of June 30, 2022, by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2022, were as follows:

Total OPEB liability	\$ 23,430,727
Plan fiduciary net position	9,147,607
District's net OPEB liability	<u>\$ 14,283,120</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	 39.04%

The total OPEB liability in the June 30, 2022, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2022
Measurement date	June 30, 2022
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return	3.54%
Discount rate	3.54%
Health care cost trend rate	4.00%
Payroll increase	2.75%

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

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 11 – POSTEMPLOYMENT BENEFITS, continued

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, 2022, valuation were based on the results of an actual experience study for the period July 1, 2021 to June 30, 2022.

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Total Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a) - (b)
Balance July 1, 2021	\$ 27,577,190	\$ 10,709,917	\$ 16,867,273
Changes for the year:			
Service cost	654,325	-	654,325
Interest	1,567,793	-	1,567,793
Employer contributions to Trust	-	642,878	(642,878)
Employee contributions as Benefit Payr	-	1,276,784	(1,276,784)
Experience (gains)/losses	(5,091,797)	-	(5,091,797)
Expected investment income	-	632,325	(632,325)
Investment (gains)/losses	-	(2,768,727)	2,768,727
Administrative expense	-	(68,786)	68,786
Expected benefit payments	(1,276,784)	(1,276,784)	-
Net change	(4,146,463)	(1,562,310)	(2,584,153)
Balance June 30, 2022	\$ 23,430,727	\$ 9,147,607	\$ 14,283,120

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability 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 (2.54%)	Current Discount Rate 3.54%	Discount Rate 1% Higher (4.54%)
Net OPEB liability	\$ 17,312,805	\$ 14,283,120	\$ 11,766,297

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 11 – POSTEMPLOYMENT BENEFITS, continued

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability 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	\$ 11,416,339	\$ 14,283,120	\$ 17,799,929

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

At June 30, 2022, the District's reported \$1,796,429 of deferred outflows of resources related to investment gains and losses. The District reported \$3,387,007 deferred inflows of resources as of June 30, 2022.

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (157,441)
2024	(171,533)
2025	(179,252)
2026	155,527
2027	(398,216)
Thereafter	(839,663)
	<u>\$ (1,590,578)</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 12 – RISK MANAGEMENT

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2022, 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 2021-2022, 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 13 – 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, 2022, 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	\$ 7,168,060	\$ 2,673,084	\$ 7,049,471	\$ 352,345
CalPERS	10,803,715	2,415,949	5,578,641	481,503
Total	\$ 17,971,775	\$ 5,089,033	\$ 12,628,112	\$ 833,848

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 13 – 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, 2019, 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 nonemployer 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, 2022, 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	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, 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, 2022, are presented on the proceeding page and the District's total contributions were \$2,621,292.

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

At June 30, 2022, 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	\$	7,168,060
State's proportionate share of the net pension liability associated with the District		<u>3,606,765</u>
Total	\$	<u>10,774,825</u>

The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, respectively was 0.01575 percent and 0.01573 percent, resulting in a net increase in the proportionate share of 0.00002 percent.

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

For the year ended June 30, 2022, the District recognized pension expense of \$352,345. In addition, the District recognized pension expense and revenue of \$1,005,445 for support provided by the State. At June 30, 2022, 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	\$ -	\$ 5,670,532
Differences between expected and actual experience	17,956	762,987
Changes in assumptions	1,015,300	-
Net changes in proportionate share of net pension liability	634,383	615,952
District contributions subsequent to the measurement date	1,005,445	-
Total	<u>\$ 2,673,084</u>	<u>\$ 7,049,471</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 Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (1,137,505)
2024	(937,159)
2025	(1,366,942)
2026	(1,790,095)
2027	(74,323)
Thereafter	(75,808)
	<u>\$ (5,381,832)</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, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
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, 2022**

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, 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, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	100%	

*20-year average

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, 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	\$ 70,131,024	\$ 34,451,550	\$ 4,838,267

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS)

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, 2020, 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, 2022, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
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	7.000%	7.000%
Required employer contribution rate	22.910%	22.910%

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on 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, 2022, are presented above and the total District contributions were \$1,847,785.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$10,803,715. The net pension liability was measured as of June 30, 2021. 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, 2021 and June 30, 2020, respectively was 0.0531 percent and 0.0578 percent, resulting in a net decrease in the proportionate share of 0.0047 percent.

For the year ended June 30, 2022, the District recognized pension expense of \$481,503. At June 30, 2022, 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	\$ -	\$ 4,146,143
Differences between expected and actual experience	322,518	25,470
Net changes in proportionate share of net pension liability	245,646	1,407,028
District contributions subsequent to the measurement date	1,847,785	-
Total	\$ 2,415,949	\$ 5,578,641

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, 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 Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (1,321,717)
2024	(1,076,707)
2025	(1,188,306)
2026	(1,423,747)
	\$ (5,010,477)

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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

**WEST KERN COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022**

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, continued

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The 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**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

**An expected inflation of 2.0% used for this period

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	\$ 18,216,580	\$ 10,803,715	\$ 4,649,446

WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 13 – EMPLOYEE RETIREMENT SYSTEMS, 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 and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2022, which amounted to \$1,615,847, (11.94 percent) of salaries subject to CalSTRS. 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. No contributions were made for CalPERS for the year ended June 30, 2022. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of operating revenue and employee benefit expense.

NOTE 14 – 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, 2022, the District made payments of \$153,845 and \$4,096,367 to SISC for its workers' compensation and health and welfare coverage, respectively. The District also made payments of \$149,130 to SWACC for its property/liability coverage and \$53,052 to Student Insurance for its student liability insurance coverage.

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 15 – 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, 2022.

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, 2022.

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 16 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2022 through December 19, 2022, 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 AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 654,325	\$ 601,676	\$ 303,531	\$ 295,407	\$ 287,501
Interest	1,567,793	1,532,045	1,402,173	1,354,792	1,317,275
Changes of assumptions	-	823,548	(160,292)	-	-
Experience (Gains)/Losses	(5,091,797)	-	1,525,665	-	-
Benefit payments	(1,276,784)	(1,226,634)	(884,617)	(844,536)	(1,130,262)
Net change in total OPEB liability	(4,146,463)	1,730,635	2,186,460	805,663	474,514
Total OPEB liability, beginning of year	27,577,190	25,846,555	23,660,095	22,854,432	22,379,918
Total OPEB liability, end of year (a)	\$ 23,430,727	\$ 27,577,190	\$ 25,846,555	\$ 23,660,095	\$ 22,854,432
Plan fiduciary net position					
Employer contributions	642,878	\$ 641,650	\$ 542,001	\$ 1,388,436	\$ 1,747,490
Employee contributions	1,276,784	1,226,634	884,617	-	-
Expected investment income	632,325	-	439,186	390,716	382,281
Investment gains/losses	(68,786)	-	(38,595)	(70,464)	-
Administrative expense	(2,768,727)	(63,737)	(56,757)	(53,974)	(51,722)
Expected benefit payments	(1,276,784)	(1,226,634)	(884,617)	(844,536)	(1,130,262)
Change in plan fiduciary net position	(1,562,310)	2,746,939	885,835	810,178	947,787
Fiduciary trust net position, beginning of year	10,709,917	7,962,978	7,077,143	6,266,965	5,319,178
Fiduciary trust net position, end of year (b)	\$ 9,147,607	\$ 10,709,917	\$ 7,962,978	\$ 7,077,143	\$ 6,266,965
Net OPEB liability, ending (a) - (b)	\$ 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*
Plan fiduciary net position as a percentage of the total OPEB liability	39%	39%	31%	30%	27%
Net OPEB liability as a percentage of covered payroll	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.

See accompanying note to required supplementary information.

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2022**

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 1,276,784	\$ 1,226,634	\$ 884,617	\$ 844,536	\$ 1,130,262
Contributions in relations to the actuarially determined contribution	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*
Contribution as a percentage of covered-employee payroll	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, 2022**

	Reporting Fiscal Year (Measurement Date)			
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CaSTRS				
District's proportion of the net pension liability	0.0158%	0.016%	0.015%	0.015%
District's proportionate share of the net pension liability	\$ 7,168,060	\$ 15,841,057	\$ 13,793,518	\$ 14,075,880
State's proportionate share of the net pension liability associated with the District	3,606,765	8,166,001	7,525,346	8,059,488
Total	<u>\$ 10,774,825</u>	<u>\$ 24,007,058</u>	<u>\$ 21,318,864</u>	<u>\$ 22,135,368</u>
District's covered - employee payroll	\$ 9,812,471	\$ 9,812,471	\$ 9,148,391	\$ 8,784,678
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	73%	161%	151%	160%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%
	Reporting Fiscal Year (Measurement Date)			
	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CaPERS				
District's proportion of the net pension liability	0.0531%	0.058%	0.056%	0.057%
District's proportionate share of the net pension liability	\$ 10,803,715	\$ 17,764,152	\$ 16,417,794	\$ 15,156,659
District's covered - employee payroll	\$ 7,626,130	\$ 7,626,130	\$ 7,742,769	\$ 6,972,049
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	142%	233%	212%	217%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%

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

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, 2022**

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CaSTRS				
District's proportion of the net pension liability	0.016%	0.016%	0.017%	0.015%
District's proportionate share of the net pension liability	\$ 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	8,635,680	7,566,863	5,999,865	5,412,527
Total	\$ 23,233,048	\$ 20,858,802	\$ 17,344,129	\$ 14,375,992
District's covered - employee payroll	\$ 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	156%	155%	139%	114%
Plan fiduciary net position as a percentage of the				
	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CaIPERS				
District's proportion of the net pension liability	0.062%	0.065%	0.066%	0.069%
District's proportionate share of the net pension liability	\$ 14,728,674	\$ 12,767,803	\$ 9,740,820	\$ 7,820,779
District's covered - employee payroll	\$ 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	185%	165%	132%	108%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	84%

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2022**

CalSTRS	Reporting Fiscal Year			
	2022	2021	2020	2019
Statutorily required contribution	\$ 1,005,445	\$ 1,584,714	\$ 1,688,012	\$ 1,489,358
District's contributions in relation to the statutorily required contribution	1,005,445	1,584,714	1,688,012	1,489,358
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 5,942,346	\$ 9,812,471	\$ 9,310,601	\$ 9,148,391
District's contributions as a percentage of covered-employee payroll	16.92%	16.15%	18.13%	16.28%
CalPERS	Reporting Fiscal Year			
	2022	2021	2020	2019
Statutorily required contribution	\$ 1,847,785	\$ 1,578,609	\$ 1,649,161	\$ 1,398,499
District's contributions in relation to the statutorily required contribution	1,847,785	1,578,609	1,649,161	1,398,499
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,065,408	\$ 7,626,130	\$ 8,362,461	\$ 7,742,769
District's contributions as a percentage of covered-employee payroll	22.91%	20.70%	19.72%	18.06%

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2022**

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

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

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB liability. 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.

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

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

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

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

SUPPLEMENTARY INFORMATION

**WEST KERN COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
JUNE 30, 2022**

The West Kern Community College 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
Dawn Cole	President	2022
Michael Long	Secretary	2022
Billy White	Member	2024
Dr. Kathy Garner Orrin	Member	2024
Alisa Ramirez	Member	2022

ADMINISTRATION

Dr. Debra Daniels
Interim Superintendent/President

Brock McMurray
Executive Vice-President of Administrative Services

Dr. Leslie Minor
Vice-President of Instruction

Dr. Damon Bell
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	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, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA 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	*	\$ 45,402
Subtotal U.S. Department of Agriculture			<u>45,402</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Programs:</i>			
COVID-19 HEERF II CARES ACT - Student Aid	84.425E	*	701
COVID-19 HEERF III CARES ACT - Student Aid	84.425E	*	3,112,441
COVID-19 HEERF II CARES ACT - Institutional Portion	84.425F	*	920,528
COVID-19 HEERF III CARES ACT - Institutional Portion	84.425F	*	1,479,381
COVID-19 HEERF MSI III CARES ACT - MSI	84.425L	*	38,349
<i>TRIO Cluster:</i>			
TRIO Student Support Services Grant	84.042A	*	247,530
Subtotal TRIO Cluster			<u>247,530</u>
<i>Student Financial Assistance Cluster:</i>			
Direct Student Loans	84.268	*	159,884
Federal Work Study	84.033	*	97,391
Pell Grants	84.063	*	3,556,866
Supplemental Educational Opportunity Grant (SEOG)	84.007	*	96,905
Subtotal Student Financial Assistance Cluster			<u>3,911,046</u>
<i>Passed Through California Community Colleges Chancellor's Office</i>			
Perkins, Title I-C	84.048	*	137,893
Subtotal U.S. Department of Education			<u>9,847,869</u>
Total Expenditures of Federal Awards			<u>\$ 9,893,271</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, 2022**

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	\$ 866,359	\$ -	\$ 866,359	\$ 866,359	\$ -	\$ -	\$ 866,359	\$ 866,359
Basic Needs Center	185,060	-	185,060	185,060	-	185,060	-	-
Cal Fresh Outreach	-	29,370	29,370	29,370	-	20,658	8,712	8,712
Cal Works	153,772	83,719	237,491	237,491	-	127,875	109,616	109,616
CARE	69,392	33,827	103,219	103,219	-	58,004	45,215	45,215
CCAP-GPAP (Implementation)	-	9,130	9,130	9,130	-	-	9,130	9,130
CCAP-GPAP (Extension Phase III)	20,000	-	20,000	20,000	-	8,723	11,277	11,277
CDTC	9,200	9,035	18,235	18,235	-	14,107	4,127	4,127
CDC - Child Care General Fund	540,493	-	540,493	540,493	-	122,813	417,680	417,680
CDC - Child Care Preschool Grant	771,136	-	771,136	771,136	-	202,465	568,671	568,671
CDC - Migrant Education Grant	562,485	-	562,485	562,485	-	103,625	458,860	458,860
CDC - Migrant Bilingual Education	113,611	-	113,611	112,489	1,122	113,611	-	-
Classified Professional Development	-	22,932	22,932	22,932	-	21,749	1,183	1,183
Coronavirus Response Block Grant	-	26,839	26,839	26,839	-	3,437	23,402	23,402
CTE - Strong Workforce Local SW5	277,157	277,157	554,314	554,314	-	173,190	381,124	381,124
CTE - Strong Workforce Local SW4	-	142,432	142,432	142,432	-	260	142,172	142,172
CTE - Strong Workforce Regional SW4	97,241	-	97,241	55,595	41,646	-	97,241	97,241
CTE - Strong Workforce Regional SW5	128,437	-	128,437	-	128,437	-	128,437	128,437
CTE - Strong Workforce Local SW6	310,872	-	310,872	310,872	-	310,502	370	370
Culturally Competent Faculty PD	50,435	-	50,435	50,435	-	45,365	5,070	5,070
DSPS	291,616	15,444	307,060	307,060	-	174,563	132,498	132,498
EEO Best Practices	208,333	-	208,333	208,333	-	208,333	-	-
Subtotal	\$ 4,655,600	\$ 649,885	\$ 5,305,485	\$ 5,134,279	\$ 171,206	\$ 1,894,341	\$ 3,411,144	\$ 3,411,144

See accompanying note to supplementary information.

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

Balance forward	\$ 4,655,600	\$ 649,885	\$ 5,305,485	\$ 5,134,279	\$ 171,206	\$ 1,894,341	\$ 3,411,144	\$ 3,411,144
EOPS	531,976	84,960	616,936	616,936	-	174,563	442,373	442,373
Faculty / Staff Diversity / EEO	50,000	121,284	171,284	171,284	-	140,808	30,476	30,476
Financial Aid 2% Admin	257,570	47,292	304,862	304,862	-	97,094	207,768	207,768
Financial Aid Cal Grants	756,365	-	756,365	755,953	412	-	756,365	756,365
Financial Aid California College Promise	136,369	122,989	259,358	259,358	-	102,520	156,838	156,838
Financial Aid Technology	47,165	25,129	72,294	72,294	-	25,751	46,543	46,543
Guided Pathways	50,091	187,927	238,018	238,018	-	135,274	102,745	102,745
Hunger Free Campus Support	-	14,899	14,899	14,899	-	-	14,899	14,899
LGBTQI Plus	61,327	-	61,327	61,327	-	61,327	-	-
Library Services Platform	3,019	-	3,019	3,019	-	3,019	-	-
Lottery (Restricted)	268,638	-	268,638	268,638	-	182,818	85,820	85,820
Mental Health Services	183,721	-	183,721	183,721	-	183,721	-	-
Retention & Enroll Outreach (SB 85)	392,969	65,850	458,819	458,819	-	136,745	322,074	322,074
Scheduled Maintenance	1,050,810	-	1,050,810	1,050,810	-	904,767	146,043	146,043
Student Equity & Achievement Program	1,706,512	438,789	2,145,301	2,145,301	-	769,191	1,376,110	1,376,110
Student Food & Housing Support	196,645	-	196,645	196,645	-	195,444	1,201	1,201
Student Success Completion Grant	702,450	91,857	794,307	794,307	-	-	794,307	794,307
SWF Region-wide (OER-CTE)	9,752	-	9,752	-	9,752	-	9,752	9,752
TANF / Needy Families	31,403	-	31,403	16,330	15,073	-	31,403	31,403
Undocumented Resources Liaison	65,600	33,085	98,685	98,685	-	98,685	-	-
Veteran Resource Center	28,346	58,767	87,113	87,113	-	53,287	33,827	33,827
Subtotal	\$ 11,186,328	\$ 1,942,713	\$ 13,129,041	\$ 12,932,599	\$ 196,443	\$ 5,159,354	\$ 7,969,687	\$ 7,969,688

See accompanying note to supplementary information.

**WEST KERN COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2022**

CATEGORIES	Reported Data	Audit Adjustment	Audited Data
A. Summer Intersession (Summer 2021 only)			
1. Noncredit	-	-	-
2. Credit	266.40	-	266.40
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	579.52	-	579.52
(b) Daily Census Contact Hours	10.54	-	10.54
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	-	-	-
(b) Credit	73.80	-	73.80
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	776.02	-	776.02
(b) Daily Census Contact Hours	104.85	-	104.85
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	1,811.13	-	1,811.13
Supplemental Information (subset of above information)			
E. In-service Training Courses			
	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	-	-	-
2. Noncredit	2.67	-	2.67
Total Basic Skills FTES	2.67	-	2.67

**WEST KERN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2022**

	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	\$ 4,907,557	\$ -	\$ 4,907,557	\$ 4,907,557	\$ -	\$ 4,907,557
Other	1300	2,273,665	-	2,273,665	2,273,916	-	2,273,916
Total Instructional Salaries		7,181,222	-	7,181,222	7,181,473	-	7,181,473
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	1,584,912	-	1,584,912
Other	1400	-	-	-	168,600	-	168,600
Total Non-Instructional Salaries		-	-	-	1,753,512	-	1,753,512
Total Academic Salaries		7,181,222	-	7,181,222	8,934,985	-	8,934,985
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	4,389,272	-	4,389,272
Other	2300	-	-	-	241,124	-	241,124
Total Non-Instructional Salaries		-	-	-	4,630,396	-	4,630,396
Instructional Aides							
Regular Status	2200	269,667	-	269,667	269,667	-	269,667
Other	2400	5,868	-	5,868	5,868	-	5,868
Total Instructional Aides		275,535	-	275,535	275,535	-	275,535
Total Classified Salaries		275,535	-	275,535	4,905,931	-	4,905,931
Employee Benefits	3000	3,743,335	-	3,743,335	7,957,133	-	7,957,133
Supplies and Materials	4000	-	-	-	134,181	-	134,181
Other Operating Expenses	5000	695,636	-	695,636	2,707,278	-	2,707,278
Equipment Replacement	6420	-	-	-	99,468	-	99,468
Total Expenditures Prior to Exclusions		11,895,728	-	11,895,728	24,738,976	-	24,738,976
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	234,683	-	234,683	234,683	-	234,683
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	1,147,076	-	1,147,076
Object to Exclude							
Rents and Leases	5060	-	-	-	58,027	-	58,027
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	218,518	-	218,518
Employee Benefits	3000	-	-	-	146,374	-	146,374
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	1,062	-	1,062
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	1,062	-	1,062
Other Operating Expenses and Services	5000	-	-	-	180,206	-	180,206
Capital Outlay	6000	13,636	-	13,636	130,680	-	-
Library Books	6300	-	-	-	205	-	205
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	205	-	205
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ 234,683	\$ -	\$ 234,683	\$ 1,986,151	\$ -	\$ 1,986,151
Total for ECS 84362, 50% Law		\$ 11,661,045	\$ -	\$ 11,661,045	\$ 22,752,825	\$ -	\$ 22,752,825
Percent of CEE (Instructional Salary Cost/Total CEE)		51.25%	0.00%	51.25%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 11,376,413	\$ -	\$ 11,376,413

See accompanying note to supplementary information.

**WEST KERN COMMUNITY COLLEGE DISTRICT
 PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA) EXPENDITURE REPORT
 FOR THE YEAR ENDED JUNE 30, 2022**

EPA Revenue	5,708,561
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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	5,612,449	-	-	5,612,449
Learning Center	6110	70,613	-	-	70,613
Matriculation and Student Assessment	6320	25,499	-	-	25,499
Total		5,708,561	-	-	5,708,561

**WEST KERN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2022.

**WEST KERN COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
JUNE 30, 2022**

Total Fund Equity - District Funds Included in the Reporting Entity

General Fund	\$ 19,435,739	
Debt Service Fund	3,861,272	
Internal Service Fund	3,193,616	
Impounds Fund	500,574	
Capital Projects Funds	5,331,946	
Student Financial Aid Fund	1,700	
Other Funds	<u>223,672</u>	\$ 32,548,519
Assets recorded within the statements of net position not included in the fund financial statements:		
Capital assets	\$ 124,522,809	
Accumulated depreciation	<u>(51,050,689)</u>	73,472,120
Unmatured Interest		(238,242)
Deferred outflows recorded within the statement of net position not included in the District fund financial statements:		
Deferred outflows related to OPEB		1,796,429
Deferred outflows related to pensions		5,089,033
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
General obligation bonds	\$ 26,100,430	
Other long-term liabilities	10,430,000	
Premiums, net	2,314,923	
Net OPEB liability	14,283,120	
Net pension liability	<u>17,971,775</u>	(71,100,248)
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		(3,387,007)
Deferred inflows related to pensions		<u>(12,628,112)</u>
Net Position Reported Within the Statement of Net Position		<u>\$ 24,166,054</u>

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

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

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, 2022**

NOTE 1 - PURPOSE OF SCHEDULES, continued

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

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District'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 College District (the District) as of and for the year ended June 30, 2022; and the related notes to the financial statements, which collectively comprise the District's basic financial statements; and have issued our report thereon dated December 19, 2022.

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 not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

December 19, 2022



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND 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 Joint Community College District 's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of West Kern Community College District 's major federal programs for the year ended June 30, 2022. West Kern Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, West Kern Joint Community College 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, 2022.

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

We are required to be independent of West Kern Community College 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 West Kern Community College 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 West Kern Community College 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 West Kern Community College 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 West Kern Community College 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 West Kern Community College 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 West Kern Community College 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 West Kern Community College District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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, 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
December 19, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

Board of Trustees
West Kern Community College District
Taft, California

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 *California Community Colleges Contracted District Audit Manual 2021-22*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2022. 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, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2021-22*, issued by the California Community Colleges Chancellor's Office. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of West Kern Community College 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 West Kern Community College District's compliance with the compliance requirements referred to above.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the California Community Colleges Contracted District Audit Manual (CDAM) 2021-22, and which are described in the accompanying schedule of findings and questioned costs as item finding #2022-001.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the *California Community Colleges Chancellor's Office District Audit Manual 2021-22*.

Auditors' Responsibilities for the Audit of Compliance

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the *California Community Colleges Chancellor's Office Contracted District Audit Manual 2021-22*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

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 435 – Open Enrollment
- Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Section 475 – Disabled Student Programs and Services (DSPS)
- Section 479 – To Be Arranged Hours (TBA)
- Section 490 – Propositions 1D and 51 State Bond Funded Projects
- Section 491 – Education Protection Account Funds
- Section 499 – COVID-19 Response Block Grant Expenditures

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2021-22*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 19, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**WEST KERN COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

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

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>84.425, 84.425L</u>	<u>Higher Education Emergency Relief Fund</u>

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

STATE AWARDS

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

**WEST KERN COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

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.

There were no financial statement findings or questioned costs identified during 2021-22.

**WEST KERN COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section III – Federal Award Findings and Questioned Costs

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 2021-22.

**WEST KERN COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section IV – State Award Findings and Questioned Costs

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

FINDING #2022-001 – 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

In our testing of the District annual CCFS-311 for the fiscal year 2021-22, we noted that the certification and filing did not occur by October 10, 2022.

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, 2022.

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.

District Response

To ensure timely certification in the future, Fiscal Services will formalize monthly and quarterly review processes for various asset and liability accounts such as cash and payroll liabilities as well as monitoring grant and categorical program spending levels throughout the year to eliminate increased year-end spending activity. In addition, the year-end calendar will be monitored weekly by the Executive Director of Fiscal Services. Beginning August 1, the year-end close checklist will be monitored and updated weekly by the Executive Director of Fiscal Services and the Vice President of Administrative Services.

**WEST KERN COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Section V – Prior Year Audit Findings Summary

2021-01 SCFF SUCCESS ALLOCATION METRICS

Criteria or Specific Requirements

In accordance with Education Code section 84750.4 (f), the success allocation is computed for each community college district based on total points earned. Districts are granted points for specific student outcomes, with additional points for those that also received a Pell or Promise Grant. The SCFF success allocation provides funding based on a three-year average of the reported headcount.

Condition

The audit identified two (2) instances out of a sample size of 25 in which students were not properly tracked within the District’s degree tracking system, Degree Works.

Questioned Costs

Per the fiscal year 2021-22 California Community College Contracted District Audit Manual, The Chancellor’s Office will make the final determination of the dollar value of audit adjustments.

SCFF Success Allocation Metric for All Students	2019-20 Reported Headcount	Audit Adjustment (extrapolated from Sample Error Rate)	Audited Headcount
Associate Degree for Transfer	174	6.96	180.96
Associate Degree	376	-30.08	345.92
Baccalaureate Degrees	0	0	0
Credit Certificates	76	0	76
Transfer Level Math and English	82	0	82
Nine or More CTE Units	367	0	367
All Students Subtotal	1075	-23.12	1051.88

**WEST KERN COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022**

Section IV – State Award Findings and Questioned Costs, continued

2021-01 SCFF SUCCESS ALLOCATION METRICS

Context

Our testing identified two (2) out of 25 selections with discrepancies of achievements by students in their respective categories.

- One (1) student was categorized and reported for funding as having completed an Associate’s degree. The District should have instead categorized this student as having completed an Associate’s Degree for Transfer, since the individual had met all of the requirements for an Associate’s Degree for Transfer. The rate of funding for an Associate’s Degree for Transfer is greater than that of an Associate’s Degree.
- One (1) student was awarded an Associate’s degree. This student did not meet the minimum required units of 60, for this accreditation. The student had only completed 58 of the required 60 units. The College had reported funding for the Associate’s Degree.

Effect

The District is not in compliance with state requirements.

Cause

The District was not adequately reviewing degree or credential awards being generated in Degree Works, against the applicable requirements.

Recommendation

The College should implement a secondary review process for all degree and certification awards being issued to students. Secondary review should focus on verifying all requirements have been met or exceeded for a degree or certification.

Current Status: Implemented in 2021-22.

UNAUDITED SUPPLEMENTARY INFORMATION

**WEST KERN COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2022**

	General Unrestricted	General Restricted	Bond Interest and Redemption	Restricted Purpose Debt Service	Bookstore	Cafeteria	Child Development	Balance Forward
ASSETS								
Cash and equivalents	\$ 15,851,662	\$ 5,416,194	\$ 2,884,143	\$ 977,129	\$ 935,899	\$ 438,679	\$ 1,419,872	\$ 27,923,578
Accounts receivable, net	4,067,363	899,718	-	-	254,242	73,434	64,753	5,359,510
Inventory	-	-	-	-	184,891	27,604	-	212,495
Prepaid assets	230,515	208,121	-	-	9,770	30	-	448,436
Total Assets	\$ 20,149,540	\$ 6,524,033	\$ 2,884,143	\$ 977,129	\$ 1,384,802	\$ 539,747	\$ 1,484,625	\$ 33,944,019
LIABILITIES								
Accounts payable	\$ 547,881	\$ 262,692	\$ -	\$ -	\$ 76,421	\$ 7,618	\$ 58,176	\$ 952,788
Deferred revenue	560,604	5,178,292	-	-	-	-	-	5,738,896
Compensated absences	429,548	26,142	-	-	17,407	19,863	29,057	522,017
Due to other funds	223,541	9,134	-	-	5,374	1,642	-	239,691
Total Liabilities	1,761,574	5,476,260	-	-	99,202	29,123	87,233	7,453,392
FUND EQUITY								
Restricted	-	1,047,773	2,884,143	977,129	-	-	1,397,392	6,306,437
Unassigned	18,387,966	-	-	-	1,285,600	510,624	-	20,184,190
Total Fund Equity	18,387,966	1,047,773	2,884,143	977,129	1,285,600	510,624	1,397,392	26,490,627
Total Liabilities and Fund Equity	\$ 20,149,540	\$ 6,524,033	\$ 2,884,143	\$ 977,129	\$ 1,384,802	\$ 539,747	\$ 1,484,625	\$ 33,944,019

**WEST KERN COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2022**

	Balance Forward	Revenue Bond Capital Projects	Parking Fund	Independent Living (TIL)	Impounds	Capital Outlay Projects	Revenue Bond Construction	Student Financial Aid	Associated Students	Student Representation Trust	Total
ASSETS											
Cash and equivalents	\$ 27,923,578	\$ 293,800	\$ 11,274	\$ (91,289)	\$ 500,574	\$ 5,021,402	\$ -	\$ 319,135	\$ 203,962	\$ 15,649	\$ 34,198,085
Accounts receivable, net	5,359,510	27,713	28	245,026	-	12,517	-	159,693	-	4,061	5,808,548
Inventory	212,495	-	-	-	-	-	-	-	-	-	212,495
Prepaid assets	448,436	-	-	-	-	-	-	-	-	-	448,436
Due from other funds	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 33,944,019	\$ 321,513	\$ 11,302	\$ 153,737	\$ 500,574	\$ 5,033,919	\$ -	\$ 478,828	\$ 203,962	\$ 19,710	\$ 40,667,564
LIABILITIES											
Accounts payable	\$ 952,788	\$ 116,096	\$ -	\$ 29,201	\$ -	\$ 3,365	\$ -	\$ 106,006	\$ -	\$ -	\$ 1,207,456
Deferred revenue	5,738,896	-	-	-	-	-	-	371,122	-	-	6,110,018
Compensated absences	522,017	9,314	-	30,549	-	-	-	-	-	-	561,880
Due to other funds	239,691	-	-	-	-	-	-	-	-	-	239,691
Total Liabilities	7,453,392	125,410	-	59,750	-	3,365	-	477,128	-	-	9,202,942
FUND EQUITY											
Restricted	6,306,437	196,103	11,302	-	-	5,030,554	-	1,700	203,962	19,710	11,769,768
Unassigned	20,184,190	-	-	93,987	500,574	-	-	-	-	-	20,778,751
Total Fund Equity	26,490,627	196,103	11,302	93,987	500,574	5,030,554	-	1,700	203,962	19,710	32,548,519
Total Liabilities and Fund Equity	\$ 33,944,019	\$ 321,513	\$ 11,302	\$ 153,737	\$ 500,574	\$ 5,033,919	\$ -	\$ 478,828	\$ 203,962	\$ 19,710	\$ 40,667,564

**WEST KERN COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	General Unrestricted	General Restricted	Bond Interest and Redemption	Restricted Purpose Debt Service	Bookstore	Cafeteria	Child Development	Revenue Bond Capital Projects	Balance Forward
REVENUES									
Federal	\$ 6,686	\$ 3,085,650	\$ -	\$ -	\$ -	\$ -	\$ 45,402	\$ -	\$ 3,137,738
State	27,153,666	5,639,348	5,375	-	946	473	2,385,879	-	35,185,687
Local	7,616,277	184,546	3,210,063	20,707	1,262,584	555,295	513,376	322,012	13,684,860
Total Revenues	34,776,629	8,909,544	3,215,438	20,707	1,263,530	555,768	2,944,657	322,012	52,008,285
EXPENDITURES									
Academic salaries	8,287,971	1,325,442	-	-	9,952	-	42,724	-	9,666,089
Classified salaries	6,455,677	1,060,652	-	-	218,226	336,518	691,834	120,403	8,883,310
Employee benefits	8,349,235	1,150,395	-	-	111,932	201,509	471,379	59,288	10,343,738
Supplies and materials	723,750	374,668	-	-	417,067	315,126	85,901	19,229	1,935,741
Other operating expenses	3,095,975	1,027,562	-	-	141,625	6,829	182,886	58,415	4,513,292
Capital outlay	33,585	2,140,009	-	-	13,149	-	73,515	18,074	2,278,332
Debt Service - Principal	-	29,050	2,856,484	-	53,355	-	97,426	-	3,036,315
Total Expenditures	26,946,193	7,107,778	2,856,484	-	965,306	859,982	1,645,665	275,409	40,656,817
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	7,830,436	1,801,766	358,954	20,707	298,224	(304,214)	1,298,992	46,603	11,351,468
OTHER FINANCING SOURCES (USES)									
Operating transfer in	254	-	-	-	-	250,000	-	-	250,254
Operating transfer out	(5,117,708)	(984,851)	-	-	(200,000)	-	-	(200,000)	(6,502,559)
Other uses	(44,063)	(1,099,092)	-	(383,809)	-	-	-	-	(1,526,964)
Total Other Financing Sources (Uses)	(5,161,517)	(2,083,943)	-	(383,809)	(200,000)	250,000	-	(200,000)	(7,779,269)
NET CHANGE IN FUND BALANCE	2,668,919	(282,177)	358,954	(363,102)	98,224	(54,214)	1,298,992	(153,397)	3,572,199
FUND BALANCE - BEGINNING	15,719,047	1,329,950	2,525,189	1,340,231	1,187,376	564,838	98,400	349,500	23,114,531
FUND BALANCE - ENDING	\$ 18,387,966	\$ 1,047,773	\$ 2,884,143	\$ 977,129	\$ 1,285,600	\$ 510,624	\$ 1,397,392	\$ 196,103	\$ 26,686,730

**WEST KERN COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022**

	Balance Forward	Parking Fund	Independent Living (TIL)	Impounds	Capital Outlay Projects	Revenue Bond Construction	Student Financial Aid	Associated Students	Student Representation Trust	Total
REVENUES										
Federal	\$ 3,137,738	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,920,350	\$ -	\$ -	\$ 10,058,088
State	35,185,687	-	1,025,303	-	-	-	607,504	-	-	36,818,494
Local	13,684,650	155	279,064	152,308	36,821	-	806,622	127,762	11,595	15,098,977
Total Revenues	52,008,075	155	1,304,367	152,308	36,821	-	8,334,476	127,762	11,595	61,975,559
EXPENDITURES										
Academic salaries	9,666,089	-	-	-	-	-	-	-	-	9,666,089
Classified salaries	8,883,310	-	741,028	-	-	-	-	-	-	9,624,338
Employee benefits	10,343,738	-	333,506	-	-	-	-	-	-	10,677,244
Supplies and materials	1,935,741	990	18,034	-	-	-	-	-	-	1,954,765
Other operating expenses	4,513,292	-	193,561	-	48,322	-	-	-	-	4,755,175
Capital outlay	2,278,332	-	-	-	1,697,087	-	-	-	2,969	3,978,388
Debt Service - Principal	3,036,315	-	-	-	-	-	-	-	-	3,036,315
Total Expenditures	40,656,817	990	1,286,129	-	1,745,409	-	-	-	2,969	43,692,314
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,351,258	(835)	18,238	152,308	(1,708,588)	-	8,334,476	127,762	8,626	18,283,245
OTHER FINANCING SOURCES (USES)										
Operating transfer in	250,254	-	-	-	5,400,000	-	323	-	-	5,650,577
Operating transfer out	(6,502,559)	-	-	-	-	-	-	(148,917)	(7,906)	(6,659,382)
Other uses	(1,526,964)	-	-	-	-	-	(8,334,800)	-	-	(9,861,764)
Total Other Financing Sources (Uses)	(7,779,269)	-	-	-	5,400,000	-	(8,334,476)	(148,915)	(7,906)	(10,870,566)
NET CHANGE IN FUND BALANCE	3,571,989	(835)	18,238	152,308	3,691,412	-	-	(21,155)	720	7,412,677
FUND BALANCE - BEGINNING	23,114,531	12,137	75,749	348,266	1,339,142	-	1,700	225,115	18,990	25,135,630
FUND BALANCE - ENDING	\$ 26,686,520	\$ 11,302	\$ 93,987	\$ 500,574	\$ 5,030,554	\$ -	\$ 1,700	\$ 203,960	\$ 19,710	\$ 32,548,307

**WEST KERN COMMUNITY COLLEGE DISTRICT
NOTE TO UNAUDITED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

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.