SOUTHERN KERN UNIFIED SCHOOL DISTRICT

KERN COUNTY
ROSAMOND, CALIFORNIA

ANNUAL FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANT

JUNE 30, 2022

JLG
Jeanette L. Garcia & Associates
CERTIFIED PUBLIC ACCOUNTANT

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2022

		PAGE
INTRODUCTORY SECTION		
TABLE OF CONTENTS		i
FINANCIAL SECTION		
INDEPENDENT AUDITOR'S REPORT		1
MANAGEMENT'S DISCUSSION AND ANALYSIS		4
FINANCIAL STATEMENTS		
Government-Wide Financial Statements:		
Statement of Net Position	Exhibit A	11
Statement of Activities	Exhibit B	12
Fund Financial Statements:		
Balance Sheet - Governmental Funds	Exhibit C	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	Exhibit D	14
Statement of Revenues, Expenditures, and Changes In Fund Balances - Governmental Funds	Exhibit E	15
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	Exhibit F	16
NOTES TO FINANCIAL STATEMENTS		17
REQUIRED SUPPLEMENTARY INFORMATION SECTION		
Budgetary Comparison Schedule:		
General Fund		47
Other Postemployment Benefits (OPEB) Last Ten Fiscal Years:		
Schedule of Changes in the District's Total OPEB Liability and Related Ratios		48
CalPERS/CalSTRS Last Ten Fiscal Years:		
CalPERS Schedule of the District's Proportionate Share of the Net Pension Liability		49
CalSTRS Schedule of the District's Proportionate Share of the Net Pension Liability		50
CalPERS Schedule of District Contributions		51
CalSTRS Schedule of District Contributions		52
Notes to the Required Supplementary Information		53

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
TABLE OF CONTENTS
JUNE 30, 2022

		PAGE
SUPPLEMENTARY INFORMATION SECTION		
COMBINING FINANCIAL STATEMENTS - Nonmajor		
Special Revenue Funds - Nonmajor		
Combining Balance Sheet	Statement 1	55
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement 2	56
Capital Projects Funds - Nonmajor		
Combining Balance Sheet	Statement 3	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement 4	58
Debt Service Fund - Nonmajor		
Balance Sheet	Statement 5	59
Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement 6	60
SUPPLEMENTARY SCHEDULES		
Board of Trustees and Organization	Schedule 1	61
Schedule of Average Daily Attendance	Schedule 2	62
Schedule of Instructional Time	Schedule 3	63
Schedule of Financial Trends and Analysis	Schedule 4	64
Schedule of Expenditures of Federal Awards	Schedule 5	65
Reconciliation of Annual Financial and Budget Report Form with Audited Financial Statements	Schedule 6	66
NOTES TO SUPPLEMENTARY INFORMATION		67
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		68
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUDIANCE		70
INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE		73
FINDINGS AND RECOMMENDATIONS SECTION		
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS		77
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS		79
MANAGEMENT LETTER		81

Financial Section

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Southern Kern Unified School District
Rosamond, California

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Kern Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Southern Kern Unified School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Kern Unified School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not guarantee that and audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exits. 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Southern Kern Unified School 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southern Kern Unified School 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 of and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, General Fund Budgetary Comparison Schedule on page 47, Schedule of Changes in the District's Total OPEB Liability and Related Ratios on page 48 and Schedules of the District's Proportionate Share of the Net Pension Liability and Contributions on pages 49 through 52 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's response 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 Southern Kern Unified School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying other supplemental information is presented for purposes of additional analysis as required by the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, published by the Education Audit Appeals Panel, and is also 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 or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, other supplementary information, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of the Southern Kern Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Southern Kern Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southern Kern Unified School District's internal control over financial reporting and compliance.

Jeanette L Bacon + Associates

San Bernardino, California
December 14, 2022

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION & ANALYSIS
For the Fiscal Year Ended
June 30, 2022

INTRODUCTION

The Management's Discussion and Analysis of Southern Kern Unified School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of the analysis is to look at the District's financial performance as a whole; readers should also review the auditor's letter, notes to the basic financial statements and the basic government-wide financial statements to enhance their understanding of the District's financial performance.

USING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

- This comprehensive annual financial report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Southern Kern Unified School District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.
- The "Statement of Net Position" and "Statement of Activities" provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. "Fund Financial Statements" provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's major funds with all special revenue funds and other non-major funds presented in total.
- The major funds for Southern Kern Unified School District are the General Fund and the County School Facilities Fund.
- The Management's Discussion and Analysis is provided to assist our citizens, taxpayers and investors in reviewing the District's finances.

FINANCIAL HIGHLIGHTS

- The Southern Kern Unified School District's Government-Wide Statement of Net Position shows Total Net Position of $(1,397,958), the result of assets and deferred outflows of resources of $113,674,890, less liabilities and deferred inflows of resources of $115,072,848.
- The District implemented GASB Statement No. 68, which requires the District to report its proportionate share of the Net Pension Liabilities of CalPERS and CalSTRS. At June 30, 2022, the District's proportionate share of the Net Pension Liabilities was $21,872,548.
- The District implemented GASB Statement No. 75, which requires the District to report the total OPEB Liability as determined by an actuarial study. At June 30, 2022, the Total OPEB Liability was $14,917,662.
- General revenues accounted for $45,942,084 in revenue or 64% of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for $25,717,087 or 36% of total revenues of $71,659,171.
- The District had $49,244,639 in expenses related to governmental activities; only $25,717,087 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily state LCFF sources and property taxes) of $45,942,084 provided a change in Net Position of $22,414,532.
- The General Fund reported a positive fund balance of $17,343,120.

REPORTING THE DISTRICT AS A WHOLE

- THE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The "Statement of Net Position" and the "Statement of Activities" report information about the District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. However, the Southern Kern Unified School District's goal is to provide services to our students, not to generate profits as commercial entities do. The reader will need to consider other non-financial factors as well, such as property tax base, current property tax laws, student enrollment growth and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the "Statement of Net Position" and the "Statement of Activities," the District is divided into two distinct kinds of activities:

- Governmental Activities – Most of the District's programs and services are reported here, including instruction, pupil services including transportation and food services, administration, plant services, facilities acquisition and construction, interest on the long-term debt and other services.

- Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. Southern Kern Unified School District does not have any of these types of activities at this time.

- FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the most significant funds, not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

- GOVERNMENTAL FUNDS

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting. Governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the "Statement of Net Position" and the "Statement of Activities") and governmental funds is reconciled in the financial statements. Governmental funds include most of the primary funds of the District.

- NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

- THE DISTRICT AS A WHOLE

The "Statement of Net Position" provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position for fiscal years 2021-22 and 2020-21.

Table 1 - Net Position

	Governmental Activities		
	2022	2021*	% Change
Current and Other Assets	$ 35,184,870	$ 23,645,207	48.8
Capital Assets	69,679,450	66,045,721	5.5
Total Assets	104,864,320	89,690,928	16.9
Deferred Outflows of Resources	8,810,573	10,259,269	(14.1)
Current Liabilities	4,953,516	6,631,417	(25.3)
Long-Term Debt	89,995,300	112,259,517	(19.8)
Total Liabilities	94,948,816	118,890,934	(20.1)
Deferred Inflows of Resources	20,124,032	4,871,753	313.1
Net Position			
Net Investment in Capital Assets	16,936,507	11,668,121	45.2
Restricted	16,725,123	11,653,814	43.5
Unrestricted	(35,059,588)	(47,134,425)	25.6
Total Net Position	$ (1,397,958)	$ (23,812,490)	94.1

* Restated

Table 2 shows the change in net position for fiscal years 2021-22 and 2020-21.

Table 2 - Change in Net Position

	Governmental Activities		
	2022	2021	% Change
Revenues			
Program Revenues:			
Charges for Services	$ 445,264	$ 1,480,783	(69.9)
Operating Grants and Contributions	18,043,804	13,212,485	36.6
Capital Grants and Contributions	7,228,019	4,273,966	69.1
General Revenues:			
Unrestricted State and Federal Sources	33,231,090	30,813,609	7.8
Property Taxes	11,664,394	9,832,508	18.6
Other General Revenue	1,046,600	1,205,924	(13.2)
Total Revenues	71,659,171	60,819,275	17.8
Expenses			
Instruction-Related	32,518,745	32,248,277	0.8
Pupil Services	6,357,912	5,335,956	19.2
Administration	2,217,770	2,276,286	(2.6)
Maintenance and Operations	5,261,316	4,762,426	10.5
Other	2,888,896	1,952,917	47.9
Total Expenses	49,244,639	46,575,862	5.7
Change in Net Position	$ 22,414,532	$ 14,243,413	57.4

- GOVERNMENTAL ACTIVITIES

Charges for services, operating grants and contributions made up 36% of revenues for governmental activities. General revenues not restricted to specific programs made up 64% of the total revenues available.

Instruction-related activities made up 66% of expenses. Pupil services including home-to-school transportation and food services made up 13%. Administration including data processing made up 4%. Maintenance and operations including facility acquisition and construction made up 11%. Other miscellaneous made up the remaining 6%.

"Statement of Activities" (Exhibit B) shows the costs of program services and the charges for services and grants offsetting those services.

Table 3 compares the total cost of services and the net cost of services between 2021-22 and 2020-21. The net cost of these services is the cost supported by tax revenue and unrestricted state entitlements.

Table 3 - Total and Net Cost of Governmental Activity

	Total Cost			
	2022	%	2021	%
Instruction	$ 32,518,745	66	$ 32,248,277	69
Pupil Services	6,357,912	13	5,335,956	12
Administration	2,217,770	4	2,276,286	5
Maintenance and Operations	5,261,316	11	4,762,426	10
Other	2,888,896	6	1,952,917	4
Total	$ 49,244,639	100	$ 46,575,862	100

	Net Cost			
	2022	%	2021	%
Instruction	$ 13,583,737	58	$ 17,192,311	62
Pupil Services	1,729,908	7	2,634,709	10
Administration	1,765,512	7	1,999,790	7
Maintenance and Operations	4,127,533	18	4,116,268	15
Other	2,320,862	10	1,665,550	6
Total	$ 23,527,552	100	$ 27,608,628	100

GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with California law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

In April of each year, a Preliminary Budget is presented to the Board. Time is allocated during the Board meeting for public input and Board direction. A Tentative Budget is presented in late May, which reflects the latest known financial information, including the Governor's May Revise of the state budget. The Final Budget is presented for adoption in late June. During the course of the fiscal year, the District revises its budget as it deals with changes in revenues and expenditures. These reports include revisions based on state budget adoption that are normally presented in August if the state has an on-time budget. Adjustments to Actuals are presented in September, First Interim is normally presented in December, and Second Interim is normally presented in March.

- GENERAL FUND BUDGET VARIATIONS

  For the General Fund, actual revenues were $56,849,256 with original budget estimated at $48,667,113. The difference of $8,182,143 was the result of a District practice to budget grant funds cautiously so as to minimize the risk of overspending should the grant award fall short of projected award. Additionally, between distance and hybrid models of student teaching, expected expenditures in salaries, supplies and other operating expenses were lower than expected for the 2021-22 school year.

There are several reasons for expenditure budget revisions. Most notable are any negotiated salary increases approved by the Board of Trustees for District employees. The original budget does not presume negotiated salary increases. Also, any changes in the number of staff and/or staff utilization of health and welfare benefits that vary from the original projections would also require budget revisions.

The implementation of new instructional programs can also affect budget projections. New academically focused programs will impact expenditures in personnel, instructional materials, outside services and supplies.

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of the fiscal year 2021-22, the District had $69,679,450, invested in land, buildings and improvements, furniture and equipment and work in progress. Table 4 shows fiscal years 2021-22 and 2020-21.

Table 4 - Capital Assets at Year-End
(net of depreciation)

	Governmental Activities	
	2022	2021
Land	$ 890,449	$ 890,449
Buildings and Improvements	61,084,427	62,871,221
Furniture and Equipment	1,475,574	1,316,111
Work in Progress	6,229,000	967,940
Total	$ 69,679,450	$ 66,045,721

DEBT

At June 30, 2022, the Southern Kern Unified School District had $89,995,300 in debt outstanding. Table 5 summarizes these debts.

Table 5 - Outstanding Debt at Year-End

	Governmental Activities	
	2022	2021*
General Obligation Bonds	$ 51,946,373	$ 53,280,358
Bond Premium	796,569	829,760
Capital Lease	-	267,482
Total OPEB Liability	14,917,662	16,261,961
Compensated Absences	436,362	441,195
Net Pension Liability	21,872,548	41,057,966
Other Long-Term Debt	25,786	120,795
Total	$ 89,995,300	$ 112,259,517

* Restated

FOR THE FUTURE

The District's paramount objective remains providing the highest quality education to every student in our schools. To that end, the District recognizes fiscal stability is the foundation. The District has repaid all debts to Kern County Superintendent of Schools and ended the year with a reserve in excess of 3%. Going forward, the District is planning on utilizing categorical funds and other Federal Funds to the best of its abilities to further increase the District's reserves.

Early information based on looking at ADA for 2022-23 indicates our ADA is higher than 2021-22's, but overall, the percentage of ADA is not yet back to pre-pandemic levels.

- CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

  This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert Irving, Chief Business Officer, Southern Kern Unified School District, (661) 256-5000 Ext. 1125.

EXHIBIT A

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2022

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash (Note 2)	$ 31,954,205
Accounts Receivable (Note 3)	3,230,662
Total Current Assets	35,184,867
Capital Assets: (Note 5)	
Land	890,449
Site Improvements	4,031,952
Buildings	76,403,998
Furniture and Equipment	3,468,984
Work In Progress	6,229,000
Less Accumulated Depreciation	(21,344,933)
Total Capital Assets	69,679,450
TOTAL ASSETS	104,864,317
DEFERRED OUTFLOWS OF RESOURCES (Notes 8 & 10)	8,810,573
LIABILITIES	
Accounts Payable and Other Current Liabilities	3,899,858
Unearned Revenue	1,053,658
Total Current Liabilities	4,953,516
Long-Term Liabilities: (Note 6)	
Portion Due or Payable Within One Year	2,397,111
Portion Due or Payable After One Year	87,598,189
Total Long-Term Liabilities	89,995,300
TOTAL LIABILITIES	94,948,816
DEFERRED INFLOWS OF RESOURCES (Notes 8 & 10)	20,124,032
NET POSITION	
Net Investment in Capital Assets	16,936,507
Restricted for:	
Capital Projects	8,224,431
Debt Services	3,102,508
Educational Programs	3,349,382
Other Purposes (Expendable)	2,033,302
Other Purposes (Nonexpendable)	15,500
Unrestricted	(35,059,588)
TOTAL NET POSITION	$ (1,397,958)

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT B

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental:					
Instruction	$ 27,416,070	$ -	$ 10,320,248	$ 7,228,019	$ (9,867,803)
Instruction-Related Services:					
Supervision of Instruction	165,233	-	15,299	-	(149,934)
Instructional Library, Media and Technology	797,633	-	158,021	-	(639,612)
School Site Administration	4,139,809	-	1,213,421	-	(2,926,388)
Pupil Services:					
Home-to-School Transportation	1,621,024	-	140,258	-	(1,480,766)
Food Services	2,305,513	91,437	3,162,776	-	948,700
All Other Pupil Services	2,431,375	-	1,233,533	-	(1,197,842)
General Administration:					
All Other General Administration	2,217,770	1,262	450,996	-	(1,765,512)
Plant Services	5,261,316	352,565	781,218	-	(4,127,533)
Ancillary Services	760,823	-	568,034	-	(192,789)
Interest on Long-Term Debt	2,040,903	-	-	-	(2,040,903)
Other Outgo	87,170	-	-	-	(87,170)
Total Governmental Activities	$ 49,244,639	$ 445,264	$ 18,043,804	$ 7,228,019	(23,527,552)
General Revenues:					
Taxes:					
Property Taxes, levied for general purposes					7,893,411
Property Taxes, levied for debt service					3,766,892
Property Taxes, levied for other specific purposes					4,091
Federal and State Aid not restricted to specific purposes					33,231,090
Interest and Investment Earnings					269,854
Miscellaneous					776,746
Total General Revenues					45,942,084
Change in Net Position					22,414,532
Net Position - July 1, 2021, as Previously Reported					(24,203,266)
Adjustment for Restatement (Note 6)					390,776
Net Position - July 1, 2021, as Restated					(23,812,490)
Net Position - June 30, 2022					$ (1,397,958)

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT C

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	GENERAL FUND	COUNTY SCHOOL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash (Note 2)				
Cash in County Treasury	$ 19,127,913	$ 7,228,056	$ 5,351,652	$ 31,707,621
Cash on Hand and in Banks	-	-	231,084	231,084
Cash in Revolving Fund	15,500	-	-	15,500
Accounts Receivable (Note 3)	1,666,302	17,789	706,350	2,390,441
Due from Grantor Government	840,221	-	-	840,221
Due from Other Funds	2,311	-	-	2,311
TOTAL ASSETS	$ 21,652,247	$ 7,245,845	$ 6,289,086	$ 35,187,178
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ 3,258,504	$ 214,889	$ 167,137	$ 3,640,530
Due to Grantor Governments	2,207	-	-	2,207
Due to Other Funds	-	-	2,311	2,311
Unearned Revenue	1,048,416	-	5,242	1,053,658
Total Liabilities	4,309,127	214,889	174,690	4,698,706
Fund Balances				
Nonspendable for Revolving Cash	15,500	-	-	15,500
Restricted	3,349,382	7,030,956	2,899,146	13,279,484
Assigned	2,230	-	3,215,250	3,217,480
Unassigned	13,976,008	-	-	13,976,008
Total Fund Balances	17,343,120	7,030,956	6,114,396	30,488,472
TOTAL LIABILITIES AND FUND BALANCES	$ 21,652,247	$ 7,245,845	$ 6,289,086	$ 35,187,178

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT D

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022

Total Fund Balances - Governmental Funds		$ 30,488,472
Amounts reported for governmental activities in the statement of net position are different because:		
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation. The cost of the assets is $91,024,383 and the accumulated depreciation is $21,344,933.		69,679,450
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities at year-end consist of:		
General Obligation Bonds	$ 52,742,942	
Total OPEB Liability	14,917,662	
Compensated Absences	436,362	
Net Pension Liability	21,872,548	
Other Long-Term Debt	25,786	(89,995,300)
In governmental funds, deferred outflows and inflows of resources related to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources related to pensions are:		
Deferred outflows of resources related to pensions		8,216,695
Deferred inflows of resources related to pensions		(14,462,986)
In governmental funds, deferred outflows and inflows of resources related to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows of resources related to OPEB are:		
Deferred outflows of resources related to OPEB		593,878
Deferred inflows of resources related to OPEB		(5,661,046)
In the governmental funds, interest expense is recorded when paid. In the government-wide statements, interest is recorded when it is incurred.		(257,121)
Total Net Position - Governmental Activities		$ (1,397,958)

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT E

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	GENERAL FUND	COUNTY SCHOOL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Local Control Funding Formula Sources:				
State Apportionments	$ 19,297,251	$ -	$ -	$ 19,297,251
Education Protection Account Funds	13,252,053	-	-	13,252,053
Local Sources	7,893,411	-	-	7,893,411
Total LCFF Sources	40,442,715	-	-	40,442,715
Federal Revenues	5,756,109	-	2,819,945	8,576,054
Other State Revenues	7,606,599	7,228,019	201,587	15,036,205
Other Local Revenues	3,043,856	57,087	4,470,062	7,571,005
Total Revenues	56,849,279	7,285,106	7,491,594	71,625,979
EXPENDITURES				
Instruction	28,909,950	-	-	28,909,950
Instruction-Related Services:				
Supervision of Instruction	175,955	-	-	175,955
Instructional Library, Media and Technology	863,508	-	-	863,508
School Site Administration	4,129,795	-	-	4,129,795
Pupil Services:				
Home-to-School Transportation	1,686,026	-	-	1,686,026
Food Services	57,960	-	2,299,653	2,357,613
All Other Pupil Services	2,579,238	-	-	2,579,238
General Administration:				
All Other General Administration	2,284,128	-	6,205	2,290,333
Plant Services	5,166,795	-	35,473	5,202,268
Facilities Acquisition and Construction	502,922	4,471,626	790,111	5,764,659
Ancillary Services	571,927	-	221,452	793,379
Other Outgo	27,425	-	-	27,425
Debt Service:				
Principal	110,190	-	1,612,176	1,722,366
Interest	5,800	-	1,965,399	1,971,199
Total Expenditures	47,071,619	4,471,626	6,930,469	58,473,714
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	9,777,660	2,813,480	561,125	13,152,265
OTHER FINANCING SOURCES (USES)				
All Other Financing Sources	-	-	1,045,876	1,045,876
All Other Financing Uses	-	-	(1,045,876)	(1,045,876)
Total Other Financing Sources (Uses)	-	-	-	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	9,777,660	2,813,480	561,125	13,152,265
FUND BALANCES - JULY 1, 2021	7,565,460	4,217,476	5,553,271	17,336,207
FUND BALANCES - JUNE 30, 2022	$ 17,343,120	$ 7,030,956	$ 6,114,396	$ 30,488,472

The Notes to Financial Statements are an integral part of this statement.

EXHIBIT F

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Total Net Change in Fund Balances - Governmental Funds		$ 13,152,265
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The difference between capital outlay expenditures and depreciation expense for the period is:		
Expenditures for capital outlay	$ 5,628,926	
Depreciation Expense	(1,995,197)	3,633,729
In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, procceds from debt are reported as increases to liabilities.		(7,550,000)
Repayment of bond principal and other long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		9,279,667
In governmental funds, compensated absences and are measured by the amounts paid during the period. In the government-wide statements, they are measured by the amounts earned.		4,833
In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis.		4,046,490
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between OPEB costs and actual employer contributions was:		(217,748)
In governmental funds, interest is recorded when it is paid. In the government-wide statements, interest is recorded when it is incurred.		65,296
Change in Net Position of Governmental Activities		$ 22,414,532

The Notes to Financial Statements are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Southern Kern Unified School District conform to accounting principles generally accepted in the United States of America as applicable to governments and to general practices within California school districts. The District accounts for its financial transactions in accordance with the policies and procedures of the Department of Education's California School Accounting Manual. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and by the American Institute of Certified Public Accountants. The following is a summary of the significant accounting policies:

Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance or retained earnings, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District accounts are organized into major and nonmajor funds.

Major Governmental Funds:

General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

County School Facilities Fund was established for the purpose of construction and/or modernization of school facilities as authorized by SB50 and Proposition 1A.

Nonmajor Governmental Funds:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed for purposes other than debt service and capital outlay and that compose a substantial portion of the fund's resources. The District maintains five nonmajor special revenue funds.

- Student Activity Special Revenue Fund is used to account for governmental associated student body activities in accordance with GASB 84.
- Adult Fund is used to account for resources dedicated to adult education programs maintained by the District.
- Cafeteria Fund is used to account for revenues received and expenditures made to operate the District's food service operations.
- Deferred Maintenance Fund is used for the purpose of major repair of District property. Due to the implementation of GASB 54, the Deferred Maintenance Fund has been consolidated with the General Fund for reporting purposes.
- Special Reserve Fund - Other than Capital Outlay is used to set aside funds to protect the District from unforeseen economic events. Due to the implementation of GASB 54, the Special Reserve Fund has been consolidated with the General Fund for reporting purposes.

Capital Projects Funds are used to account for the acquisition and/or construction of all major governmental general fixed assets. The District maintains three nonmajor capital projects funds.

- Building Fund is used to account for the acquisition of major governmental capital facilities and buildings from the sale of bond proceeds.
- Capital Facilities Fund is used to account for resources received from developer fees.
- Special Reserve Fund is used to account for revenues received and expenditures made in connection with the maintenance of District property.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. The District maintains one nonmajor debt service fund.

- Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of District bonds, interest and related costs.

Basis of Presentation

Government-Wide Financial Statements:

The government-wide financial statements (i.e., the statement of net position and the statement of activities report information on all of the nonfiduciary activities of the district and its component units.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund and fiduciary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for the governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities.

Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of goods or services offered by a program, as well as grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major governmental fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

The accounting and financial treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances for these funds' present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other uses) in net current assets.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues – exchange and non-exchange transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded under the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Available" means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, "available" means collectible within the current period or within one year after year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, and entitlements. Under the accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are to be used or the fiscal year when use is first permitted; matching requirements, in which the district must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. Under the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue:

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue. On governmental fund financial statements, receivables associated with non-exchange transactions that will not be collected within the availability period have also been recorded as unearned revenue.

Expenses/Expenditures:

On the accrual basis of accounting, expenses are recognized at the time a liability is incurred. On the modified accrual basis of accounting, expenditures are generally recognized in the accounting period in which the related fund liability is incurred, as under the accrual basis of accounting. However, under the modified accrual basis of accounting, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. By State law, the District's Board of Trustees must adopt a final budget no later than July 1. A public hearing must be conducted to receive comments prior to adoption. The District's Board of Trustees satisfied these requirements.

These budgets are revised by the District's Board of Trustees and District Superintendent during the year to give consideration to unanticipated income and expenditures. The final revised budget that is presented in the financial statements consists of the original Board approved documents plus all revisions through June 30, 2022.

Formal budgetary integration was employed as a management control device during the year for all budgeted funds. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures (expenses) during the reporting period. Actual results could differ from those estimates.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All outstanding encumbrances were liquidated at June 30.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Estimated Useful Life in Years
Site Improvements	20-30
Building and Improvements	25-30
Furniture and Equipment	5-10
Vehicles	10

Interfund Balances

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

Compensated Absences

All vacation pay plus related payroll taxes is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

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

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bonds payable are reported as net of applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts as well as bond issuance costs, during the current period. The face amount of the debt issued, premiums, or discounts is reported as other financing sources/uses.

Net Position in the Government-Wide Financial Statements

In the government-wide Statement of Net Position, the net position amount can be classified and displayed in three components:

- Net Investment in Capital Assets – This consists of capital assets net of accumulated depreciation and reduced by any long-term borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position.

- Restricted – This consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

- Unrestricted – This consists of the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance Designations

In the governmental funds Balance Sheet, fund balance amounts are reported within the fund balance categories below:

- Nonspendable – This is fund balance associated with revolving cash funds, inventories and prepaids.
- Restricted – This includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
- Committed – This includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Trustees (the District's highest level of decision-making authority).
- Assigned – These funds are intended to be used by the government (District) for specific purposes but do not meet the criteria to be classified as restricted or committed.
- Unassigned – This is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

When fund balance resources are available for a specific purpose in multiple classifications, the District would use the most restrictive funds first.

Deferred Outflows and Deferred Inflows of Resources

Included in the Statement of Net Position are separate sections for deferred outflows and deferred inflows of resources.

Deferred outflow of resources is a consumption of net assets or net position that is applicable to a future reporting period. Deferred inflow of resources is an acquisition of net assets or net position that is applicable to a future reporting period. Deferred outflows and deferred inflows of resources have been reported as a result of recording the net pension liabilities and pension expense.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the CalPERS Schools Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (CalPERS Plan) and CalSTRS Schools Pool Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (CalSTRS Plan) and additions to/deductions from the CalPERS Plan and CalSTRS Plan's fiduciary net positions have been determined on the same basis as they are reported by the CalPERS Financial Office and CalSTRS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following time frames are used:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Local Control Funding Formula/Property Tax

As a result of the 2013-14 state budget package, the District's state apportionments are based on a new Local Control Funding Formula (LCFF). The LCFF creates base, supplemental, and concentration grants (by grade span) in place of most previously existing K-12 funding streams, including revenue limits and most state categorical programs. Full implementation of LCFF was realized in fiscal year 2018-19.

The County is responsible for assessing, collecting and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property in the county. The levy is based on the assessed values as of the preceding March 1, which is also the lien date. Property taxes on the secured roll are due on November 1 and February 1, and taxes become delinquent after December 10 and April 10, respectively. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent if unpaid by August 31.

Secured property taxes are recorded as revenue when apportioned, in the fiscal year of the levy. The County apportions secured property tax revenue in accordance with the alternate method of distributions prescribed by Section 4705 of the California *Revenue and Taxation Code.* This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll – approximately October 1 of each year.

The County Auditor reports the amount of the District's allocated property tax revenue to the California Department of Education. Property taxes are recorded as local LCFF sources by the District.

The California Department of Education reduces the District's entitlement by the District's local property tax revenue. The balance is paid from the State General Fund, and is known as the State Apportionment.

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) statements are effective for FY 2021-22 financial statement audits:

GASB Statement No. 87, *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government's financial statements by requiring recognition of certain leases assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principles that leases are financing of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency information about governments' leasing activities.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

GASB No. 89 requires that interest cost incurred during a construction period be recognized as an expense for business-type activity. The management of the District does not expect the implementation of this standard to have a material effect on the financial statements of the District.

GASB Statement No. 91, *Conduit Debt Obligation*

This statement requires issuers of Conduit Debt Obligations to disclose general information organized by type of commitment, including the aggregate outstanding principal amount of the issuer's debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

GASB Statement No. 92, *Omnibus 2020*

Although the effective date for the majority of GASB Statement No. 92, Omnibus 2020 has been postponed by GASB Statement No. 95 for one year, the District has adopted paragraph 11 Of Statement 92 with respect to reinsurance recoveries. Paragraph 11 states that "amounts that (a) are recoverable from reinsurers or excess insurers and (b) relate to paid claims and claim adjustment expense may be reported as reductions of expenses but are not required to be". The District has also adopted paragraph 13 of Statement 92 in regards to changing all uses of the terms iderivative and iderivatives in existing standards to iderivative instrument and iderivative instruments, respectively. The provisions in the paragraphs 11 and 13 were excluded from the scope of Statement 95 because paragraph 11 retains the reporting option, and thus only clarifies that an option exists, and paragraph 13 imposes no burden on the District. As such, this statement does not impact the District.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – and Amendment to GASB Statement No. 14 and No. 84, and a Supersession of GASB Statement No. 32.

The District has adopted paragraphs 4 and 5 of GASB Statement No. 92. Paragraph 4 states that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or another employee benefit plan (for example, certain Section 457 plans), if the primary government performs the duties that a governing board typically would perform, the absence of a governing board should be treated the same as the appointment of a voting majority of a voting majority of a governing board. Paragraph 5 states that the financial burden criterion in paragraph 7 of Statement 84 is appliable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, *Financial Reporting for Pension Plans*, or paragraph 3 of Statement No. 74, *Financial Reporting for Postemployment Benefit Plan Other Than Pension Plans*, respectively. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Future Accounting Pronouncements

GASB Statement No. 94, *Public-Private Partnerships and Availability Payment Arrangements*

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-private partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in the Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

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). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Lease as amended.

A SBITA is defined as a contact that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirement of this Statement is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

GASB Statement No. 99, *Omnibus 2022*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments that so not meet the definition of either an investment or a hedge
- Guidance clarification for shot-term leases when there is a modification or terms
- Consideration for public-private partnerships (PPP) terminology as well as recognizing installment payments and transferring underlying PPP assets
- Clarification of subscription-based information technology arrangement (SBITA) terms, and liability measurements and recognition
- Disclosures related to nonmonetary transactions
- Certain provisions of GASB Statement No. 34
- Pledges of future revenues when resources are received by the pledging government
- Terminology updates related to deferred inflows and outflows of resources and net position
- Resources flows statements terminology related to GASB Statement No. 53
- Accounting for SNAP distributions
- Requirements related to the extension of the use of LIBOR

The requirements of GASB Statement No. 99 that relate to the extension of the use of LIBOR, accounting for SNAP distributions, disclosures for nonmonetary transactions, pledges of future revenues by pledging governments, clarifications of certain provisions in Statement 34, and terminology updates took effect upon issuance.

The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

2. CASH AND DEPOSITS

Cash at June 30, 2022, consisted of the following:

	Governmental Funds
Pooled Funds:	
Cash in County Treasury	$ 31,707,621
Deposits:	
Cash on Hand and in Banks	231,084
Cash in Revolving Fund	15,500
Total	$ 31,954,205

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Kern County Treasury as part of the investment pool ($5,320,662,793 as of June 30, 2022). The County pools these funds with those of other Districts in the County and invests the cash. These pooled funds are carried at cost which approximates market value. The District is considered to be an involuntary participant in the external investment pool. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool.

The fair market value of this pool as of June 30, 2022, as provided by the pool sponsor, was $5,149,462,295. The County is required by Government Code Section 53635 pursuant to section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury and in Money Market Mutual Fund U.S. Treasury Fund obligations. The District maintains an investment with the Kern County Investment Pool with a fair value of approximately $30,687,380 and an amortized book value of $31,707,621. The average weighted maturity for this pool is 580 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. The District does not have a formal investment policy that limits its investment choices other than the limitations of State law.

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 deposit made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.
Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC). All cash held by the financial institutions is fully insured or collateralized.

The County is authorized to deposit cash and invest excess funds by California Government Code Section 53648 et seq. The funds maintained by the County are either secured by federal depository insurance or are collateralized.

3. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2022, consisted of the following:

	GENERAL FUND	COUNTY SCHOOL FACILITIES FUND	ALL OTHER GOVERNMENTAL FUNDS	TOTAL
Accounts Receivable				
Federal Sources				
Categorical Aid Programs	$ 920,691	$ -	$ -	$ 920,691
Child Nutrition Program	-	-	565,189	565,189
Total Federal	920,691	-	565,189	1,485,880
State Sources				
Categorical Aid Programs	542,156	-	-	542,156
Child Nutrition Program	-	-	24,072	24,072
Total State	542,156	-	24,072	566,228
Local Sources				
Local Government	-	-	106,457	106,457
Interest	54,851	17,789	5,667	78,307
Other	148,604	-	4,965	153,569
Total Local	203,455	17,789	117,089	338,333
Total Accounts Receivable	1,666,302	17,789	706,350	2,390,441
Due from Grantor Government				
Federal Sources				
Categorical Aid Programs	631,166	-	-	631,166
State Sources				
Categorical Aid Programs	209,055	-	-	209,055
Total Due from Grantor Government	840,221	-	-	840,221
Total Receivables	$ 2,506,523	$ 17,789	$ 706,350	$ 3,230,662

4. INTERFUND TRANSACTIONS

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. All interfund receivables and payables are expected to be repaid within one year. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefited fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

Interfund Receivables/Payables (Due To/Due From)

Individual fund interfund receivable and payable balances at June 30, 2022, are as follows:

	DUE TO
DUE FROM	GENERAL FUND
All Other Governmental Funds	$ 2,311

5. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2022, is shown below:

	PRIMARY GOVERNMENT			
	Balance July 1, 2021	Additions	Adjustments/ Retirements	Balance June 30, 2022
Land	$ 890,449	$ -	$ -	$ 890,449
Site Improvements	4,024,512	7,440	-	4,031,952
Buildings	76,403,998	-	-	76,403,998
Furniture and Equipment	3,108,558	360,426	-	3,468,984
Work In Progress	967,940	5,261,060	-	6,229,000
Total at Historical Cost	85,395,457	5,628,926	-	91,024,383
Less Accumulated Depreciation for:				
Site Improvements	1,949,082	176,492	-	2,125,574
Buildings	15,608,207	1,617,742	-	17,225,949
Furniture and Equipment	1,792,447	200,963	-	1,993,410
Total Accumulated Depreciation	19,349,736	1,995,197	-	21,344,933
Governmental Activities Capital Assets, Net	$ 66,045,721	$ 3,633,729	$ -	$ 69,679,450

Depreciation expense was charged to governmental activities as follows:

Governmental Activities:	
Instruction	$ 1,189,363
Supervision and Administration	7,210
Instructional Library, Media and Technology	35,383
School Site Administration	169,222
Home-to-School Transportation	69,086
Food Services	88,796
All Other Pupil Services	105,687
Ancillary Services	23,435
All Other General Administration	93,848
Plant Services	213,167
Total Depreciation Expense	$ 1,995,197

6. LONG-TERM DEBT

A schedule of changes in long-term debt for the fiscal year ended June 30, 2022, is shown below:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Amounts Due Within One Year
General Obligation Bonds*	$ 53,280,358	$ 7,550,000	$ 8,883,985	$ 51,946,373	$ 2,338,134
Bond Premium	829,760	-	33,191	796,569	33,191
Capital Lease	267,482	-	267,482	-	-
Total OPEB Liability	16,261,961	-	1,344,299	14,917,662	-
Compensated Absences	441,195	-	4,833	436,362	-
Net Pension Liability	41,057,966	-	19,185,418	21,872,548	-
Other Long-Term Debt	120,795	-	95,009	25,786	25,786
Total	$ 112,259,517	$ 7,550,000	$ 29,814,217	$ 89,995,300	$ 2,397,111

* The balance of General Obligation Bonds at July 1, 2021 was restated by $(390,776) to reflect the correct balance of the Series 2008 A.

7. BONDED DEBT

The outstanding general obligation bonded debt of the District at June 30, 2022, is the following:

Bond	Date of Bond	Year of Maturity	Rate of Interest	Amount of Original Issue	Bonds Outstanding July 1, 2021*	Issued During Year	Matured During Year	Bonds Outstanding June 30, 2022
Series 2006C	11/9/2006	2032	3.45-4.68%	$ 3,853,288	$ 1,383,288	$ -	$ -	$ 1,383,288
Series 2008A	12/18/2008	2034	3.00-6.80%	4,056,633	1,191,633	-	-	1,191,633
Series 2010B	5/27/2010	2050	2.00-6.95%	6,960,719	5,890,719	-	1,150,000	4,740,719
2012 Series A	6/28/2012	2024	2.00-3.00%	2,185,000	850,000	-	260,000	590,000
2012 Series B	6/28/2012	2032	1.52-4.50%	3,819,839	2,702,885	-	2,565,255	137,630
2008 Series 2014A	2/6/2014	2024	3.15%	3,000,000	1,125,000	-	425,000	700,000
2014 Series A Refunding	11/4/2014	2030	2.00-3.25%	3,795,000	2,250,000	-	1,905,000	345,000
2015 Series A	11/4/2014	2040	3.00-5.00%	10,000,000	9,545,000	-	1,735,000	7,810,000
2016 Refunding	4/27/2016	2032	2.00-4.00%	4,685,000	3,430,000	-	535,000	2,895,000
2016 Series B	4/27/2016	2046	2.00-4.04%	18,395,630	17,960,630	-	10,000	17,950,630
2008 Series D	9/20/2017	2042	1.41-4.02%	6,919,199	6,690,754	-	163,730	6,527,024
2002 Series A	12/20/2002	2027	2.25-5.53%	5,498,334	163,334	-	-	163,334
Series 2004	11/4/2004	2029	2.50-4.50%	2,647,114	97,115	-	-	97,115
2021 A Refunding	9/16/2021	2032	2.00-3.00%	1,045,000	-	1,045,000	25,000	1,020,000
2021 B Refunding	9/16/2021	2040	0.917-3.00%	6,505,000	-	6,505,000	110,000	6,395,000
Total				$ 83,365,756	$ 53,280,358	$ 7,550,000	$ 8,883,985	$ 51,946,373

* Restated

The annual requirement to amortize the Series 2006C general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ -	$ -	$ -
2024	-	-	-
2025	117,341	212,659	330,000
2026	115,820	229,180	345,000
2027	114,098	245,902	360,000
2028-32	1,036,029	3,013,971	4,050,000
Total	$ 1,383,288	$ 3,701,712	$ 5,085,000

The annual requirement to amortize the Series 2008A general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ -	$ -	$ -
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028-32	705,975	2,095,752	2,801,727
2033-34	485,658	3,969,342	4,455,000
Total	$ 1,191,633	$ 6,065,094	$ 7,256,727

The annual requirement to amortize the Series 2010B general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 5,000	$ 1,625	$ 6,625
2024	10,000	1,250	11,250
2025	10,000	750	10,750
2026	10,000	250	10,250
2027	-	-	-
2028-32	-	-	-
2033-37	588,027	5,493,557	6,081,584
2038-42	1,725,926	10,355,825	12,081,751
2043-47	1,489,282	13,525,890	15,015,172
2048-50	902,484	11,756,095	12,658,579
Total	$ 4,740,719	$ 41,135,242	$ 45,875,961

The annual requirement to amortize the 2012 Series A general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 280,000	$ 13,150	$ 293,150
2024	310,000	4,650	314,650
Total	$ 590,000	$ 17,800	$ 607,800

The annual requirement to amortize the 2012 Series B general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 137,630	$ 67,370	$ 205,000

The annual requirement to amortize the 2008 Series 2014A general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal*	Interest	Total
2023	$ 460,000	$ 18,838	$ 478,838
2024	240,000	3,831	243,831
Total	$ 700,000	$ 22,669	$ 722,669

* Mandatory Sinking Fund Payment

The annual requirement to amortize the 2014 Series A Refunding general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 345,000	$ 8,625	$ 353,625

The annual requirement to amortize the Series 2015 Series A general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 165,000	$ 297,432	$ 462,432
2024	195,000	288,431	483,431
2025	230,000	277,806	507,806
2026	260,000	265,556	525,556
2027	300,000	253,056	553,056
2028-32	2,105,000	1,059,919	3,164,919
2033-37	3,025,000	588,903	3,613,903
2038-40	1,530,000	93,400	1,623,400
Total	$ 7,810,000	$ 3,124,503	$ 10,934,503

The annual requirement to amortize the Series 2016 Refunding general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 590,000	$ 71,275	$ 661,275
2024	635,000	59,025	694,025
2025	385,000	48,825	433,825
2026	415,000	36,675	451,675
2027	455,000	19,275	474,275
2028-32	415,000	28,425	443,425
Total	$ 2,895,000	$ 263,500	$ 3,158,500

The annual requirement to amortize the 2016 Series B general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 30,000	$ 632,400	$ 662,400
2024	60,000	631,050	691,050
2025	85,000	628,875	713,875
2026	125,000	625,100	750,100
2027	155,000	619,500	774,500
2028-32	1,385,000	2,961,500	4,346,500
2033-37	2,685,000	2,601,600	5,286,600
2038-42	3,970,630	4,354,970	8,325,600
2043-46	9,455,000	795,100	10,250,100
Total	$ 17,950,630	$ 13,850,095	$ 31,800,725

The annual requirement to amortize the 2008 Series D general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 145,504	$ 41,296	$ 186,800
2024	141,354	45,446	186,800
2025	576,578	125,222	701,800
2026	579,609	152,191	731,800
2027	717,122	26,278	743,400
2028-32	2,671,866	1,218,135	3,890,001
2033-37	690,244	674,756	1,365,000
2038-42	1,004,747	1,395,252	2,399,999
Total	$ 6,527,024	$ 3,678,576	$ 10,205,600

The annual requirement to amortize the 2002 Series A general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ -	$ -	$ -
2024	-	-	-
2025	57,898	682,102	740,000
2026	54,311	725,689	780,000
2027	51,125	773,875	825,000
Total	$ 163,334	$ 2,181,666	$ 2,345,000

The annual requirement to amortize the 2004 Series B general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ -	$ -	$ -
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028-29	97,115	1,387,885	1,485,000
Total	$ 97,115	$ 1,387,885	$ 1,485,000

The annual requirement to amortize the 2021 Refunding Series A general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 55,000	$ 27,450	$ 82,450
2024	100,000	25,900	125,900
2025	105,000	23,850	128,850
2026	110,000	21,150	131,150
2027	90,000	18,150	108,150
2028-29	560,000	44,550	604,550
Total	$ 1,020,000	$ 161,050	$ 1,181,050

The annual requirement to amortize the 2021 Refunding Series B general obligation bonds payable, outstanding at June 30, 2022, is as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 125,000	$ 119,236	$ 244,236
2024	710,000	117,109	827,109
2025	365,000	113,897	478,897
2026	370,000	110,516	480,516
2027	370,000	106,043	476,043
2028-32	2,750,000	385,036	3,135,036
2033-37	435,000	238,732	673,732
2038-42	1,270,000	60,150	1,330,150
Total	$ 6,395,000	$ 1,250,719	$ 7,645,719

The total annual requirement to amortize general obligation bonds payable, outstanding at June 30, 2022, is summarized as follows:

Year Ending June 30	Principal	Interest	Total
2023	$ 2,338,134	$ 1,298,697	$ 3,636,831
2024	2,401,354	1,176,692	3,578,046
2025	1,931,817	2,113,986	4,045,803
2026	2,039,740	2,166,307	4,206,047
2027	2,943,666	2,062,079	5,005,745
2028-32	11,034,664	12,195,173	23,229,837
2033-37	7,908,929	13,566,890	21,475,819
2038-42	9,501,303	16,259,597	25,760,900
2043-47	10,944,282	14,320,990	25,265,272
2048-50	902,484	11,756,095	12,658,579
Total	$ 51,946,373	$ 76,916,506	$ 128,862,879

8. TOTAL OPEB LIABILITY

General Information About the OPEB Plan

Plan Description.

Eligible employees may continue medical and dental benefits at retirement. The plan is available to Southern Kern Unified (RTA) employees, classified employees (CSEA), management & confidential employees, psychologists, and supervisors. The Plan is a single-employer defined benefit OPEB plan administered by the District. Board Policy grants the authority to establish and amend the benefit terms and financing requirements to the governing board.

Benefits Provided.

The following is a description of the current retiree benefit plan:

	Certificated, Management and Confidential	Classified
Benefit Types Provided	Medical, Dental and Vision	Medical, Dental and Vision
Duration of Benefits	To age 65*	To age 65**
Required Service	20 years*	20 years**
Minimum Age	Retirement	Retirement
Dependent Coverage	Yes	Yes
District Contribution %	100% to cap	100% to cap
District Cap	Active Cap	Active Cap

*Employees hired up to 7/1/15 are entitled to 5 years of benefits for service of 12 to 19 years; and benefits can extend beyond age 65
**Employees hired up to 7/1/14 are entitled to 5 years of benefits for service of 12 to 19 years; and benefits can extend beyond age 65

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	58
Participating Active Employees	370
Total	428

Total OPEB Liability

The District total OPEB liability of $14,917,662 was measured as of June 30, 2022. The District uses an actuarial measurement date that is the same as its fiscal year-end. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Actuarial Assumptions and Other Inputs

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

Inflation	2.75%
Salary increases	2.75%
Discount rate	3.54%
Healthcare cost trend rate	4.00%

The discount rate is based on the Bond Buyer 20-Bond index.

Mortality rates are based on the most recent rates used by CalPERS and STRS for the pension valuations. Termination rates are based on the most recent rates used by CalPERS and the California State Teachers Retirement System (STRS) for the pension valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2021	$ 16,261,961
Changes for the year:	
Service Cost	1,107,036
Interest	354,470
Assumption Changes	(1,773,703)
Benefit Payments	(809,619)
Experience (Gains)/Losses	(222,483)
Net changes	(1,344,299)
Balance at June 30, 2022	$ 14,917,662

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate.

	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Total OPEB liability (asset)	$ 16,183,594	$ 14,917,662	$ 13,755,057

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rate:

	1% Decrease 3.00%	Healthcare Cost Trend Rate 4.00%	1% Increase 5.00%
Net OPEB liability (asset)	$ 13,170,778	$ 14,917,662	$ 17,022,886

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

For the year ended June 30, 2022, the District recognized OPEB expense of $217,748. At June 30, 2022 the District's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 3,332,071
Changes in assumptions or other inputs	593,878	2,328,975
Difference between projected and actual return on investments	-	-
Total	$ 593,878	$ 5,661,046

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

Year Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	$ 45,776	$ 479,915
2024	45,776	479,915
2025	45,776	479,915
2026	45,776	479,915
2027	45,776	479,915
Thereafter	364,998	3,261,471
Total	$ 593,878	$ 5,661,046

9. COMPENSATED ABSENCES

The total accumulated unpaid employee compensated absences as of June 30, 2022, amounted to $436,362.

10. NET PENSION LIABILITY

General Information About the Pension Plans

Plan Descriptions

Qualified employees are covered under cost-sharing multiple-employer defined benefit pension plans maintained by agencies of the State of California. Classified employees are members of the California Public Employees' Retirement System (CalPERS) and certificated employees are members of the California State Teachers' Retirement System (CalSTRS). Benefit provisions under the plans are established by State statute and Local Government resolution. Support by the State for the CalSTRS plan is such that the plan has a special funding situation as defined by GASB Statement No. 68. CalPERS and CalSTRS issue publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on their respective websites.

Benefits Provided

CalPERS and CalSTRS provide service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of service credit for each year of full-time employment. Members with five years of total service are eligible to retire at age 62 for normal benefits or at age 55 with statutorily reduced benefits. Employees hired prior to January 1, 2013 are eligible to retire at age 60 for normal benefits or at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. All members are eligible for death benefits after one year of total service.

The plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	CalPERS		CalSTRS	
	Before	On or After	Before	On or After
Hire Date	January 1, 2013	January 1, 2013	January 1, 2013	January 1, 2013
Benefit Formula	2% at 55	2% at 62	2% at 60	2% at 62
Benefit Vesting Schedule	5 Years	5 Years	5 Years	5 Years
Benefit Payments	Monthly for Life	Monthly for Life	Monthly for Life	Monthly for Life
Retirement Age	50-62	52-67	50-62	55-67
Monthly benefits, as a % of eligible compensation	1.1 - 2.5%	1.0 - 2.5%	1.1 - 2.4%	1.0 - 2.4%*
Required employee contribution rates (average)	7.000%	7.000%	10.250%	10.250%
Required employer contribution rates	22.910%	22.910%	16.920%	16.920%

*Amounts are limited to 120% of Social Security Wage Base.

Contributions - CalPERS

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. The CalPERS Board retains the authority to amend contribution rates. The total plan contributions are determined through 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2021 (measurement date), employees hired prior to January 1, 2013 paid in 7.00%, employees hired on or after January 1, 2013 paid 7.00%, and the employer contribution rate was 20.70% of annual payroll. For the fiscal year ending June 30, 2022, employees hired prior to January 1, 2013 contributed 7.00%, employees hired on or after January 1, 2013 contributed 7.00%, and the employer's contribution rate was 22.91%.

On-Behalf Payments

Consistent with Section 20825.2 of the Government Code, the State of California appropriated $904,000,000 from the General Fund for the 2020-21 fiscal year to be apportioned as follows:

a) $144,000,000 to pay in advance, on behalf of school employers, part of the contributions required by school employers pursuant to this part for the 2019-20 fiscal year.

b) $100,000,000 to pay in advance, on behalf of school employers, part of the contributions required by school employers pursuant to this part for the 2020-21 fiscal year.

c) $660,000,000 shall be applied to the unfunded liabilities for the school employers whose assets and liabilities are merged pursuant to subdivision (a) of Section 20618.

Any payments made pursuant to this section shall not discharge the school employers for any remaining amounts due and payable pursuant to this part.

On-behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule.

Contributions - CalSTRS

For the measurement period ended June 30, 2021 (measurement date), Section 22950 of the California Education Code requires members to make monthly contributions 10.250% of the creditable compensation upon which members' contributions under this part are based. In addition, the employer required rates established by the CalSTRS Board have been established at 16.15% of creditable compensation. Rates are defined in Section 22950.5 through measurement period ending June 30, 2022. Section 22950.5 states, "For fiscal year 2022-23 and each fiscal year thereafter, the board shall increase or decrease the percentages paid specified in this section from the percentage paid during the prior fiscal year to reflect the contribution required to eliminate by June 30, 2046, the remaining unfunded actuarial obligation with respect to service credited to members before July 1, 2014, as determined by the board based upon a recommendation from its actuary.

On-Behalf Payments

Consistent with Section 22955.1 of the California Education Code, the State of California makes contributions to CalSTRS on behalf of employees working for the District. For the measurement period ended June 30, 2020 (measurement date), the State contributed 10.471% of salaries creditable to CalSTRS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements. On-behalf payments have been excluded from the calculation of available reserves, and have not been included in the budgeted amounts reported in the General Fund Budgetary Comparison Schedule.

Contributions Recognized

For the year ended June 30, 2022, the contributions recognized as part of pension expense for each plan were as follows:

	CalPERS	CalSTRS
Contributions - Employer	$ 1,478,530	$ 2,333,976
Contributions - Employee	499,986	1,474,813
Contributions - State On-Behalf Payments	-	1,503,624
Total	$ 1,978,516	$ 5,312,413

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

As of June 30, 2022, the District reported a net pension liability for its proportionate share of the net pension liability of each plan as follows:

	Proportionate Share of Net Pension Liability
CalPERS	$ 10,104,179
CalSTRS	11,768,369
Total Net Pension Liablility	$ 21,872,548

The District's net pension liability for each plan is measured as the proportionate share of the net pension liability as of June 30, 2020. The total pension liability for each plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

For the year ended June 30, 2022, the District recognized pension expense of $2,171,636. 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
Pension contributions subsequent to measurement date	$ 6,218,126	$ -
Differences between actual and expected experience	331,116	1,276,220
Changes in assumptions	1,667,453	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Net difference between projected and actual earnings on plan investments	-	13,186,766
Total	$ 8,216,695	$ 14,462,986

$6,218,126 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

The other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2023	$ (2,556,353)
2024	(2,405,481)
2025	(3,369,151)
2026	(3,885,509)
2027	(125,631)
Thereafter	(122,292)
Total	$ (12,464,417)

Actuarial Assumptions

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

	CalPERS	CalSTRS
Valuation Date	June 30, 2020	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry Age - Normal	Entry Age - Normal
Actuarial Assumptions		
Discount Rate	7.15%	7.10%
Inflation	2.50%	2.75%
Payroll Growth	2.75%	3.50%
Projected Salary Increase	Varies *	Varies *
Investment Rate of Return	7.15% #	7.10% #
Mortality	Varies &	Varies &

* Depending on age, service and type of employment
Net of pension plan investment expenses, including inflation
& Depending on age, gender and type of job

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for CalPERS and 7.10% for CalSTRS. To determine whether the District bond rate should be used in calculation of a discount rate for each plan, CalPERS and CalSTRS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current discount rates are adequate and the use of the District bond rate calculation is not necessary for either plan.

The stress test results are presented in a detailed report that can be obtained from the CalPERS and CalSTRS websites.

According to Paragraph 30 of GASB Statement No. 68, the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. Administrative expenses are assumed to be 15 basis points. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS and CalSTRS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS and CalSTRS review all actuarial assumptions as part of their regular Asset Liability Management (ALM) review cycle. Any changes to the discount rate will require board action and proper stakeholder outreach.

CalSTRS conducts an Asset Liability Management (ALM) study every four years to direct how the Investment staff allocates assets among different opportunities. This study weighs the teachers' pension liabilities versus assets needed to fund these pensions over the long term and is a critical process that drives the performance of the investment portfolio.

The culmination of the most recent study was marked by new long-term asset allocation targets adopted by the board's Investment Committee in November 2019. These targets balance the tradeoff between achieving full funding, the risk of low funding and the risk of higher contribution rates based on the CalSTRS Funding Plan.

In January 2020, the Investment Committee was presented with a plan to navigate from the current asset allocation to the new long-term targets.

As part of the Asset Liability Management (ALM) process, the CalPERS Board of Administration (the Board) reviews the capital market assumptions and economic assumptions.

CalPERS is conducting an ALM process during calendar year 2021 for the next four-year cycle. During the first half of the year, team members provided a series of webinars to stakeholders, as well as educational agenda items to the CalPERS Board. During the second half of the year, staff will present results of the ALM analysis to the CalPERS Board for adoption of changes to asset allocations or actuarial assumptions. The effective date for the selected strategic asset allocation implementation is July 1, 2022.

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

	CalSTRS	
Asset Class	Assumed Assets Allocation	Long Term Expected Rate of Return*
Public Equity	42.00%	4.80%
Fixed Income	12.00%	1.30%
Inflation Sensitive	6.00%	3.30%
Private Equity	13.00%	6.30%
Real Estate	15.00%	3.60%
Liquidity	2.00%	-0.40%
Risk Mitigating Strategies	10.00%	1.80%

* 20-year average

	CalPERS		
Asset Class	Assumed Asset Allocation	Real Return (Years 1-10) *	Real Return (Years 11+) #
Public Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%

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

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

The following represents the District's proportionate share of the net pension liability for each plan, calculated using the discount rate for each plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	CalPERS	CalSTRS
1% Decrease	6.15%	6.10%
Net Pension Liability	$ 17,037,065	$ 23,956,187
Current Discount Rate	7.15%	7.10%
Net Pension Liability	$ 10,104,179	$ 11,768,369
1% Increase	8.15%	8.10%
Net Pension Liability	$ 4,348,396	$ 1,652,713

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS and CalSTRS financial reports.

11. OTHER LONG-TERM DEBT

The District entered into two purchase agreements for instructional materials with deferred payment plans. At June 30, 2022, the deferred payments are as follows:

Year Ending June 30	Payment (Net of Interest)
2023	$ 25,786

12. COUNTY PROPERTY TAX CONTINGENT LIABILITIES

Southern Kern Unified School District's share of the estimated property tax liability based on information gathered from the Office of the Auditor-Controller of the County of Kern through June 30, 2022, for litigation and other tax refund claims pending at that time are as follows:

Total Liabilities (as of June 30, 2022)	$	5,967,836
Less: Impounds (as of June 30, 2022)		(3,449,478)
Net Liability	$	2,518,358

It should be noted that these figures do not include any appeals or claims of litigation filed or compiled after June 30, 2022, but they do include provisions for valuation and taxes in dispute through June 30, 2022.

13. JOINT POWERS AGREEMENTS

The Southern Kern Unified School District participates in three joint ventures under joint powers agreement (JPAs): Self Insured Schools of California I (SISC I), Self Insured Schools of California II (SISC II), and Self Insured Schools of California III (SISC III). The relationship between the Southern Kern Unified School District and the JPAs is such that none of the JPAs is a component unit of Southern Kern Unified School District for financial reporting purposes.

Self Insured Schools of California I, II and III

Purpose: Arranges for and provides workers compensation, property and liability, and health insurance coverage for their member districts.

Participants: School districts in Central and Southern California.

Governing Board: Board of Directors are elected by member districts. All board members are employees of school districts.

Condensed audited financial information on the JPAs is as follows:

	SISC I 6/30/21	SISC II 6/30/21	SISC III 9/30/21
Total Assets	$ 109,724,919	$ 75,569,193	$ 1,021,448,838
Total Liabilities	53,902,111	51,135,539	231,863,981
Net Position	$ 55,822,808	$ 24,433,654	$ 789,584,857
Total Revenues	$ 24,717,077	$ 39,074,364	$ 2,725,489,512
Total Expenditures	16,431,128	27,375,274	2,620,106,815
Net Increase (Decrease) in Net Position	$ 8,285,949	$ 11,699,090	$ 105,382,697

14. COMMITMENTS AND CONTINGENCIES

A. Federal and State Allowances, Awards and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. If the review of audit discloses exceptions, the District may incur a liability to grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Pending Litigation

As of June 30, 2022, there are no claims of litigation involving the District.

C. Construction Commitments

As of June 30, 2022, the District had no commitments with respect to unfinished capital projects.

Required Supplementary
Information

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Local Control Funding Formula Sources:				
State Apportionments	$ 24,901,216	$ 24,901,216	$ 19,297,251	$ (5,603,965)
Education Protection Account Funds	6,700,616	6,700,616	13,252,053	6,551,437
Local Sources	6,311,181	11,777,930	7,893,411	(3,884,519)
Total LCFF Sources	37,913,013	43,379,762	40,442,715	(2,937,047)
Federal Revenues	4,176,751	9,442,642	5,756,109	(3,686,533)
Other State Revenues	4,226,227	7,971,229	7,606,599	(364,630)
Other Local Revenues	2,351,122	3,033,532	3,043,833	10,301
Total Revenues	48,667,113	63,827,165	56,849,256	(6,977,909)
EXPENDITURES				
Certificated Salaries	17,000,634	17,245,319	17,300,816	(55,497)
Classified Salaries	7,002,793	7,989,075	7,574,082	414,993
Employee Benefits	12,698,118	12,953,529	13,566,607	(613,078)
Books and Supplies	5,988,244	7,167,325	3,744,926	3,422,399
Services and Other Operating Expenditures	3,710,441	5,920,994	4,331,543	1,589,451
Other Outgo	-	16,506	27,425	(10,919)
Capital Outlay	196,000	178,981	410,230	(231,249)
Debt Service:				
Principal	-	-	110,190	(110,190)
Interest	-	-	5,800	(5,800)
Total Expenditures	46,596,230	51,471,729	47,071,619	4,400,110
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 2,070,883	$ 12,355,436	9,777,637	$ (2,577,799)
FUND BALANCE - JULY 1, 2021			7,563,253	
FUND BALANCE - JUNE 30, 2022			$ 17,340,890	

See accompanying Notes to Required Supplementary Information.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018
Total OPEB Liability					
Service cost	$ 1,107,036	$ 1,069,849	$ 1,219,682	$ 1,129,710	$ 1,099,474
Interest	354,470	346,735	690,127	639,842	666,146
Assumption Changes	(1,773,703)	58,332	(869,074)	710,712	-
Benefit payments	(809,619)	(877,459)	(1,111,758)	(1,065,299)	(1,024,326)
Experience (Gains)/Losses	(222,483)	-	(3,928,423)	-	-
Net Change in OPEB Liability	(1,344,299)	597,457	(3,999,446)	1,414,965	741,294
Total OPEB Liability-Beginning	16,261,961	15,664,504	19,663,950	18,248,985	17,507,691
Total OPEB Liability-Ending	$ 14,917,662	$ 16,261,961	$ 15,664,504	$ 19,663,950	$ 18,248,985
Covered - Employee Payroll	$ 23,756,197	$ 20,952,758	$ 20,777,030	$ 26,938,418	$ 26,202,621
Total OPEB Liability as a Percentage of Covered-Employee Payroll	62.79%	77.61%	75.39%	73.00%	69.65%

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALPERS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	CalPERS							
	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.04969%	0.04980%	0.05531%	0.06804%	0.06349%	0.05653%	0.05508%	0.04468%
District's proportionate share of the net pension liability	$ 10,104,179	$ 15,280,172	$ 16,119,685	$ 18,141,606	$ 15,156,739	$ 11,164,710	$ 8,118,846	$ 5,072,268
District's covered-employee payroll	$ 7,142,657	$ 7,185,376	$ 7,693,987	$ 8,974,432	$ 8,095,622	$ 6,782,249	$ 6,107,493	$ 4,689,836
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	141.46%	212.66%	209.51%	202.15%	187.22%	164.62%	132.93%	108.15%
Plan fiduciary net position as a percentage of the total pension liability	80.97%	70.00%	70.05%	70.85%	71.87%	73.90%	79.43%	83.38%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
CALSTRS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	CalSTRS							
	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
District's proportion of the net pension liability	0.02586%	0.02660%	0.02787%	0.03045%	0.02713%	0.02632%	0.02552%	0.02216%
District's proportionate share of the net pension liability	$ 11,768,369	$ 25,777,794	$ 25,171,069	$ 27,985,682	$ 25,089,824	$ 21,287,789	$ 17,181,085	$ 12,949,639
State's proportionate share of the net pension liability associated with the District	3,939,344	8,768,317	8,885,136	10,189,307	9,325,888	7,723,243	6,468,679	4,145,658
Total	$ 15,707,713	$ 34,546,111	$ 34,056,205	$ 38,174,989	$ 34,415,712	$ 29,011,032	$ 23,649,764	$ 17,095,297
District's covered-employee payroll	$ 14,451,864	$ 14,443,082	$ 15,568,882	$ 16,211,261	$ 14,376,240	$ 13,078,742	$ 12,456,396	$ 9,819,895
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	81.43%	178.48%	161.68%	172.63%	174.52%	162.77%	137.93%	131.89%
Plan fiduciary net position as a percentage of the total pension liability	87.21%	71.82%	72.56%	70.99%	69.46%	70.04%	74.02%	76.52%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALPERS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	CalPERS							
	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	$ 1,811,065	$ 1,478,530	$ 1,417,028	$ 1,389,688	$ 1,399,358	$ 1,125,164	$ 803,493	$ 718,913
Contributions in relation to the contractually required contribution	1,811,065	1,478,530	1,417,028	1,389,688	1,399,358	1,125,164	803,493	718,913
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 7,905,129	$ 7,142,656	$ 7,185,376	$ 7,693,987	$ 13,137,969	$ 8,101,703	$ 6,782,249	$ 6,107,493
Contributions as a percentage of covered-employee payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
CALSTRS LAST TEN FISCAL YEARS*
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	CalSTRS							
	Fiscal Year 2022	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2019	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Contractually required contribution	$ 2,743,716	$ 2,333,976	$ 2,469,767	$ 2,534,614	$ 2,345,881	$ 1,883,287	$ 1,403,349	$ 1,106,128
Contributions in relation to the contractually required contribution	2,743,716	2,333,976	2,469,767	2,534,614	2,345,881	1,883,287	1,403,349	1,106,128
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 16,215,816	$ 14,451,863	$ 14,443,082	$ 15,568,882	$ 16,256,972	$ 14,970,482	$ 13,078,482	$ 12,456,396
Contributions as a percentage of covered-employee payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information only for those years for which information is available.

See accompanying Notes to Required Supplementary Information.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

1. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

As of June 30, 2022, expenditures exceeded appropriations in individual funds as follows:

Appropriations Category	Excess Expenditures
General Fund:	
Certificated Salaries	$ 55,497
Employee Benefits	613,078
Other Outgo	10,919
Capital Outlay	231,249
Debt Service-Principal	110,190
Debt Service-Interest	5,800

2. PURPOSE OF SCHEDULES

Budgetary Comparison Schedules

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

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents information as of the measurement date of the net OPEB liability.

Schedule of Proportionate Share of the Net Pension Liability

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- The proportion (percentage) of the collective net pension liability (similar to the note disclosure)
- The proportion share (amount) of the collective net pension liability
- The employer's covered-employee payroll
- The proportionate share (amount) of the collective net pension liability as a percentage of the employer's covered-employee payroll
- The pension plan's fiduciary net position as a percentage of the total pension liability

Schedule of Pension Contributions

This schedule is required by GASB Statement No. 68 and is required for all employers in a cost-sharing pension plan. The schedule reports the following information:

- If an employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

A. SUMMARY OF CHANGES OF BENEFITS OR ASSUMPTIONS

Benefit Changes - PERS

There were no changes to benefit terms that applied to all members of the Schools Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a. Golden Handshakes). Employers that have done so may need to report this information as a separate liability in their financial statements as CalPERS considers such amounts to be separately financed employer-specific liabilities.

Changes of Assumptions - PERS
The payroll growth rate changed from 3.00% to 2.75%.

Changes of Assumptions - STRS
None.

Changes of Assumption - OPEB
The discount rate was changed from 2.16 percent to 3.54 percent.

Supplementary Information

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2022

	STUDENT ACTIVITY SPECIAL REVENUE FUND	ADULT FUND	CAFETERIA FUND	TOTAL
ASSETS				
Cash				
Cash in County Treasury	$ -	$ 235,137	$ 1,109,065	$ 1,344,202
Cash on Hand and in Bank	231,084	-	-	231,084
Accounts Receivable	-	585	596,300	596,885
TOTAL ASSETS	$ 231,084	$ 235,722	$ 1,705,365	$ 2,172,171
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ -	$ -	$ 131,316	$ 131,316
Due to Other Funds	-	-	2,311	2,311
Unearned Revenue	-	-	5,242	5,242
Total Liabilities	-	-	138,869	138,869
Fund Balances				
Restricted	231,084	131,724	1,564,581	1,927,389
Assigned	-	103,998	1,915	105,913
Total Fund Balances	231,084	235,722	1,566,496	2,033,302
TOTAL LIABILITIES AND FUND BALANCES	$ 231,084	$ 235,722	$ 1,705,365	$ 2,172,171

The Notes to Financial Statements are an integral part of this statement.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	STUDENT ACTIVITY SPECIAL REVENUE FUND	ADULT FUND	CAFETERIA FUND	TOTAL
REVENUES				
Other Federal Revenues	$ -	$ -	$ 2,819,945	$ 2,819,945
Other State Revenues	-	-	167,466	167,466
Other Local Revenues	236,847	2,359	98,444	337,650
Total Revenues	236,847	2,359	3,085,855	3,325,061
EXPENDITURES				
Food Services	-	-	2,299,653	2,299,653
Plant Services	-	-	7,623	7,623
Ancillary Services	221,452	-	-	221,452
Total Expenditures	221,452	-	2,307,276	2,528,728
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,395	2,359	778,579	796,333
FUND BALANCES - JULY 1, 2021	215,689	233,363	787,917	1,236,969
FUND BALANCES - JUNE 30, 2022	$ 231,084	$ 235,722	$ 1,566,496	$ 2,033,302

The Notes to Financial Statements are an integral part of this statement.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2022

	BUILDING FUND	CAPITAL FACILITIES FUND	SPECIAL RESERVE FUND	TOTAL
ASSETS				
Cash				
Cash in County Treasury	$ 6,751	$ 898,130	$ 61	$ 904,942
Accounts Receivable	17	109,448	-	109,465
TOTAL ASSETS	$ 6,768	$ 1,007,578	$ 61	$ 1,014,407
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts Payable	$ -	$ 35,821	$ -	$ 35,821
Fund Balances				
Restricted	-	971,757	-	971,757
Assigned	6,768	-	61	6,829
Total Fund Balances	6,768	971,757	61	978,586
TOTAL LIABILITIES AND FUND BALANCES	$ 6,768	$ 1,007,578	$ 61	$ 1,014,407

The Notes to Financial Statements are an integral part of this statement.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	BUILDING FUND	CAPITAL FACILITIES FUND	SPECIAL RESERVE FUND	TOTAL
REVENUES				
Other Local Revenues	$ 67	$ 366,757	$ 1	$ 366,825
EXPENDITURES				
General Administration:				
All Other General Administration	-	6,205	-	6,205
Plant Services	-	27,850	-	27,850
Facilities Acquisition and Construction	-	790,111	-	790,111
Debt Service:				
Principal	-	83,446	-	83,446
Total Expenditures	-	907,612	-	907,612
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	67	(540,855)	1	(540,787)
FUND BALANCES - JULY 1, 2021	6,701	1,512,612	60	1,519,373
FUND BALANCES - JUNE 30, 2022	$ 6,768	$ 971,757	$ 61	$ 978,586

The Notes to Financial Statements are an integral part of this statement.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
BALANCE SHEET
NONMAJOR DEBT SERVICE FUND
JUNE 30, 2022

	BOND INTEREST AND REDEMPTION FUND
ASSETS	
Cash:	
Cash in County Treasury	$ 3,102,508
TOTAL ASSETS	$ 3,102,508
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	$ -
Fund Balance:	
Assigned	3,102,508
TOTAL LIABILITIES AND FUND BALANCE	$ 3,102,508

The Notes to Financial Statements are an integral part of this statement.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	BOND INTEREST AND REDEMPTION FUND
REVENUES	
Other State Revenues	$ 34,121
Other Local Revenues	3,765,587
Toal Revenues	3,799,708
EXPENDITURES	
Debt Service:	
Principal	1,528,730
Interest	1,965,399
Total Expenditures	3,494,129
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	305,579
OTHER FINANCING SOURCES (USES)	
All Other Financing Sources	1,045,876
All Other Financing Uses	(1,045,876)
Total Other Financing Sources (Uses)	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	305,579
FUND BALANCE - JULY 1, 2021	2,796,929
FUND BALANCE - JUNE 30, 2022	$ 3,102,508

The Notes to Financial Statements are an integral part of this statement.

SCHEDULE 1

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
BOARD OF TRUSTEES AND ORGANIZATION
JUNE 30, 2022

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Mario Gutierrez	President	December 2022
Robert Vincelette	Vice President	December 2024
Sunni Hepburn	Clerk	December 2022
Jim Bender	Member	December 2022
Dewine Moore	Member	December 2024

ADMINISTRATION

Barbara Gaines	Superintendent
Leanne Hargus	Associate Superintendent
Leslie Lacey	Assistant Superintendent
Robert Irving	Chief Business Officer

ORGANIZATION

The Southern Kern Unified School District was established in 1962. During the 2020/21 school year, the District operated two elementary schools, one middle school, one high school-WASC accredited, and two alternative education schools (continuation high school and independent study school) both WASC accredited. During the fiscal year 2021-22, there were no changes in the District's boundaries.

SCHEDULE 2

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE
JUNE 30, 2022

	Second Period Report 923AF96C	Annual Report C06BEF68
TK/K-3		
Regular	1,026.38	1,036.61
Extended Year Special Education	0.95	0.95
Subtotal TK/K-3	1,027.33	1,037.56
Grades 4-6		
Regular	759.45	764.54
Extended Year Special Education	0.19	0.19
Subtotal Grades 4-6	759.64	764.73
Grades 7-8		
Regular	458.20	461.61
Extended Year Special Education	0.09	0.09
Subtotal Grades 7-8	458.29	461.70
Grades 9-12		
Regular	788.44	791.23
Special Education-NPS	0.21	0.21
Subtotal Grades 9-12	788.65	791.44
Grand Total	3,033.91	3,055.43

SCHEDULE 3

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

GRADE LEVEL	1986-87 MINUTES REQUIREMENT	2021-22 ACTUAL MINUTES	NUMBER OF DAYS TRADITIONAL CALENDAR	NUMBER OF DAYS MULTITRACK CALENDAR	STATUS
Kindergarten	36,000	55,875	180	N/A	In Compliance
Grades 1-3	50,400	54,075	180	N/A	In Compliance
Grades 4-5	54,000	54,075	180	N/A	In Compliance
Grades 6-8	54,000	58,050	180	N/A	In Compliance
Grades 9-12	64,800	65,530	180	N/A	In Compliance

See accompanying Notes to Supplementary Information.

SCHEDULE 4

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

GENERAL FUND	(BUDGET) 2023*	2022	2021	2020
Revenues and Other Financial Sources	$ 56,333,280	$ 56,849,256	$ 49,402,801	$ 44,759,227
Expenditures	55,504,967	47,071,619	42,137,967	40,760,180
Other Uses and Transfers Out	-	-	-	192,202
Total Outgo	55,504,967	47,071,619	42,137,967	40,952,382
Change in Fund Balance	828,313	9,777,637	7,264,834	3,806,845
Ending Fund Balance	$ 18,756,923	$ 17,340,890	$ 7,563,253	$ 298,419
Available Reserves	$ 15,182,787	$ 13,976,008	$ 5,680,185	$ (384,514)
Reserve for Economic Uncertainties	$ -	$ -	$ -	$ -
Unassigned Fund Balance	$ 15,182,787	$ 13,976,008	$ 5,680,185	$ (384,514)
Available Reserves as a Percentage of Total Outgo	27.35%	29.69%	13.48%	-0.94%
Total Long-Term Debt	N/A	$ 89,995,300	$ 112,650,293	$ 114,230,878
Average Daily Attendance at P-2	3,123	3,034	3,312**	3,312

The General Fund balance has increased by $17,042,471 over the past two years. The fiscal year 2022-23 budget projects an increase of $828,313. For a district this size, the State recommends available reserves of at least 3% of total General Fund expenditures, other uses and transfers out. Southern Kern Unified School District has met the State's minimum requirements.

Average daily attendance has decreased by 278 over the past two years. An increase of 89 ADA is anticipated during fiscal year 2022-23.

* Based on July 1 budget for General Fund only, included for analytical purposes only and has not been subjected to audit.

** Funding for fiscal year 2020-21 is based on 2019-20 ADA.

See accompanying Notes to Supplementary Information.

SCHEDULE 5

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	CLUSTER EXPENDITURES	FEDERAL EXPENDITURES
	GENERAL FUND				
	U.S. Department of Education				
	Passed through the California Department of Education (CDE):				
*	Special Education, Local Assistance	84.027	13379		$ 1,021,279
*	Title I, Part A, Basic Grant	84.010	14329		844,332
*	ESSA School Improvement (CSI)	84.010	15438		16,758
	Carl Perkins Vocational Education	84.048	14894		44,584
*	Elementary and Secondary School Emergency Relief	84.425	15536		696,834
*	Elementary and Secondary School Emergency Relief II	84.425	15547		1,828,210
*	Elementary and Secondary School Emergency Relief III	84.425	15559		997,608
*	Governor's Emergency Education Relief	84.425C	15517		197,357
	Title II, Supporting Effective Instruction	84.367	14341		75,852
	Title III, Immigrant	84.365	15146		18,706
	Title III, LEP	84.365	14346		14,589
	Total General Fund				5,756,109
	CAFETERIA FUND				
	U.S. Department of Agriculture:				
	Passed through CDE:				
	Child Nutrition Cluster:				
	National School Lunch	10.555	13391, 13396	$ 1,790,212	
	SNP COVID-19 Emergency Cost Reimbursement	10.555	15637	63,326	
	Basic Breakfast	10.553	13390	677,088	
	Meal Supplements	10.555	13391	43,454	
	Total Child Nutrition Cluster				2,574,080
	Donated Food Commodities	10.565	UNK		134,016
	Child and Adult Care Food	10.558	13529, 13534		106,463
	CACFP COVID-19 Emergency Cost Reimbursement	10.558	15577		2,323
	Pandemic EBT	10.649	15644		3,063
	Total Department of Agriculture				2,819,945
	Total Federal Expenditures				$ 8,576,054

* Major Program

See accompanying Notes to Supplementary Information.

SCHEDULE 6

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT FORM
WITH AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	GENERAL FUND	CAFETERIA FUND	DEFERRED MAINTENANCE FUND	SPECIAL RESERVE FUND (OTHER)
June 30, 2022, Annual Financial and Budget Report Form Fund Balances	$ 17,786,694	$ 1,325,756	$ 1,728	$ 502
Adjustments and Reclassifications				
(Increase) Decrease Accounts Receivable for:				
Categorical Programs	(445,804)	-	-	-
Child Nutrition Program	-	248,814		
(Increase) Decrease Accounts Payable for:				
Food Service	-	(8,074)	-	-
Increase (Decrease) Fund Balance for:				
GASB 54 Reporting Requirement	2,230	-	(1,728)	(502)
June 30, 2022, Audited Financial Statements Fund Balances	$ 17,343,120	$ 1,566,496	$ -	$ -

See accompanying Notes to Supplementary Information.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2022

1. PURPOSE OF SCHEDULES

a. Schedule of Average Daily Attendance

Average daily attendance 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 are made to school entities. This schedule provides information regarding the attendance of students at various grade spans and in different programs.

b. Schedule of Instructional Time

Districts, including basic aid districts, must maintain their instructional minutes at the 1986-87 requirements, as required by Education Code Section 46201. This schedule is required for all districts, including basic aid districts.

The District has received incentive funding for increasing instructional time as provided by the incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

c. Schedule of Financial Trends and Analysis

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

D. Schedule of Expenditures of Federal Awards

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southern Kern Unified School 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The Uniform Guidance requires a disclosure of the financial activities of all Federally funded programs. This schedule was prepared to comply with the Uniform Guidance. The District did not elect to use the 10 percent de minimis indirect cost rate.

E. Reconciliation of Annual Financial and Budget Report Form with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balances of all funds and the total liability balance of the general long-term debt as reported on the Annual Form to the audited financial statements.

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

Independent Auditor's Report

To the Board of Trustees
Southern Kern Unified School District
Rosamond, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southern Kern Unified School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Southern Kern Unified School District's basic financial statements, and have issued our report thereon dated December 14, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jeanette L Bacon + Associates

San Bernardino, California
December 14, 2022

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

Independent Auditor's Report

To the Board of Trustees
Southern Kern Unified School District
Rosamond, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southern Kern Unified School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southern Kern Unified School District's major federal programs for the year ended June 30, 2022. Southern Kern Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of audit findings and questioned costs.

In our opinion, Southern Kern Unified School District complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 standard 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 Southern Kern Unified School District and to meet out other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Southern Kern Unified School District's compliance with the compliance requirements referred to above.

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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 Southern Kern Unified School District's federal programs.

Auditor's Responsibility 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 Southern Kern Unified School 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 a material noncompliance when it exists. The risk of not detecting a 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 judgement made by a reasonable user of the report on compliance about Southern Kern Unified School 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 judgement 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 Southern Kern Unified School 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 Southern Kern Unified School 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Southern Kern Unified School 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.

Jeanette L Garcia + Associates

San Bernardino, California
December 14, 2022

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

To the Board of Trustees
Southern Kern Unified School District
Rosamond, California

Report On Compliance

Opinion

We have audited the Southern Kern Unified School District's compliance with the requirements specified in the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2022.

In our opinion, Southern Kern Unified School District complied, in all material respects, with the laws and regulations of the state programs noted in the table below 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for State Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a 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 state 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 Southern Kern Unified School District's compliance with the requirements of state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, 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 Southern Kern Unified School District's compliance with the compliance requirements referred to previously and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and

- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2021-22 K-12 Audit Guide Procedures		Procedures Performed
Local Education Agencies Other Than Charter Schools:		
A.	Attendance	Yes
B.	Teacher Certification and Misassignments	Yes
C.	Kindergarten Continuance	Yes
D.	Independent Study	Yes
E.	Continuation Education	Yes
F.	Instructional Time	Yes
G.	Instructional Materials	Yes
H.	Ratio of Administrative Employees to Teachers	Yes
I.	Classroom Teacher Salaries	Yes
J.	Early Retirement Incentive	Not Applicable
K.	Gann Limit Calculation	Yes
L.	School Accountability Report Card	Yes
M.	Juvenile Court Schools	Not Applicable

2021-22 K-12 Audit Guide Procedures (Continued)		Procedures Performed
Local Education Agencies Other Than Charter Schools:		
N.	Middle or Early College High Schools	Not Applicable
O.	K-3 Grade Span Adjustment	Yes
P.	Transportation Maintenance of Effort	Yes
Q.	Apprenticeship: Related and Supplemental Instruction	Not Applicable
R.	Comprehensive School Safety Plan	Yes
S.	District of Choice	Yes
School Districts, County Offices of Education, and Charter Schools:		
T.	California Clean Energy Jobs Act	Yes
U.	After/Before School Education and Safety Program	Yes
V.	Proper Expenditure of Education Protection Account Funds	Yes
W.	Unduplicated Local Control Funding Formula Pupil Counts	Yes
X.	Local Control and Accountability Plan	Yes
Y.	Independent Study-Course Based	Not Applicable
Z.	Immunizations	Yes
AZ.	Educator Effectiveness	Yes
BZ.	Expanded Learning Opportunities Grant (ELO-G)	Yes
CZ.	Career Technical Education Incentive Grant	Not Applicable
DZ.	In Person Instruction Grant	Yes
Charter Schools:		
AA.	Attendance	Not Applicable
BB.	Mode of Instruction	Not Applicable
CC.	Nonclassroom-Based Instruction/Independent Study	Not Applicable
DD.	Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
EE.	Annual Instructional Minutes - Classroom Based	Not Applicable
FF.	Charter School Facility Grant Program	Not Applicable

The term "Not Applicable" is used above to mean either the District did not offer the program during the current fiscal year or the program applies to a different type of local education agency.

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 weakness in internal control over compliance that we identify 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will ne be prevented, or detected and correct, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 considered 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.

Purpose of This Report

The purpose of this report on state compliance is solely to describe the scope and results of testing based on the requirements of the *2021-22 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* published by the Education Audit Appeals Panel. Accordingly, this report is not suitable for any other purpose.

Jeanette L Bacon + Associates

San Bernardino, California
December 14, 2022

Findings and Recommendations

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	____ Yes ✓ No
Significant deficiencies identified?	____ Yes ✓ None Reported
Noncompliance material to financial statements noted?	____ Yes ✓ No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	____ Yes ✓ No
Significant deficiencies identified?	____ Yes ✓ None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR, Part 200, Section 200.516 Audit Findings paragraph (a)?	____ Yes ✓ No

Identification of major programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.010	Title I
84.027	Special Education
84.425	ESSER

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	✓ Yes ____ No

State Awards

Internal control over state programs:	
Material weakness(es) identified?	____ Yes ✓ No
Significant deficiencies identified?	____ Yes ✓ None Reported
Noncompliance material to financial statements noted?	____ Yes ✓ No
Type of auditor's report issued on compliance for state programs:	Unmodified

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Section II – Financial Statement Findings

None Reported.

Section III – Federal Award Findings and Questioned Costs

None Reported.

Section IV – State Award Findings and Questioned Costs

None Reported.

SOUTHERN KERN UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Prior Year Findings and Recommendations:

FINDING 2021-001
Code 10000
Kindergarten Continuance

This is a repeat of Finding 2020-003.

Criteria: Education Code Section 46300(g) allows a school district to include in its average daily attendance kindergarten pupils who have already completed one school year in kindergarten only if the school has on file for each of those pupils an agreement made pursuant to Section 48011, approved in form and content by the CDE and signed by the pupil's parent or guardian near the anniversary date of the pupil's kindergarten attendance.

Condition: We noted that two out of six kindergarten continuance forms were not filled out properly.

Questioned Costs: Not applicable.

Context: We tested all retained kindergarten pupils at Rosamond Elementary School and one out of three kindergarten students tested did not have the proper continuance form on file.

Effect: The District is out of compliance with kindergarten continuance requirements.

Cause: Unknown

Recommendation: All retained kindergarten students must have a properly filled out continuance form on file.

Status: Implemented.

FINDING 2021-002
Code 72000
State Accountability Report Card (SARC)

This is a repeat of Finding 2020-004.

Criteria: State law requires that the SARC include an assessment of a school's safety, cleanliness, and the adequacy of school facilities, including any needed maintenance to ensure good repair, in accordance with Section 33126(b)(8) of the Education Code. Education Code 33126(b)(6) also states that the SARC will include information on the quality and currency of textbooks and other instructional materials along with the availability of these materials for each pupil.

Condition: In the SARC for Tropico Middle School, the School Facility Good Repair Status under External is listed as Fair repair status. Per the Facility Inspection Tool and the District, it should be listed as Good repair status.

Questioned Costs: Not applicable.

Context: We tested School Accountability Report Cards for Rosamond Elementary, Tropico Middle School and Rosamond High School.

Effect: The School Accountability Report Cards for Tropico Middle School is inconsistent with District data and appear to be inaccurate.

Cause: Unknown

Recommendation: Due care should be taken when presenting information in the School Accountability Report Card.

Status: Implemented.

FINDING 2020-002
Code 10000
Attendance Reporting

This is a repeat of Finding 2019-003.

Criteria: LEAs are responsible for maintaining accurate and adequate attendance records to support the attendance reported to the State as per Education Code Section 44809 and Title 5, CCR, Sections 401 and 421.

Condition: We reviewed the District's Second Period Report of Attendance (P-2) and the District's Annual Report of Attendance and supporting documentation for each report and discovered a formula error. As a result of the error, ADA was understated at P-2 and Annual by 6.94 ADA.

Questioned Costs: Not applicable.

Context: We reviewed the supporting documentation used to complete the Second Period Report of Attendance and discovered the formula error during our review.

Effect: The District will need to revise their Second Period and Annual Reports of Attendance to reflect the corrected ADA amounts. The result was a gain of 6.94 ADA. Due to declining enrollment, there is no effect on current year LCFF funding.

Cause: Unknown.

Recommendation: The District should and has revised its Second Period and Annual Reports of Attendance to reflect the corrections noted. Further, the District should use greater care when preparing the supporting documents to ensure that data is accurate and formulas are properly entered in spreadsheets. Someone other than the attendance clerk should review the compiled attendance data to further ensure reporting accuracy.

Status: Due to Distance Learning, attendance reports were not submitted in 2020/21. This finding was implemented in 2021/22.

JLG

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Jeanette L. Garcia, CPA

To the Governing Board
Southern Kern Unified School District
Rosamond, California

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Southern Kern Unified School District, for the year ended June 30, 2022, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, during our audit we noted matters that are opportunities for strengthening internal controls and operating efficiency. The following items represent non-material conditions noted by the audit that we consider important enough to bring to your attention. We previously reported on the District's internal control over financial reporting in our report dated December 14, 2022. The Findings and Recommendations section of the audit report dated December 14, 2022, contains certain reportable conditions in the District's internal control over financial reporting. This letter does not affect our report dated December 14, 2022 on the financial statements of Southern Kern Unified School District.

Accounts Receivable and Payable

During the audit, we noted that there are uncleared beginning balances in the general ledger accounts for Accounts Receivable and Accounts Payable. The District should identify these uncleared balances and adjust accordingly.

We will review the status of this recommendation during our next audit engagement. We have discussed this comment and suggestion with various District personnel, and we will be pleased to discuss this in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

This report is intended solely for the information and use of the management, Board of Education, Kern County Office of Education, others within the District, State Controller's Office, Department of Finance, Department of Education, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jeanette L Garcia + Associates

San Bernardino, California
December 14, 2022

Member:

American Institute of Certified Public Accountants

California Society of Certified Public Accountants