WEST KERN
COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

WEST KERN COMMUNITY COLLEGE DISTRICT

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FINANCIAL SECTION

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
West Kern Community College District
Taft, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit (Taft College Foundation), and the aggregate remaining fund information of West Kern Community College District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 12, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 63, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 64, and the Schedule of District Contributions on page 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The additional supplementary information on pages 94 through 98 has been presented at the request of District management for purposes of additional analysis. We have applied certain limited procedures to the additional supplementary information which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries. We do not express an opinion or provide any assurance on this information because of the limited procedures do not provide us with significant evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
January 18, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Taft College/West Kern Community College District's (the District) Annual Financial Report presents a narrative overview and analysis of the District's financial activities during the fiscal year just ended as well as the overall financial condition of the District at June 30, 2015. This analysis is presented with comparative information from the year ended June 30, 2014 to highlight changes between the fiscal years. This section is designed to focus on currently known facts, current activities, and the resulting changes, and is intended to be read in conjunction with the District's basic financial statements and the accompanying footnotes. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the District's management.

USING THIS ANNUAL REPORT

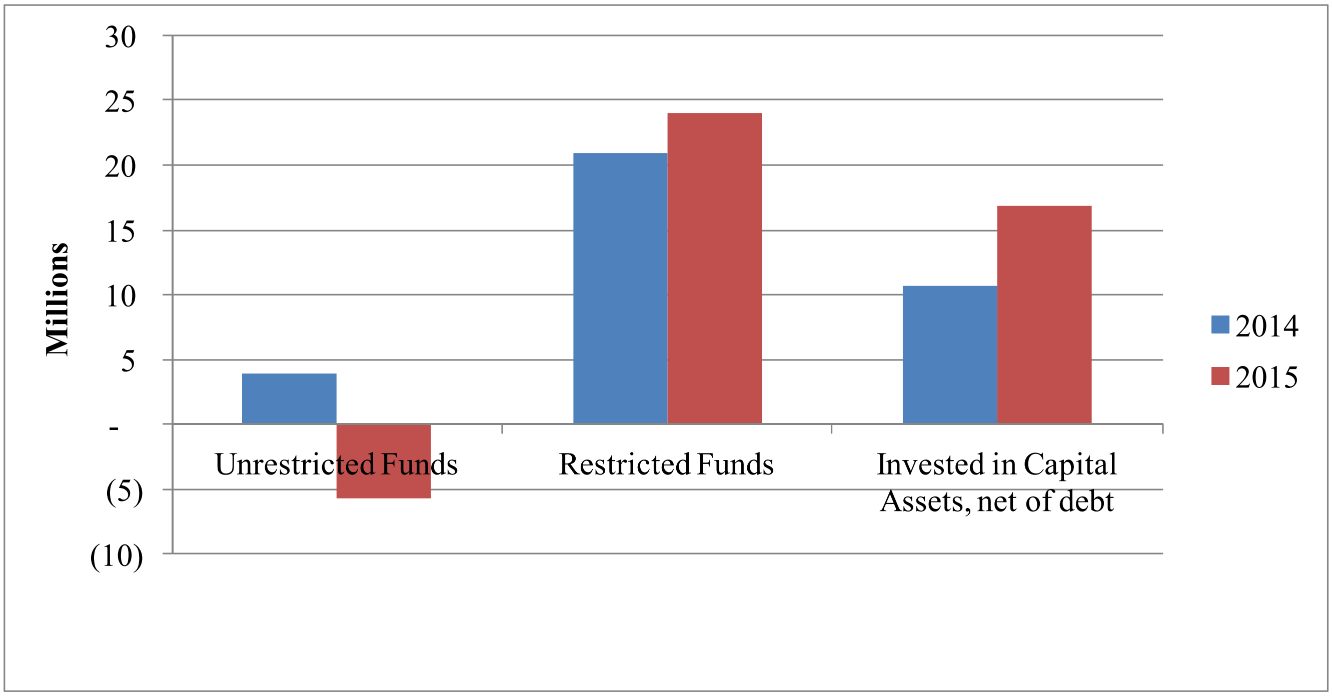
The current financial statement format, which incorporates GASB principles, consists of three basic financial statements that focus on the District as a whole: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. The District's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

FINANCIAL HIGHLIGHTS OF THE PAST YEAR

The California Community College Chancellors Office (CCCCO) calculates total apportionment to be received by the District each year. The calculation consists of establishing a specified full time equivalency (FTE) level for the District and multiplying this total by predetermined amounts per FTE. Total apportionment payment consists of tuition fees, property taxes and state apportionment revenues. The District experienced a slight increase in total apportionment based on continued recovering property values as well as improved State budget forecasts over 2013/2014. In part, due to unemployment rates in the state and Kern County continuing to calculate higher than the national average and a sustained hold on tuition fee rate increases at the California community college levels, enrollment for the District continues to perform slightly above the funded apportionment rates. For the first time in seven years, the District is working in a fully budgeted position from the Chancellor's Office. This allowed the District to serve a student population 9 FTE over the funded rate in 2014/2015, up from the 6 FTE service over funding in 2013/2014. With the funding, the District was able to maintain a stronger focus on curriculum offerings based on basic skills, transfer and workforce training in order to maintain its growing population and ensure success within the guidance of the Educational Master Plan.

As part of the improving State economy, the District received a cost of living adjustment (COLA) in 2014/2015. The adjustment represented a 0.85% inflation correction for the year. It also increased the District's total adjustment to 2.42% over the last seven years; a period of time that saw the annual inflation rate increase by over 9%. Despite these continued funding challenges and areas for financial improvement, the College continues to meet its responsibility for sound financial management, as demonstrated by the statements and schedules included in the financial section of this report.

Comparison of Net Position



Analysis of Net Position

Proposition 30, which was passed by the voters in November, 2012 has continued to have a steadying effect on the funding for the California Community College system (The System). The System calculated the District at approximately -0.33% growth for 2014/2015. The -0.33% decrease was due to calculated workload restoration adjustments throughout the entire California Community College system. The System has not had any additional increases in enrollment fees since the $10 per unit increase in enrollment fees that was implemented beginning with the summer 2012 term. At that time, the increase from $36 to $46 per unit represented a 24% percent growth in enrollment fees per unit. The returning fiscal stability regarding funding for District budgeting and operations improved property tax receipt adjustments from Kern County, creating an environment where the District's deferrals of state apportionment funds decreased to $42,553 for 2014/2015 as compared to $2,536,373 in 2013/2014. Regular non-operating factors such as property tax revenue adjustments and the District performing to a reserve spending based budget, accompanied by the implementation of Statement No. 68 from the Governmental Accounting Standards Board (GASB) led to an decrease in the District's unrestricted funds of just over -$10 million. GASB Statement No. 68 addresses accounting and financial reporting for pensions, specifically, those provided to the employees of state and local governmental employers through pension plans that are administered through irrevocable trusts. Restricted Net Position experienced a boost of almost $1.8 million due to assets projected for use on long-term obligations being reclassified, the restatement of the District's financials to reflect the pension liability defined by GASB 68, created a -$20 million decrease in Net Position. The ongoing long-term campus improvements funded by the 2004 Measure A funding is evident in Invested in Capital Assets, net of debt. The District's Invested in Capital Assets position increased by over $6 million for the year just ended. The District did not incur any additional debt related to the long-term campus improvement construction occurring across campus in 2014/2015, although most of the funding obligations were restructured in April, 2015.

Financial Position of the District 2015 Compared to 2014

	Net Position as of June 30, 2015	Restated Net Position as of June 30, 2014	Increase (Decrease) 2015-2014
Current Assets			
Unrestricted Cash & Other Assets	$ 18,075,000	$ 15,752,000	14.7%
Non-Current Assets			
Restricted Cash & Other Assets	38,815,000	36,943,000	5.1%
Capital Assets, net of depreciation	75,155,000	77,673,000	-3.2%
Deferred Outflows of Resources			
Current Year Pension Contribution	1,590,000	1,392,000	14.2%
Total Assets	$ 133,635,000	$ 131,760,000	1.4%
Current Liabilities	$ 7,819,000	$ 7,028,000	11.3%
Non-Current Liabilities	85,802,000	89,109,000	-3.7%
Total Liabilities	93,621,000	96,137,000	-2.6%
Deferred Inflows of Resources	4,895,000	-	100.0%
Net Position			
Invested in Capital Assets, net of debt	16,867,000	10,740,000	57.0%
Restricted	23,996,000	20,978,000	14.4%
Unrestricted	(5,744,000)	3,905,000	-247.1%
Total Net Position	35,119,000	35,623,000	-1.4%
Total Liabilities and Net Position	$ 133,635,000	$ 131,760,000	1.4%

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

Analysis of Assets

The District's Current Assets increased by $2.3 million mainly due to the increase in the Unrestricted General Fund. Non-Current Assets decreased by approximately $650 thousand. $13.8 million in depreciable capital assets and another $5.1 million in additions to non-depreciable assets were shifted from construction in progress during the year. Principal payments on long-term obligations totaling -$2.7 million and another -$3.4 million for interest utilized District assets for the year just ended excluding amounts paid related to the refunding of General Obligation Bonds and Certificates of Participation during the year.

Analysis of Capital Assets

As of June 30, 2015, the District recorded $104.8 million invested in capital assets, $29.7 million in accumulated depreciation, totaling $75.1 million recorded in net capital assets. In addition to these investments, the District also decreased construction in progress (CIP) to a level of $2.4 million. The CIP represents the ongoing expenditures of the long-term capital improvement projects related to the District's Facilities Master Plan. As individual projects are completed, they are listed as capital assets and depreciated accordingly. In the year ended June 30, 2015, $18.9 million was moved from CIP to capitalized assets. Based upon the current rate of project progress, materially all of the current CIP will be placed into service during the 2015/2016 fiscal year.

Analysis of Liabilities

Current liabilities increased $791 thousand for the year just ended. After achieving decreasing accounts payable balances in each of the previous two fiscal years, the District experienced a $224 thousand increase at June 30, 2015. Another $515 thousand increase was attributed to increased balances of current portions of the District's long-term debt at June 30. No new debt was issued for the year just ended. The District did implement GASB Statement No. 68 which restated the beginning Net Position by $-20.2 million. For the fiscal year ending June 30, 2015, the District recognized $1.6 million in Deferred Outflows of Resources, an asset, and $16.8 million in Net Pension Liabilities and $4.9 million in Deferred Inflows of Resources, both of which are liability accounts.

FINANCIAL ACTIVITIES OF THE DISTRICT

	Activites Year ended June 30, 2015	Activities Year ended June 30, 2014	Increase (Decrease) 2015-2014
Operating Revenues			
Tuition and fees (less discounts)	$ 3,134,000	$ 1,733,000	80.8%
Total Operating Revenues	3,134,000	1,733,000	80.8%
Operating Expenses			
Salaries and Benefits	24,775,000	23,016,000	7.6%
Supplies, Materials, Depreciation	21,608,000	20,155,000	7.2%
Total Operating Expenses	46,383,000	43,171,000	7.4%
Operating Loss	(43,249,000)	(41,438,000)	4.4%
Non-Operating Revenues (Expenses)			
State Apportionments, Property Taxes	26,661,000	17,320,000	53.9%
Grants and Contracts	15,023,000	18,548,000	-19.0%
Investments, Other Revenues (Expenses)	(2,443,000)	4,984,000	-149.0%
Total Non-Operating Revenues (Expenses)	39,241,000	40,852,000	-3.9%
Other Revenues (Expenses)	3,504,000	506,000	592.5%
Decrease in Net Position	(504,000)	(80,000)	530.0%
Net Position, Beginning of Year	66,021,000	66,101,000	-0.1%
Prior Period Restatement	(30,397,000)	-	100.0%
Net Position, End of Year	$ 35,120,000	$ 66,021,000	-46.8%

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

Operating Results Fiscal Year 2015 Compared to 2014

Operating revenues reflect an increase in enrollment fees due to the timing of payments recognized by the District, as well as increases in financial aid awards to eligible students for the year. While fewer non-resident students attended the College in 2014/2015 than in 2013/2014, deferred revenues earned for the Fall 2014 semester triggered an increase in current year non-resident enrollment fees. Another contributing factor was the fact that residents of California are eligible for a wider variety of educational aid options than non-resident students. There was a shift increasing financial aid and reducing scholarships and allowances in 2014/2015. Overall, FTE attendance remained stable at 2,532 in 2014/2015, as compared to 2,539 in 2013/2014.

Salaries increased by $646 thousand in 2014/2015 due to such factors as a 0.85% cost of living adjustment in salaries, regular step increases in salary schedules, and additional positions being filled by the District. Several new instructional positions were also created and staffed in 2014/2015. The salary increases along with the new positions created by the District increased employee benefits expenditures by $1.1 million. The Other Post Employment Benefits (OPEB) obligation continued to improve as it experienced a modest decrease of -1% from $1.37 million to $1.36 million in the current year. This is a requirement mandated annually to comply with GASB 45 reporting standards. Non salary and benefit coded other operating expenses experienced increases of $1.5 million tied to such items as continued increases in depreciation due to additional improvements being re-categorized from construction in progress status and being capitalized in 2014/2015 as well as the related expenditures tied to these capital improvement projects.

The District experienced several shifts in sources of non-operating revenues in 2014/2015. As federal, state, and local grant and contract funds declined by a combined -$3.5 million, local property tax receipts declined by -$726 thousand, state apportionment funds rose by $6.4 million. Other state revenues rose by $2 million but this increase was absorbed by increases in interest expenses and issuance costs on capital related debt, which increased by over 450%, to just under $6.3 million.

FUNCTIONAL EXPENDITURE CALCULATIONS

In accordance with requirements set forth by the California State System's Office, the District reports operating expenses by object code. Operating expenses by functional classifications are as follows:

	Salaries and Benefits	Supplies, Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	$ 10,322,386	$ 3,214,803	$ -	$ -	$ 13,537,189
Academic support	1,859,350	421,446	-	-	2,280,796
Student services	4,078,939	603,890	106,791	-	4,789,620
Plant operations and maintenance	1,854,131	1,297,090	-	-	3,151,221
Instructional support services	2,172,821	732,966	2,783	-	2,908,570
Community Services and economic development	89,362	49,656	-	-	139,018
Ancillary services and auxiliary operations	4,397,546	6,289,055	12,433,785	-	23,120,386
Trust and agency activities	-	-	-	-	-
Depreciation expense-unallocated	-	-	-	2,723,071	2,723,071
Total	$ 24,774,535	$ 12,608,906	$ 12,543,359	$ 2,723,071	$ 52,649,871

SIGNIFICANT ACCOMPLISHMENTS OF FISCAL YEAR 2014/2015

Capital Improvement Project

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

The District has completed several major projects to date. Completion of a new Child Development Center provides a permanent 9,400 square foot building that will support up to 75 children. It replaces portable buildings that were being used. It also serves as a base for future improvements to be focused around. The remodel of the Community Technology Center, complete as of December 2009 consists of the reconstruction of the current administration building and the addition of a new Library. In total the project provides a 45,000 square foot structure that houses the library, the learning resources center (LRC), the student services center, and administrative offices. The modernization of the Science building and the courtyard renovation between the science building and administration building projects were completed for use in the 2009/10 school year. The Science building project modernized approximately 11,000 square feet of classroom space used primarily for the instruction of science and math courses as well as adding offices within the building for the science and math faculty. The courtyard adds updated landscaping and revitalization of areas for students to use between classes. The most recently completed project was the modernization of the Tech Arts building. The Tech Arts project was completed in late 2013 and modernized approximately 10,000 square feet of classroom space used primarily for the instruction of Liberal Arts and Business courses. The most recently completed projects were the Center for

Independent Living Facility and a renovation of the dorm facilities. The Center for Independent Living project provides a 20,000 square foot live-in facility with offices and instructional space. Construction was completed in late 2014. Dorm renovations of current facilities began in November, 2013 and were completed in early 2015. The renovations updated the dorm rooms and surrounding areas, improving the on-campus living experience. Also, a new Student Center project housing a new cafeteria, bookstore and student union is in the final steps of the design and approval phase and is expected to begin the construction phase in 2016.

ECONOMIC FACTORS AFFECTING THE FUTURE

Economic Condition

The College is located in the western Kern County community of Taft with a population of approximately 17,000. The surrounding area brings the total population to about 22,000. The community is in the heart of the Midway-Sunset oilfield, one of the nation's best producing fields. While oil is the leading industry, the area is also rich in agriculture, light industry and recreation. West Kern Community College District (the District) contains 735 square miles and is composed of the Taft City, Midway, McKittrick, Elk Hills Elementary School Districts and the Taft Unified and Maricopa Unified Districts. The District contains only one college campus, Taft College.

Prospects for the Future

Even with stabilizing effects the passage of Proposition 30 had on the California Community College System over the last few years, the future financial outlook for the College remains conservatively optimistic. The Proposition is scheduled to sunset in 2018, taking its current benefit strength with it. Although property taxes show potential for continued increases which could fill the void left by Proposition 30 sales tax revenue, California's financial landscape continues to force the state's education systems to increase focus in areas such as institutional efficiency while maintaining and improving student success. Federal unemployment improved to a rate of 5.3% as of June, 2015 as compared to 6.1% for June, 2014. Comparatively, California's rate dropped to 6.2% for June, 2014 compared to 7.4% for the same period in 2014. Unemployment rates in California continue to lag behind the national average, as has been the trend over the last few years. There is a direct correlation between unemployment rates and enrollment in higher education. Sustained high unemployment rates increase college enrollment demand as individuals look to advance and diversify their skills for future employment opportunities. With the expiration of Proposition 30 in the near future, concerns are still present as to how Taft College and the entire California Community College System will be able to continue to respond to this trend.

Taft College has continued to meet the State's full time equivalent (FTE) workload measures by maintaining a stable attendance level in 2014/2015. The District has experienced a very slight FTE increase over the last 5 years due to increasing course offering adjustments related to funding. Continuing to improve budgetary modeling and forecasting methods along with an improving economic climate, the College remains committed to responding to increasing course demands by offering additional classes and educational options.

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

	2010/11	2011/12	2012/13	2013/14	2014/15
Enrollment	2,481	2,478	2,539	2,539	2,532
% Increase (Decrease)	(3.32%)	(0.12%)	2.46%	0.04%	(0.28%)

2011 – 2015 (5-year) Average Increase in enrollment: 2.09%

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

ADDITIONAL FINANCIAL INFORMATION

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

WEST KERN COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2015

ASSETS	
Current Assets	
Cash and cash equivalents	$ 12,678,515
Accounts receivable, net	5,034,888
Prepaid expenses - current portion	71,332
Inventories	290,184
Total Current Assets	18,074,919
Noncurrent Assets	
Restricted cash and cash equivalents	38,815,384
Nondepreciable capital assets	3,923,119
Depreciable capital assets, net of depreciation	71,231,763
Total Noncurrent Assets	113,970,266
TOTAL ASSETS	132,045,185
DEFERRED OUTFLOWS OF RESOURCES	
Current year pension contribution	1,589,550
LIABILITIES	
Current Liabilities	
Accounts payable	1,308,829
Unapplied payments	562,224
Compensated absences	527,000
Unearned revenue	2,230,438
Long-term liabilities	3,190,097
Total Current Liabilities	7,818,588
Noncurrent Liabilities	
Other postemployment benefits	1,359,075
Aggregate net pension obligation	16,784,244
Long-term liabilities	67,659,058
Total Noncurrent Liabilities	85,802,377
TOTAL LIABILITIES	93,620,965
DEFERRED INFLOWS OF RESOURCES	
Difference between projected and actual earnings on pension plan investments	4,894,543
NET POSITION	
Net investment in capital assets	16,867,276
Restricted for:	
Debt service	23,136,863
Capital projects	(138,858)
Educational programs	998,158
Unrestricted	(5,744,212)
TOTAL NET POSITION	$ 35,119,227

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

WEST KERN COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES	
Student Tuition and Fees	$ 9,382,200
Less: Scholarship discount and allowance	(6,248,655)
Net tuition and fees	3,133,545
Other Operating Revenues	50
TOTAL OPERATING REVENUES	3,133,595
OPERATING EXPENSES	
Salaries	17,833,455
Employee benefits	6,941,080
Supplies, materials, and other operating expenses and services	18,638,988
Equipment, maintenance, and repairs	246,064
Depreciation	2,723,071
TOTAL OPERATING EXPENSES	46,382,658
OPERATING LOSS	(43,249,063)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	11,907,900
Local property taxes, levied for general purposes	12,768,151
Taxes levied for other specific purposes	1,373,597
Federal grants	7,929,408
State grants	7,093,531
State taxes and other revenues	610,772
Investment income	87,968
Interest expense and issuance costs on capital related debt	(6,267,213)
Investment income on capital asset-related debt, net	3,155
Other nonoperating revenue	3,733,304
TOTAL NONOPERATING REVENUES (EXPENSES)	39,240,573
LOSS BEFORE OTHER REVENUES AND EXPENSES	(4,008,490)
State revenues, capital	230,037
Local revenues, capital	3,274,304
TOTAL INCOME AFTER OTHER REVENUES AND EXPENSES	3,504,341
CHANGE IN NET POSITION	(504,149)
NET POSITION, BEGINNING OF YEAR	66,020,528
PRIOR PERIOD RESTATEMENT	(30,397,152)
NET POSITION, END OF YEAR	$ 35,119,227

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

WEST KERN COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 2,845,281
Local grants and contracts	50
Payments to vendors for supplies and services	(18,017,144)
Payments to or on behalf of employees	(25,332,764)
Net Cash Flows Used by Operating Activities	(40,504,577)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	14,401,720
Grant and contracts	14,446,463
Property taxes - nondebt related	14,141,748
State taxes and other apportionments	701,251
Other nonoperating	2,544,023
Net Cash Flows From Noncapital Financing Activities	46,235,205
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(205,511)
Proceeds from sale capital related debt	49,368,709
State revenue, capital projects	230,037
Local revenue, capital projects	3,274,304
Principal paid on capital debt	(46,807,361)
Interest and other costs paid on capital debt	(6,267,213)
Interest received on capital asset-related debt	3,155
Net Cash Flows Used by Capital Financing Activities	(403,880)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	(56,859)
Net Cash Flows Used by Investing Activities	(56,859)
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,269,889
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	46,224,010
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 51,493,899

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

STATEMENT OF CASH FLOWS - PRIMARY GOVERNMENT, Continued
FOR THE YEAR ENDED JUNE 30, 2015

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (43,249,063)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities	
Depreciation and amortization expense	2,723,071
On behalf payments	402,766
Changes in Assets and Liabilities	
Receivables	(242,885)
Student receivables	
Inventories	11,735
Prepaid expenses	47,494
Accounts payable and accrued liabilities	808,679
Unearned revenue	(45,379)
Deferred inflows and outflows	4,696,088
Compensated absences, retiree benefits and pension obligations	(5,657,083)
Total Adjustments	2,744,486
Net Cash Flows From Operating Activities	$ (40,504,577)
NONCASH TRANSACTIONS	
On behalf payments for benefits	$ 467,275

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

WEST KERN COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2015

	OPEB Trust	Agency Funds
ASSETS		
Cash and cash equivalents	$ -	$ 123,985
Investments	3,763,615	-
Total Assets	3,763,615	$ 123,985
LIABILITIES		
Due to student groups	-	$ 123,985
Total Liabilities	-	$ 123,985
NET POSITION		
Restricted for postemployment benefits	3,763,615	
Total Net Position	$ 3,763,615	

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

WEST KERN COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2015

	OPEB Trust
ADDITIONS	
Local revenues	$ 576,941
Total Additions	576,941
DEDUCTIONS	
Services and operating expenditures	30,982
Total Deductions	30,982
Change in Net Position	545,959
Net Position - Beginning	3,217,656
Net Position - Ending	$ 3,763,615

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

WEST KERN COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
TAFT COLLEGE FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

ASSETS	
Cash on hand and in banks	$ 374,322
Investments	2,130,806
Accounts receivable	18,845
TOTAL ASSETS	$ 2,523,973
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 5,015
TOTAL LIABILITIES	5,015
NET ASSETS-Unrestricted	2,518,958
TOTAL LIABILITIES AND NET ASSETS	$ 2,523,973

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

WEST KERN COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
TAFT COLLEGE FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

REVENUES	
Other income	$ 866,279
TOTAL REVENUES	866,279
EXPENDITURES	
Services and other operating expenditures-program costs	573,402
TOTAL EXPENDITURES	573,402
EXCESS OF REVENUES OVER EXPENDITURES	292,877
NET CHANGE IN NET ASSETS	292,877
NET ASSETS, BEGINNING	2,226,081
NET ASSETS, ENDING	$ 2,518,958

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

WEST KERN COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT
TAFT COLLEGE FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Payments to suppliers	$ (667,310)
Other Operating Receipts/Payments	963,461
Net Cash Provided by Operating Activities	296,151
NET CHANGE IN CASH AND CASH EQUIVALENTS	296,151
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,208,977
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,505,128

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

NOTE 1 - ORGANIZATION

West Kern Community College District (the District) was established in 1922 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of the surrounding area. The District operates under a locally elected five-member Board of Trustees (the Board) form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, special revenue funds, and capital project funds, but these budgets are managed at the department level. Currently, the District operates one college with one campus located within Kern County in the City of Taft. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District has adopted GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units.* This statement amends GASB Statement No. 14, *The Financial Reporting Entity,* to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. As defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board, the financial reporting entity consists of the primary government, the District, and the following component unit:

- Taft College Foundation

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

The District reports are based on all applicable GASB pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The District has not elected to apply FASB pronouncements after that date.

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

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

Cash and Cash Equivalents

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

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2015, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

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

Accounts Receivable

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

Prepaid Expenses

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

Inventories

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

Capital Assets and Depreciation

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

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

Accounts Payable and Long-Term Obligations

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

Debt Issuance Costs and Premiums

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for current year pension contributions.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for the difference between projected and actual earnings on pension plan investments specific to the net pension liability.

Pensions

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid.

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

Unearned Revenue

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

Noncurrent Liabilities

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

Net Position

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

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

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

None of the District's restricted net position has resulted from enabling legislation adopted by the District.

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

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

State Apportionments

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

Property Taxes

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

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

Board of Governors Grants (BOGG) and Fee Waivers

Student tuition and fee revenue is reported net of allowances and fee waivers approved by the Board of Governors through BOGG fee waivers in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf. To the extent that fee waivers have been used to satisfy tuition and fee charges, the District has recorded a scholarship discount and allowance.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. These programs are audited in accordance with the Single Audit Act Amendments of 1996, and the U.S. Office of Management and Budget's revised Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations,* and the related *Compliance Supplement.*

Estimates

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

Interfund Activity

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

Foundation Financial Statement Presentation

The Taft College Foundation presents its financial statements in accordance with Statement of Financial Accounting Codifications. Under these reporting requirements, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the codification, the Foundation does not use fund accounting.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time.

Unrestricted Net Assets: Net assets not subject to donor-imposed restrictions.

Revenues and expenses are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are recorded at their fair market value on the date of the donation.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

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

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

Change in Accounting Principles

In June 2012, the GASB issued Statement No. 68*, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for pensions. It also improves information provided by State and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

The scope of this Statement addresses accounting and financial reporting for pensions that are provided to the employees of State and local governmental employers through pension plans that are administered through trusts that have the following characteristics:

- Contributions from employers and nonemployer contributing entities to the pension plan and earnings on those contributions are irrevocable.

- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

- Pension plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the pension plan administrator. If the plan is a defined benefit pension plan, plan assets also are legally protected from creditors of the plan members.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employers whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared. Employers are classified in one of the following categories for purposes of this Statement:

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).

- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.

- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled, and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a State or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

Statement No. 68 requires a State or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a State or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement No. 68 requires that the government recognize its contribution as a deferred outflow of resources. In addition, Statement No. 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a State or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement No. 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of *all* deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement No. 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported.

Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The District has implemented the Provisions of this Statement for the year ended June 30, 2015.

As the result of implementing GASB Statement No. 68, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2014, by $20,208,182. The decrease results from recognizing the net pension liability, net of related deferred outflows of resources. The restatement does not include deferred inflows of resources, as this information was not available.

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of State and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes.

The requirements of this Statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities.

This Statement also clarifies the application of certain provisions of Statements No. 67 and No. 68 with regard to the following issues:

- Information that is required to be presented as notes to the ten-year schedules of required supplementary information about investment-related factors that significantly affect trends in the amounts reported.
- Accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions.
- Timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities.

The scope of this Statement includes OPEB plans—defined benefit and defined contribution—administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of State and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier implementation is permitted.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

General Authorizations

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

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

Summary of Deposits and Investments

Deposits and investments of the Primary Government as of June 30, 2015, consist of the following:

Cash on hand and in banks	$ 1,971,386
Cash in revolving	9,243
Investments	49,513,270
Total Deposits and Investments	$ 51,493,899

Deposits and investments of the Fiduciary Funds as of June 30, 2015, consist of the following:

Cash on hand and in banks	$ 123,985
Investments	3,763,615
Total Deposits and Investments	$ 3,887,600

Deposits and investments of the Foundation as of June 30, 2015, consist of the following:

Cash on hand and in banks	$ 374,322
Investments	2,130,806
Total Deposits and Investments	$ 2,505,128

Interest Rate Risk

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

Segmented Time Distribution

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

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Common Stock	$ 472,930	$ 472,930	$ -	$ -	$ -
U.S. Government					
Agency Securities	6,832,925	16,712	1,159,881	5,656,332	-
Municipal Bonds	7,429,251	1,566,496	1,496,786	4,058,631	307,338
Corporate Bonds	6,867,495	201,037	708,533	4,826,764	1,131,161
Foreign Bonds	1,105,626	-	204,244	901,382	-
Certificates of Deposit	5,625,347	204,740	2,182,620	2,761,957	476,030
Kern County Pool	23,116,000	12,237,610	7,091,989	3,786,401	-
Held by Trustee: Master Trusts	3,869,615	3,869,615	-	-	-
Total	$ 55,319,189	$ 18,569,140	$ 12,844,053	$ 21,991,467	$ 1,914,529

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the *California Government Code*, the District's investment policy, or debt agreements, and the actual rating as of the year-end for each investment type.

			Rating as of Year End (S&P)							
Investment Type	Fair Value	Minimum Legal Rating	AAA	AA+	AA/AA-	A+	A/A-	BBB+	BBB/B+	Unrated
Common Stock	$ 472,930	N/A	$ -	$ -	$ 85,914	$ 23,557	$ 211,410	$ 67,729	$ 84,320	$ -
U.S. Government										
Agency Securities	6,832,925	N/A	-	6,816,215	-	-	-	-	-	16,710
Municipal Bonds	7,429,251	N/A	3,014,889	-	2,593,107	1,530,533	258,983	-	-	31,739
Corporate Bonds	6,867,495	N/A	-	422,647	1,955,686	1,531,247	1,976,629	419,713	524,827	36,746
Foreign Bonds	1,105,626	N/A	-	-	801,684	303,942	-	-	-	-
Certificates of Deposit	5,625,347	N/A	-	-	-	-	-	-	-	5,625,347
Kern County Pool	23,116,000	N/A	-	-	-	-	-	-	-	23,116,000
Held by Trustee:										
Master Trusts	3,869,615	N/A	-	-	-	-	-	-	-	3,869,615
Total	$ 55,319,189		$ 3,014,889	$ 7,238,862	$ 5,436,391	$ 3,389,279	$ 2,447,022	$ 487,442	$ 609,147	$ 32,696,157

N/A - Not Applicable

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond the amount stipulated by the *California Government Code*. Investments in any one issuer that represent five percent or more of the total investments are as follows:

Investment Type	Issuer	Reported Amount
Corporate Notes	Morgan Stanley	$ 4,163,869
Mutual Funds	Benefit Trust (Trustee)	$ 3,763,615

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. However, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2015, the District's bank balance of $195,925 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The investments in bonds and common stock of $19,744,917, have a custodial credit risk exposure because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities.

NOTE 4 - ACCOUNTS RECEIVABLE

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

The accounts receivable are as follows:

	Primary Government
Federal Government	
Categorical aid	$ 779,267
State Government	
Apportionment	42,553
Categorical aid	683,568
Other State sources	72,645
Local Sources	
Interest	157,421
Student receivables	2,500,162
Other local sources	799,272
Total	$ 5,034,888

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
Capital Assets Not Being Depreciated				
Land	$ 1,369,262	$ 104,357	$ -	$ 1,473,619
Construction in progress	21,310,242	26,995	18,887,737	2,449,500
Total Capital Assets Not Being Depreciated	22,679,504	131,352	18,887,737	3,923,119
Capital Assets Being Depreciated				
Land and building improvements	3,150,511	5,136,187	-	8,286,698
Buildings	70,122,594	13,758,875	-	83,881,469
Furniture and equipment	8,662,653	66,834	-	8,729,487
Total Capital Assets Being Depreciated	81,935,758	18,961,896	-	100,897,654
Total Capital Assets	104,615,262	19,093,248	-	104,820,773
Less Accumulated Depreciation				
Land and building improvements	1,109,757	400,438	-	1,510,195
Buildings	20,223,731	1,623,047	-	21,846,778
Furniture and equipment	5,609,332	699,586	-	6,308,918
Total Accumulated Depreciation	26,942,820	2,723,071	-	29,665,891
Net Capital Assets	$ 77,672,442	$ 16,370,177	$ -	$ 75,154,882

Depreciation expense for the year was $2,723,071. No additional interest was capitalized during the year and depreciation expense of $376,204 was recognized for prior capitalized interest.

NOTE 6 - PREPAID EXPENSES

Prepaid expenses at June 30, 2015, consist of the following:

	Primary Government
Service agreements and technology	$ 71,332

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	Primary Government
Vendors payable	$ 1,308,829

Discretely Presented Component Unit

The accounts payable of Foundation consist primarily of amounts owed to vendors for supplies and services.

NOTE 8 - UNEARNED REVENUE

Unearned revenue consisted of the following:

	Primary Government
Federal financial assistance	$ 1,169,759
State categorical aid	573,945
Enrollment fees	486,734
Total	$ 2,230,438

NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES

On July 2, 2014, the District issued $5,760,000 Tax and Revenue Anticipation Notes bearing interest at two percent. The notes were issued to supplement cash flows. Interest and principal were due and payable on June 23, 2015. The District was not required to make any additional payments on the notes.

NOTE 10 - INTERFUND TRANSACTIONS

Interfund Receivables and Payables (Due To/Due From)

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

Interfund Operating Transfers

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

NOTE 11 - LONG-TERM OBLIGATIONS OTHER THAN PENSIONS

Summary

The changes in the District's long-term obligations other than pensions during the 2015 fiscal year consisted of the following:

	Balance Beginning of Year	Accreted Interest	Issued/ Additions	Deductions	Balance End of Year	Due in One Year
General obligation bonds:						
2004, Series A [1]	$ 799,057	$ -	$ -	$ 600,000	$ 199,057	$ -
2005 Refunding - Current Interest	5,510,000	-	-	-	5,510,000	-
2005 Refunding - Capital Appreciation	2,237,870	276,780	-	1,015,000	1,499,650	1,685,000
2006 B - Current Interest	385,000	-	-	385,000	-	-
2006 B - Capital Appreciation	16,838,822	852,309	-	17,049,639	641,492	115,000
2007 C - Current Interest	11,235,000	-	-	-	11,235,000	-
2007 C - Capital Appreciation	1,406,385	164,238	-	160,000	1,410,623	195,000
2015 Refunding, Series A	-	-	16,995,000	-	16,995,000	-
2015 Refunding, Series B	-	-	2,715,000	-	2,715,000	-
Unamortized premium on bond issuances	2,420,673	-	1,740,382	142,722	4,018,333	245,097
Certificates of participation - 2008	27,455,000	-	-	27,455,000	-	-
Certificates of participation - 2015	-	-	26,625,000	-	26,625,000	950,000
Other postemployment benefit obligations	1,370,047	-	1,450,102	1,461,074	1,359,075	-
Total Long-Term Obligations	$ 69,657,854	$ 1,293,327	$ 49,525,484	$ 48,268,435	$ 72,208,230	$ 3,190,097

[1] Principal and interest payments are being made through the Bank of New York by the Escrow Agent.

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund and the Debt Service Fund with local property tax revenues. Payments on the certificates of participation are paid by the Debt Service Fund. The capital leases are paid by the General Fund. The other postemployment benefit obligations are paid by the General Fund. The compensated absences are paid by the fund for which the employee worked.

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2014	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2015
2004 [1]	11/1/2029	2-5.98%	$ 14,999,058	$ 799,057	$ -	$ 600,000	$ 199,057
2005	11/1/2018	3-5%	12,841,051	7,747,870	276,780	1,015,000	7,009,650
2006	11/1/2019	3.7-4.86%	12,500,856	17,223,822	852,309	17,434,639	641,492
2007	11/1/2032	3.6-4.68%	12,297,305	12,641,385	164,238	160,000	12,645,623
2015	11/1/2031	3.5-5.0%	16,995,000	-	16,995,000	-	16,995,000
2015	11/1/2021	2.0-3.5%	2,715,000	-	2,715,000	-	2,715,000
Total				$ 38,412,134	$ 21,003,327	$ 19,209,639	$ 40,205,822

[1] A portion of the original issuance was defeased with proceeds from the 2005 Refunding issuance.

2004 Issuance

The bonds mature through 2030 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2026-2030	$ 199,057	$ 3,190,943	$ 3,390,000
Total	$ 199,057	$ 3,190,943	$ 3,390,000

2005 Refunding - Current Interest

The bonds mature through 2019 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2016	$ -	$ 241,150	$ 241,150
2017	1,720,000	241,150	1,961,150
2018	1,830,000	172,350	2,002,350
2019	1,960,000	80,850	2,040,850
Total	$ 5,510,000	$ 735,500	$ 6,245,500

2005 Refunding - Capital Appreciation

The bonds mature through 2016 as follows:

Fiscal Year	Fully Accreted Amount	Long-Term Debt Extended Obligation	Unaccreted Obligation
2016	$ 1,685,000	$ 1,499,650	$ 185,350

2006 B - Capital Appreciation

The bonds mature through 2020 as follows:

Fiscal Year	Fully Accreted Amount	Long-Term Debt Extended Obligation	Unaccreted Obligation
2016	$ 115,000	$ 108,491	$ 6,509
2017	115,000	96,554	18,446
2018	110,000	82,192	27,808
2019	110,000	73,150	36,850
2020	475,000	281,105	193,895
Total	$ 925,000	$ 641,492	$ 283,508

2007 C - Current Interest

The bonds mature through 2033 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2016	$ -	$ 520,731	$ 520,731
2017	-	520,731	520,731
2018	-	520,731	520,731
2019	-	520,731	520,731
2020	-	520,731	520,731
2021-2025	1,300,000	2,561,120	3,861,120
2026-2030	3,875,000	2,017,294	5,892,294
2031-2033	6,060,000	717,079	6,777,079
Total	$ 11,235,000	$ 7,899,148	$ 19,134,148

2007 C - Capital Appreciation

The bonds mature through 2023 as follows:

Fiscal Year	Fully Accreted Amount	Long Term Debt Extended Obligation	Unaccreted Obligation
2016	$ 195,000	$ 183,963	$ 11,037
2017	225,000	188,910	36,090
2018	255,000	190,536	64,464
2019	290,000	192,850	97,150
2020	330,000	195,294	134,706
2021-2023	955,000	459,070	495,930
Total	$ 2,250,000	$ 1,410,623	$ 839,377

2015 A - Current Interest

The bonds mature through 2033 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2016	$ -	$ 350,009	$ 350,009
2017	-	696,150	696,150
2018	-	696,150	696,150
2019	-	696,150	696,150
2020	-	696,150	696,150
2021-2025	3,810,000	3,196,400	7,006,400
2026-2030	7,375,000	1,576,750	8,951,750
2031-2033	5,810,000	246,225	6,056,225
Total	$ 16,995,000	$ 8,153,984	$ 25,148,984

2015 B - Current Interest

The bonds mature through 2022 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2016	$ -	$ 32,536	$ 32,536
2017	-	64,713	64,713
2018	-	64,713	64,713
2019	-	64,712	64,712
2020	820,000	64,712	884,712
2021-2022	1,895,000	68,788	1,963,788
Total	$ 2,715,000	$ 360,174	$ 3,075,174

Certificates of Participation

2015 Issuance

The certificates mature through 2035 as follows:

Fiscal Year	Principal	Interest	Total
2016	$ 950,000	$ 946,603	$ 1,896,603
2017	935,000	954,325	1,889,325
2018	960,000	925,900	1,885,900
2019	1,000,000	891,500	1,891,500
2020	1,035,000	850,800	1,885,800
2021-2025	5,925,000	3,486,225	9,411,225
2026-2030	7,300,000	2,062,009	9,362,009
2031-2035	8,520,000	770,261	9,290,261
Total	$ 26,625,000	$ 10,887,623	$ 37,512,623

Other Postemployment Benefits Obligation

The District's annual required contribution for the year ended June 30, 2015, was $1,357,624, and contributions made by the District during the year were $1,386,201. Interest on the net OPEB obligation and the adjustment to the annual required contribution were $92,478 and $(74,873), respectively, which resulted in a decrease to the net OPEB obligation of $10,972. As of June 30, 2015, the net OPEB obligation was $1,359,075. See Note 12 for additional information regarding the OPEB obligation and the postemployment benefits plan.

NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

The District provides postemployment health care benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

Plan Description

The West Kern Community College District Plan (the Plan) is a single-employer defined benefit healthcare plan administered by the District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. As of the Actuarial Report, membership of the Plan consists of 75 retirees and beneficiaries currently receiving benefits and 170 active Plan members. The Plan is presented in these financial statements as the GASB 45 Trust. Separate financial statements are not prepared for the Trust.

Contribution Information

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2014-2015, the District contributed $1,357,624 to the Plan, of which $805,000 was used for current premiums.

Annual OPEB Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the payments of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial accrued liabilities (UAAL) (or funding costs) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	$ 1,357,624
Interest on net OPEB obligation	92,478
Adjustment to annual required contribution	(74,873)
Annual OPEB cost	1,375,229
Contributions:	
Premiums	805,000
Contributions to Trust	563,580
Interest earnings, net of expenses	17,621
Total contributions	1,386,201
Decrease in net OPEB obligation	(10,972)
Net OPEB obligation, July 1, 2014	1,370,047
Net OPEB obligation, June 30, 2015	$ 1,359,075

Trend Information

Trend information for the annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the past three years is as follows:

Year Ended June 30,	Annual OPEB Cost	Actual Contribution	Percentage Contributed	Net OPEB Obligation
2015	$ 1,375,229	$ 1,386,201	101%	$ 1,359,075
2014	$ 1,380,161	$ 1,694,563	123%	$ 1,370,047
2013	$ 1,482,378	$ 1,580,128	107%	$ 1,684,449

Funding Status and Funding Progress

The funded status of the OPEB Plan as of February 1, 2015, was as follows:

Actuarial Accrued Liability (AAL)	$ 19,940,867
Actuarial Value of Plan Assets	3,249,589
Unfunded Actuarial Accrued Liability (UAAL)	$ 16,691,278
Funded Ratio (Actuarial Value of Plan Assets/AAL)	16%
Covered Payroll	15,504,942
UAAL as Percentage of Covered Payroll	107.65%

The above noted actuarial accrued liability was based on the February 1, 2015, actuarial valuation. Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contribution of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Other Postemployment Benefits Funding Progress, presented as required supplementary information, follows the notes to the financial statements and presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive Plan (the Plan as understood by the employer and the Plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and the Plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial values of assets, consistent with the long-term perspective of the calculations.

In the February 1, 2013, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a seven percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. The healthcare cost trend rate was four percent. The cost trend rate used for the Dental and Vision Programs was also four percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at July 1, 2015, was 23 years. At January 31, 2015, the Trust held assets in the amount of $3,249,589. Currently, the Trust holds assets as of June 30, 2015, totaling $3,763,615.

NOTE 13 - RISK MANAGEMENT

Joint Powers Authority Risk Pools

During fiscal year ending June 30, 2015, the District contracted with the Self Insured Schools of California II (SISC II) Joint Powers Authority for property and liability insurance coverage, health and welfare benefits as well as workers compensation coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2014-2015, the District participated in the Self Insured Schools of California I (SISC I) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Employee Medical Benefits

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

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

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

The District implemented GASB Statements No. 68 and No. 71 for the fiscal year ended June 30, 2015. As a result, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred inflow of resources for each of the above plans and a deferred outflow of resources for each of the above plans as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Proportionate Share of Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalSTRS	$ 8,963,465	$ 723,475	$ 2,207,236	$ 773,836
CalPERS	7,820,779	866,075	2,687,307	695,108
Total	$ 16,784,244	$ 1,589,550	$ 4,894,543	$ 1,468,944

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2015, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a precentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	8.15%	8.15%
Required employer contribution rate	8.88%	8.88%
Required state contribution rate	5.95%	5.95%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the District's total contributions were $723,475.

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

At June 30, 2015, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

District's proportionate share of net pension liability	$ 8,963,465
State's proportionate share of the net pension liability associated with the District	5,412,527
Total	$ 14,375,992

The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. At June 30, 2015, the District's proportion was 0.0153 percent.

For the year ended June 30, 2015, the District recognized pension expense of $773,836. In addition, the District recognized revenue and pension expense of $467,275 for support provided by the State. At June 30, 2015, 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	$ 723,475	$ -
Difference between projected and actual earnings on pension plan investments	-	2,207,236
Total	$ 723,475	$ 2,207,236

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	$ 551,809
2017	551,809
2018	551,809
2019	551,809
Total	$ 2,207,236

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary investment practice, a best estimate range was determined assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentile for the long-term distribution of annualized returns. The assumed asset allocation is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 13,971,697
Current discount rate (7.60%)	$ 8,963,465
1% increase (8.60%)	$ 4,787,509

California Public Employees' Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2013, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2013. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2015, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a precentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.771%	11.771%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2015, are presented above, and the total District contributions were $866,075.

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $7,820,779. The net pension liability was measured as of June 30, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. At June 30, 2015, the District's proportion was 0.0689 percent.

For the year ended June 30, 2015, the District recognized pension expense of $695,108. At June 30, 2015, 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	$ 866,075	$ -
Difference between projected and actual earnings on pension plan investments	-	2,687,307
Total	$ 866,075	$ 2,687,307

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. The deferred inflow of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Amortization
2016	$ 671,827
2017	671,827
2018	671,827
2019	671,826
Total	$ 2,687,307

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014. The financial reporting actuarial valuation as of June 30, 2013, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2013
Measurement date	June 30, 2014
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.50%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	3.00%

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	5.25%
Global fixed income	19%	0.99%
Private equity	12%	6.83%
Real estate	11%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	3%	4.50%
Liquidity	2%	-0.55%

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount rate	Net Pension Liability
1% decrease (6.50%)	$ 13,719,432
Current discount rate (7.50%)	$ 7,820,779
1% increase (8.50%)	$ 2,891,860

Deferred Compensation

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

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2015, which amounted to $467,275, (5.679 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the years ended June 30, 2015, 2014, and 2013. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

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

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

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

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

During the year ended June 30, 2015, the District made payments of $169,811, $3,036,084, and $85,291 to SISC for its workers' compensation, health and welfare, and property/liability coverage, respectively.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2015.

Litigation

The District is not currently a party to any legal proceedings.

Related Party Transactions

WESTEC

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

President Housing Assistance

The District and the prior President have entered into a loan agreement to assist the President in obtaining housing within the community. The loan amount totals $18,049 and is accruing interest on an annual basis currently at the interest rate of four percent. The agreement was entered into mutually by both parties to better serve the District by the President being a resident of the community in which he was serving. On December 13, 2012, the Governing Board approved a revised payment agreement. The payment schedule related to the $30,000 of the loan which will be paid off by December 31, 2015. The amount is reflected in accounts receivables.

Impounded Property Taxes

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

NOTE 17 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in the current year. Additionally, investments were reported that were actually related to a previous debt defeasance and were being held within an escrow account which should not have been recognized on the financial statements. As a result, the effect on the current fiscal year is as follows:

Primary Government	
Net Position - Beginning	$ 66,020,528
Restatement of long-term obligations for implementation of GASB Statement No. 68	(20,208,182)
Restatement of investments for escrow reported for defeased debt	(10,188,970)
Net Position - Beginning, as Restated	$ 35,623,376

NOTE 18 - SUBSEQUENT EVENT

On July 8, 2015, the District issued $2,725,000 of Tax Revenue Anticipation Notes bearing interest at two percent. The District is required to deposit 50 percent of the amount due in January and April 2016.

REQUIRED SUPPLEMENTARY INFORMATION

WEST KERN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Estimated Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
February 1, 2015	$ 3,249,589	$ 19,940,867	$ 16,691,278	16.30%	$ 15,504,942	107.65%
February 1, 2013	$ 1,779,613	$ 19,133,009	$ 17,353,396	9.30%	$ 14,250,207	121.78%
February 1, 2011	$ 827,321	$ 19,542,306	$ 18,714,985	4.23%	$ 16,322,738	114.66%

WEST KERN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2015

	2015
CalSTRS	
District's proportion of the net pension liability (asset)	0.0153%
District's proportionate share of the net pension liability (asset)	$ 8,963,465
State's proportionate share of the net pension liability (asset) associated with the District	5,412,527
Total	$ 14,375,992
District's covered - employee payroll	$ 7,833,564
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	114.42%
Plan fiduciary net position as a percentage of the total pension liability	77%
CalPERS	
District's proportion of the net pension liability (asset)	0.0689%
District's proportionate share of the net pension liability (asset)	$ 7,820,779
District's covered - employee payroll	$ 7,243,856
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	107.96%
Plan fiduciary net position as a percentage of the total pension liability	83%

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

WEST KERN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2015

	2015
CalSTRS	
Contractually required contribution	$ 723,475
Contributions in relation to the contractually required contribution	723,475
Contribution deficiency (excess)	$ -
District's covered - employee payroll	$ 8,147,241
Contributions as a percentage of covered - employee payroll	8.88%
CalPERS	
Contractually required contribution	$ 866,075
Contributions in relation to the contractually required contribution	866,075
Contribution deficiency (excess)	$ -
District's covered - employee payroll	$ 7,357,701
Contributions as a percentage of covered - employee payroll	11.771%

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

SUPPLEMENTARY INFORMATION

DISTRICT ORGANIZATION
JUNE 30, 2015

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

BOARD OF TRUSTEES

MEMBER	OFFICE	TERM EXPIRES
Billy White	President	2016
Kal Vaughn	Secretary	2016
Dawn Cole	Member	2018
Michael Long	Member	2018
Manny Campos	Member	2018

ADMINISTRATION

Dena P. Maloney, Ed.D.	Superintendent/President
Mark Williams	Vice-President of Instruction
Darcy Bogle	Vice-President of Student Services
Brock McMurray	Executive Vice-President of Administrative Services
Jim Nicholas, CPA	Director of Fiscal Services

See accompanying note to supplementary information.

WEST KERN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

FEDERAL PROGRAMS	Federal Catalog Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through California Department Education:			
Child and Adult Care Food Program	10.558	13666	$ 139,189
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
HEOA - TPSID Grant	84.407A		378,331
TRIO Student Support Services Grant	84.042A		205,180
Student Financial Aids Cluster:			
SEOG	84.007		40,790
Federal Work Study	84.033		47,404
Pell Grants	84.063		4,469,872
Financial Aid Admin Allowance	84.063		6,715
Subtotal Student Financial Aid Cluster			4,564,781
Higher Education Institutional - CEED Grant	84.031S		763,809
Higher Education Institutional - QFS Grant	84.031S		751,019
Higher Education Institutional - Pathways Grant	84.031S		685,344
Subtotal Higher Education grants			2,200,172
Passed Through California Community Colleges Chancellor's Office			
Career and Technical Education - Basic Grants	84.048	14-CO1-008	427,191
Subtotal U.S. Department of Education			7,775,655
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Through California Department of Health Care Services:			
Medical Administrative Activities	93.778	10060	14,564
Total Federal Programs			$ 7,929,408

See accompanying note to supplementary information.

WEST KERN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
GENERAL FUND			
Basic Skills	$ 90,000	$ -	$ 90,000
Cal Grant	311,841	-	311,841
Cal Works	131,637	-	131,637
Care	25,175	-	25,175
Child Development Center	1,678,186	-	1,678,186
Denti-Cal	28,752	-	28,752
Disabled Student Program and Services	298,254	-	298,254
Extended Opportunity Program and Services	239,025	-	239,025
Instructional Equipment and Library	110,000	-	110,000
Lottery	398,750	51,882	450,632
Other Categorical Allowances:			
Enrollment Fee Admin	39,016	-	39,016
Part-Time Faculty Allocation	52,365	-	52,365
Prop 10 Grant	1,307,211	-	1,307,211
Scheduled Maintenance and Repairs	225,380	107,820	333,200
Staff Diversity	3,580	-	3,580
Student Financial Aid Administration (SFAA)	155,877	-	155,877
Student Success-Credit	1,097,406	-	1,097,406
Student Success-Non-Credit	7,472	-	7,472
Student Success-Equity	200,872	-	200,872
Temporary Assistance to Needy Family (TANF) - State allocation	29,654	-	29,654
Total State Programs			

See accompanying note to supplementary information.

Program Revenues				
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
$ 90,000	$ -	$ -	$ 90,000	$ 88,094
310,399	1,442	-	311,841	311,841
131,637	-	-	131,637	128,253
25,175	-	-	25,175	25,175
1,567,707	110,479	-	1,678,186	1,678,186
27,688	1,064	-	28,752	28,110
298,254	-	-	298,254	298,254
239,025	-	-	239,025	237,458
110,000	-	-	110,000	109,845
235,297	211,643	-	446,940	450,632
39,016	-	-	39,016	39,016
52,365	-	52,365	-	-
948,271	358,940	-	1,307,211	1,307,211
225,380	-	174,760	50,620	158,440
3,580	-	-	3,580	3,580
155,877	-	-	155,877	154,320
1,097,406	-	184,813	912,593	912,593
7,472	-	-	7,472	7,472
200,872	-	162,007	38,865	38,865
29,654	-	-	29,654	29,654
$ 5,795,075	$ 683,568	$ 573,945	$ 5,904,698	$ 6,006,999

WEST KERN COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2015

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2014 only)			
1. Noncredit	2.50	-	2.50
2. Credit	135.10	-	135.10
B. Summer Intersession (Summer 2015 - Prior to July 1, 2015)			
1. Noncredit	-	-	-
2. Credit	178.34	-	178.34
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,085.47	-	1,085.47
(b) Daily Census Contact Hours	49.27	-	49.27
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	45.18	-	45.18
(b) Credit	198.68	-	198.68
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	694.67	-	694.67
(b) Daily Census Contact Hours	158.25	-	158.25
D. Total FTES	2,547.46	-	2,547.46
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit	20.04	-	20.04
2. Credit	121.30	-	121.30

See accompanying note to supplementary information.

WEST KERN COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2015

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>**Academic Salaries**</u>							
Instructional Salaries							
Contract or Regular	1100	$ 3,494,238	$ -	$ 3,494,238	$ 3,494,238	$ -	$ 3,494,238
Other	1300	2,229,752	-	2,229,752	2,229,752	-	2,229,752
Total Instructional Salaries		5,723,990	-	5,723,990	5,723,990	-	5,723,990
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	1,137,303	-	1,137,303
Other	1400	-	-	-	395,191	-	395,191
Total Noninstructional Salaries		-	-	-	1,532,494	-	1,532,494
Total Academic Salaries		5,723,990	-	5,723,990	7,256,484	-	7,256,484
<u>**Classified Salaries**</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	2,997,414	-	2,997,414
Other	2300	-	-	-	464,349	-	464,349
Total Noninstructional Salaries		-	-	-	3,461,763	-	3,461,763
Instructional Aides							
Regular Status	2200	248,856	-	248,856	248,856	-	248,856
Other	2400	52,883	-	52,883	52,883	-	52,883
Total Instructional Aides		301,739	-	301,739	301,739	-	301,739
Total Classified Salaries		301,739	-	301,739	3,763,502	-	3,763,502
Employee Benefits	3000	2,052,533	-	2,052,533	4,232,068	-	4,232,068
Supplies and Material	4000	-	-	-	331,601	-	331,601
Other Operating Expenses	5000	1,125,340	-	1,125,340	3,232,219	-	3,232,219
Equipment Replacement	6420	-	-	-	123,065	-	123,065
Total Expenditures Prior to Exclusions		9,203,602	-	9,203,602	18,938,939	-	18,938,939

See accompanying note to supplementary information.

WEST KERN COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2015

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ -	$ -	$ -	$ -	$ -	$ -
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	19,566	-	19,566
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	457,819	-	457,819
Objects to Exclude							
Rents and Leases	5060	-	-	-	44,428	-	44,428
Lottery Expenditures					-		-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	1,084	-	1,084
Books, Magazines, and Periodicals	4200	-	-	-	6,963	-	6,963
Instructional Supplies and Materials	4300	-	-	-	89,573	-	89,573
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	97,620	-	97,620

See accompanying note to supplementary information.

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2015

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 202,037	$ -	$ 202,037
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	17,556	-	17,556
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	100,223	-	100,223
Total Equipment		-	-	-	117,779	-	117,779
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		-	-	-	939,249	-	939,249
Total for ECS 84362, 50 Percent Law		$ 9,203,602	$ -	$ 9,203,602	$ 17,999,690	$ -	$ 17,999,690
Percent of CEE (Instructional Salary Cost/Total CEE)		51.13%		51.13%	100.00%		100.00%
50% of Current Expense of Education					$ 8,999,845		$ 8,999,845

See accompanying note to supplementary information.

WEST KERN COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT FOR THE YEAR ENDED JUNE 30, 2015

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				$ 3,711,832
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 3,711,832			$ 3,711,832
Total Expenditures for EPA		$ 3,711,832	-	-	$ 3,711,832
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

WEST KERN COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

Summarized below are the fund balance reconciliations between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

	General Fund- Unrestricted	General Fund- Restricted	Restricted Purpose Debt Service Fund	Funds are not reported on 311	
				Parking Fund	Impounds Fund
FUND BALANCE					
Balance, June 30, 2015, (CCFS-311)	$ 4,473,818	$ 2,316,694	$ 35,335,001	$ -	$ -
Post closing adjustments					
Increase in:					
Cash and investments	-	-	-	65,811	7,482,487
Accounts receivable	-	-	-	90	-
Due from other funds	2,933,504	-	-	370	-
Due to other funds	(1,205,379)		-	-	-
Decrease in:					
Cash and investments	-	-	(17,572,395)	-	-
Unearned revenue	-	1,693,673	-	-	-
Due from other funds		(2,909,286)	-	-	-
Due to other funds	-	1,181,161	-	-	-
Unapplied payments (Pell)	2,385,972	22,542	-	-	-
Balance, June 30, 2015, as reported	$ 8,587,915	$ 2,304,784	$ 17,762,606	$ 66,271	$ 7,482,487

See accompanying note to supplementary information.

WEST KERN COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance - All District Funds		**$ 52,261,812**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 104,820,773	
Accumulated depreciation is	(29,665,891)	75,154,882
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		1,589,550
Difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		(4,894,543)
Long-term liabilities at year end consist of:		
Bonds payable	44,224,155	
Certificates of participation	26,625,000	
Other postemployment benefits	1,359,075	
Net pension obligation	16,784,244	(88,992,474)
Total Net Position		**$ 35,119,227**

See accompanying note to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Schedule of Expenditures of State Awards

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

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

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

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

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

Proposition 30 Education Protection Act (EPA) Expenditure Report

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

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

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

INDEPENDENT AUDITOR'S REPORTS

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

Board of Trustees
West Kern Community College District
Taft, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of West Kern Community College District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 18, 2016.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2015, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Vavrinek, Trine, Day & Co., LLP

Fresno, California
January 18, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
West Kern Community College District
Taft, California

Report on Compliance for Each Major Federal Program

We have audited West Kern Community College District's (the District) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2015. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2015.

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Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
January 18, 2016

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
West Kern Community College District
Taft, California

Report on State Compliance

We have audited West Kern Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in August 2014 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in August 2014.

Auditor's Responsibility

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

Unmodified Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2015.

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

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 439	Proposition 39 Clean Energy
Section 440	Intersession Extension Programs
Section 474	Extended Opportunity Programs and Services (EOPS) and Cooperative Agencies Resources for Education (CARE)
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged (TBA) Hours
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds

The District did not participate in any Intersession Extension Programs; therefore, the compliance tests within this section were not applicable.

The District did not receive any funds from Proposition 1D State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
January 18, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2015

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major Federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.407A	HEOA - TPSID Grant
84.007, 84.033, 84.063	Student Financial Assistance Cluster
84.031S	Higher Education Institutional Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$ 300,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	Unmodified

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

None reported.

WEST KERN COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2015

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2014-001 Financial Reporting - Significant Deficiency

The District has historically not been able to prepare for the annual audit in a timely and complete manner which delayed the issuance of the audit report. Multiple reasons, including the implementation into a new general ledger package and the lack of knowledgeable support staff, and administrative turn-over, were mainly responsible for the situation. The District has improved over the last several years, however, the District was not fully prepared for the scheduled final audit visit which severely delayed many of the required audit procedures. The visit is scheduled in advance and detailed listings are sent outlining what information is required to be ready and waiting upon the audit team's arrival. The scheduled audit period is critical to utilize for the audit client we are scheduled to work on during that week. It is very difficult to find sufficient time outside of this scheduled time to review and audit information that was obtained after we have left the college.

Recommendation

In order to improve the audit process the District's business department should clearly communicate the requirements of the audit information that is being requested to its support staff as well as other District administration so ample time can be allocated to this process. The key is that the District must be fully "closed", the Annual Financial and Budget Report (311) prepared, the fund financial statement summaries prepared and then begin dealing with generating the audit documentation requested. A realistic date should be set as a target for the final audit visit and all departments should be aware of the time requirements needed to prepare the information needed for the audit.

Current Status

Implemented.

2014-002 Vacation Accruals - Significant Deficiency Finding

We noted during our audit that there are numerous employees carrying a substantial amount of vacation hours. We noted several employees whose obligations were between $10,000 and $40,000. Employees should be strongly encouraged to use their vacation time during the year. Within the business services area, this is a key part of any internal control process over fraud and irregularities.

Recommendation

The administration should look into this situation and determine if it warrants further consideration to possibly implement policies to require vacation to be taken or work with the bargaining units to limit the amount of hours that can be carried over and subsequently, paid out at higher rates than were originally earned.

Current Status

Management is aware of the concern.

ADDITIONAL SUPPLEMENTARY INFORMATION (UNAUDITED)

WEST KERN COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2015

	General Unrestricted	General Restricted	Bookstore	Cafeteria
ASSETS				
Cash and cash equivalents	$ 4,256,270	$ 4,299,001	$ 354,988	$ 135,689
Accounts receivable	2,699,422	1,407,303	90,575	312
Due from other funds	5,017,403	-	934,757	-
Prepaid expenses	58,555	12,327	450	-
Inventories	-	-	268,835	21,349
Total Assets	$ 12,031,650	$ 5,718,631	$ 1,649,605	$ 157,350
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 529,385	$ 842,308	$ 18,023	$ 36,085
Due to other funds	1,790,488	902,739	-	108,939
Unapplied payments	584,763	(22,539)	-	-
Unearned revenue	539,099	1,691,339	-	-
Total Liabilities	3,443,735	3,413,847	18,023	145,024
Fund Balances				
Restricted	-	2,304,784	-	-
Unassigned	8,587,915	-	1,631,582	12,326
Total Fund Balances	8,587,915	2,304,784	1,631,582	12,326
Total Liabilities and Fund Balances	$ 12,031,650	$ 5,718,631	$ 1,649,605	$ 157,350

See accompanying note to additional supplementary information.

Child Development	Bond Interest and Redemption	COP Debt Service	Restricted Purpose Debt Service	Revenue Bond Capital Projects	Capital Outlay Projects
$ 405,859	$ 5,374,257	$ -	$ 14,417,885	$ 378,705	$ 1,485,631
138,544	-	-	32	1,280	1,779
-	-	-	3,344,689	96,388	1,890,000
-	-	-	-	-	-
-	-	-	-	-	-
$ 544,403	$ 5,374,257	$ -	$ 17,762,606	$ 476,373	$ 3,377,410
$ 54,675	$ -	$ -	$ -	$ 148,268	$ 943
1,796,354	-	-	-	-	3,515,325
-	-	-	-	-	-
-	-	-	-	-	-
1,851,029	-	-	-	148,268	3,516,268
(1,306,626)	5,374,257	-	17,762,606	328,105	(138,858)
-	-	-	-	-	-
(1,306,626)	5,374,257	-	17,762,606	328,105	(138,858)
$ 544,403	$ 5,374,257	$ -	$ 17,762,606	$ 476,373	$ 3,377,410

GOVERNMENTAL FUNDS
BALANCE SHEETS, Continued
JUNE 30, 2015

	Revenue Bond Construction	Parking	Independent Living (TIL)	Impounds
ASSETS				
Cash and cash equivalents	$ 12,454,046	$ 65,811	$ 383,270	$ 7,482,487
Accounts receivable	599	90	694,952	-
Due from other funds	51,287	370	-	-
Prepaid expenses	-	-	-	-
Inventories	-	-	-	-
Total Assets	$ 12,505,932	$ 66,271	$ 1,078,222	$ 7,482,487
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	$ 133,630	$ -	$ 72,512	$ -
Due to other funds	-	-	3,221,049	-
Unapplied payments	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	133,630	-	3,293,561	-
Fund Balances				
Restricted	12,372,302	-	-	-
Unassigned	-	66,271	(2,215,339)	7,482,487
Total Fund Balances	12,372,302	66,271	(2,215,339)	7,482,487
Total Liabilities and Fund Balances	$ 12,505,932	$ 66,271	$ 1,078,222	$ 7,482,487

Total Governmental Fund (Memorandum Only)
$ 51,493,899
5,034,888
11,334,894
71,332
290,184
$ 68,225,197
1,835,829
11,334,894
562,224
2,230,438
15,963,385
36,696,570
15,565,242
52,261,812
$ 68,225,197

WEST KERN COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	General Unrestricted	General Restricted	Bookstore
REVENUES			
Federal revenues	$ 2,385,972	$ 5,404,246	$ -
State revenues	12,381,424	4,045,189	-
Local revenues	16,006,784	285,942	1,177,288
Total Revenues	30,774,180	9,735,377	1,177,288
EXPENDITURES			
Current Expenditures			
Academic salaries	7,428,593	1,539,574	8,600
Classified salaries	4,252,494	1,554,756	173,706
Employee benefits	4,468,372	1,017,750	69,828
Books and supplies	357,688	495,594	611,330
Services and operating expenditures	4,118,174	2,041,375	161,254
Capital outlay	123,201	264,289	1,838
Debt service - principal	-	-	-
Debt service - interest and other	49,022	-	27,495
Total Expenditures	20,797,544	6,913,338	1,054,051
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	9,976,636	2,822,039	123,237
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	1,223,041	(1,728,125)	-
Other sources	1,680	-	-
Other uses	(6,432,438)	(2,174,857)	-
Total Other Financing Sources (Uses)	(5,207,717)	(3,902,982)	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,768,919	(1,080,943)	123,237
FUND BALANCES, BEGINNING OF YEAR AS RESTATED	3,818,996	3,385,727	1,508,345
FUND BALANCES, END OF YEAR	$ 8,587,915	$ 2,304,784	$ 1,631,582

See accompanying note to additional supplementary information.

Cafeteria	Child Development	Bond Interest and Redemption	COP Debt Service	Restricted Purpose Debt Service	Revenue Bond Capital Projects
$ -	$ 139,190	$ -	$ -	$ -	$ -
-	1,716,546	-	-	-	-
559,629	16,024	4,699,263	-	85	356,835
559,629	1,871,760	4,699,263	-	85	356,835
8,600	188,623	-	-	-	-
336,260	1,144,453	-	-	-	-
143,895	497,674	-	-	-	-
485,243	187,654	-	-	-	8,709
7,186	93,014	-	-	-	872,918
636	535	-	-	-	34,499
-	-	19,209,639	26,675,000	780,000	-
-	-	809,206	3,004,964	1,225,921	-
981,820	2,111,953	20,018,845	29,679,964	2,005,921	916,126
(422,191)	(240,193)	(15,319,582)	(29,679,964)	(2,005,836)	(559,291)
505,084	-	-	-	-	-
-	-	-	-	-	-
-	-	18,126,061	27,457,402	-	-
-	-	-	-	-	-
505,084	-	18,126,061	27,457,402	-	-
82,893	(240,193)	2,806,479	(2,222,562)	(2,005,836)	(559,291)
(70,567)	(1,066,433)	2,567,778	2,222,562	19,768,442	887,396
$ 12,326	$ (1,306,626)	$ 5,374,257	$ -	$ 17,762,606	$ 328,105

GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, Continued
FOR THE YEAR ENDED JUNE 30, 2015

	Capital Outlay Projects	Revenue Bond Construction	Parking
REVENUES			
Federal revenues	$ -	$ -	$ -
State revenues	71,597	-	-
Local revenues	11,477	1,601	298
Total Revenues	83,074	1,601	298
EXPENDITURES			
Current Expenditures			
Academic salaries	-	-	-
Classified salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	167	1,884	1,536
Services and operating expenditures	204,302	271,107	-
Capital outlay	2,422	13,518	-
Debt service - principal	-	-	-
Debt service - interest and other	-	-	-
Total Expenditures	206,891	286,509	1,536
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(123,817)	(284,908)	(1,238)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Other sources	-	-	-
Other uses	-	88,356	-
Total Other Financing Sources (Uses)	-	88,356	-
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(123,817)	(196,552)	(1,238)
FUND BALANCES, BEGINNING OF YEAR AS RESTATED	(15,041)	12,568,854	67,509
FUND BALANCES, END OF YEAR	$ (138,858)	$ 12,372,302	$ 66,271

See accompanying note to additional supplementary information.

	Independent Living (TIL)	Impounds	Total Governmental Fund (Memorandum Only)
	$ -	$ -	$ 7,929,408
	1,627,484	-	19,842,240
	12,851	3,268,961	26,397,038
	1,640,335	3,268,961	54,168,686
	153,753	-	9,327,743
	1,044,043	-	8,505,712
	406,203	-	6,603,722
	39,769	-	2,189,574
	161,145	-	7,930,475
	10,637	-	451,575
	-	-	46,664,639
	-	-	5,116,608
	1,815,550	-	86,790,048
	(175,215)	3,268,961	(32,621,362)
	-	-	505,084
	-	-	(505,084)
	-	-	45,585,143
	-	-	(8,518,939)
	-	-	37,066,204
	(175,215)	3,268,961	4,444,842
	(2,040,124)	4,213,526	47,816,970
	$ (2,215,339)	$ 7,482,487	$ 52,261,812

NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION
JUNE 30, 2015

NOTE 1 - PURPOSE OF SCHEDULES

Fund Financial Statements

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