WEST KERN COMMUNITY COLLEGE DISTRICT

PROPOSITION 39
MEASURE A GENERAL OBLIGATION BONDS
AUDIT REPORT

JUNE 30, 2015

WEST KERN COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND (PROPOSITION 39)

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FINANCIAL SECTION

Rex A. Phinney

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Governing Board and Citizens Oversight Committee
West Kern Community College District
Taft, California

I have audited the accompanying financial statements of the West Kern Community College District (the District), General Obligation Bond Fund (Proposition 39), as of and for the year ended June 30, 2015, as listed in the table of contents. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the financial statements present only the General Obligation Bond Fund specific to Proposition 39 and are not intended to present fairly the financial position and results of operations of West Kern Community College District in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Obligation Bond Fund (Proposition 39) of the West Kern Community College District at June 30, 2015, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated December 28, 2015 on my consideration of the District General Obligation Bond Fund's (Proposition 39) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 the Government Auditing Standards and should be considered in assessing the results of my audit.

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My audit was conducted for the purpose of forming an opinion on the financial statement that comprises the District's General Obligation Bond Fund (Proposition 39). The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the District's General Obligation Bond Fund (Proposition 39) financial statements. Such information has been subjected to the auditing procedures applied in the audit of the District's General Obligation Bond Fund (Proposition 39) financial statements and, in my opinion is fairly stated in all material respects in relation to the District's General Obligation Bond Fund (Proposition 39) financial statements taken as a whole.

Rex A. Phinney
Certified Public Accountant
December 28, 2015

WEST KERN COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND (PROPOSITION 39)

BALANCE SHEET
JUNE 30, 2015

ASSETS		
Deposits and investments	$	12,454,046
Accounts receivable		599
Due from other funds		51,287
Total Assets	$	12,505,932
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	$	133,629
Due to other funds		-
Total Liabilities		133,629
FUND BALANCES		
Restricted		12,372,303
Total Fund Balances		12,372,303
Total Liabilities and Fund Balances	$	12,505,932

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

WEST KERN COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND (PROPOSITION 39)

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

REVENUES		
Interest and investment income	$	1,603
Transfers among funds		88,356
Total Revenues		89,959
EXPENDITURES		
Current		
Books and supplies		-
Capital outlay		20,919
Services and other operating expenditures		265,591
Total Expenditures		286,510
DEFICIENCY OF REVENUES OVER EXPENDITURES		(196,551)
FUND BALANCE- BEGINNING		12,568,854
FUND BALANCE- ENDING	$	12,372,303

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the West Kern Community College District General Obligation Bond Fund (Proposition 39) conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants. The West Kern Community College District General Obligation Bond Fund accounts for financial transactions in accordance with the policies and procedures of the California School Accounting Manual.

Financial Reporting Entity

The financial statements include only the General Obligation Bond Fund of the West Kern Community College District used to account for Proposition 39 projects. This Fund was established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Election of 2004. These financial statements are not intended to present fairly the financial position and results of operations of the West Kern Community College District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

The operations of the General Obligation Bond Fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. Resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Basis of Accounting

The General Obligation Bond Fund is accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. The District's governing board adopts an operating budget no later than July 1 in accordance with State law. A public hearing must be conducted to receive comments prior to adoption. The District employs budget control

by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Fund Balances – Governmental Funds

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

Spending Order

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues

and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Changes in Accounting Principles

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balance associated with inventories. This Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the assigned classification are intended to be used by the governmental for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

Governments also are required to classify and report amounts in the appropriate fund balance classifications by applying their accounting policies that determine whether restricted, committed, assigned, and unassigned amounts are considered to have been spent. Disclosure of the policies in the notes to the financial statements is required.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs or preparers and uses. Definitions of other governmental fund types also have been modified for clarity and consistency.

The District has implemented the provisions of this statement for the years ended June 30, 2013 and thereafter.

New Accounting Pronouncements

In November 2010, the GASB issued GASB Statement No. 61, The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34. The objective of the Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, were amended to better meet used needs and to address reporting entity issues that have arisen since the issuance of those Statements. The provisions of this Statement are effective of financial statements for periods beginning after June 15, 2012. Earlier application is encouraged.

NOTE 2 – 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 instrument; 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 agreement; 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 pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (Education Code Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statement at amounts based upon the District's pro-rata share of the fairly 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 Fund	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 General Obligation Bond Fund as of June 30, 2015 consist of the following:

	Amortized Cost	Fair Value
Investments	$ 12,454,046	$ 12,454,046

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 is to changes in market interest rates. The General Obligation Bond Fund manages its exposure to interest rate risk by investing in multiple investments.

Segmented Time Distribution

Information about the sensitivity of the fair values of the General Obligation Bond Fund's investments to market interest rate fluctuations is provided by the following schedule that shows the distribution of the General Obligation Bond Fund's investment by maturity.

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More than 60 Months
Certificates of Deposit	$ 3,687,064	$ 451,117	$ 2,004,937	$ 1,231,010	$ -
Corporate Notes and Bonds	1,818,990	-	753,806	1,065,184	-
County Pool	430,874	430,874		-	-
U.S. and Foreign Treasuries	6,452,967	1,250,573	1,354,586	3,847,808	-
Money Market	64,151	64,151	-	-	-
Total	$ 12,454,046	$ 2,196,715	$ 4,113,329	$ 6,144,002	$ -

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The General Obligation Bond Fund's investments in the County Pool are not required to be rated, nor have they been rated.

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End		
			AAA	Aa+	Unrated
Certificates of Deposit	$ 3,687,064	N/A	$ -	$ -	$ 3,687,064
Corporate Notes and Bonds	1,818,990	N/A	-	1,818,990	-
County Pool	430,874	N/A	-	-	430,874
U.S. and Foreign Treasuries	6,452,967	N/A	1,970,941	4,482,026	-
Money Market	64,151	N/A	-	-	64,151
Total	$ 12,454,046		$ 1,970,941	$ 6,301,016	$ 4,182,089

N/A – Not Applicable

Custodial Credit Risk – Investments

This is the risk that, in the event of the failure of the counterparty, the General Obligation Bond Fund will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. Of the investment in Corporate Notes of $1,818,990, the General Obligation Bond Fund has a custodial credit risk exposure of $1,818,990, because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities. The General Obligation Bond Fund does not have a policy limiting the amount of securities that can be held by counterparties.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015, consisted of the following:

Accrued Interest	$ 599

NOTE 4 – ACCOUNTS PAYABLE

Accounts payable at June 30, 2015, consisted of the following:

Vendors	$ 133,629

NOTE 5 – 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 receivable and payable balances at June 30, 2015, are as follows:

Other funds owe the General Obligation Bond Fund	$ 51,287

Interfund Operating Transfers

There were no interfund transfers for the year ended June 30, 2015.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

Construction Commitments

As of June 30, 2015, the General Obligation Bond Fund (Proposition 39) had the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
CEQA / Master Planning	$ 28,740	December 2017
Land Acquisition (Phase 3)	230,643	PENDING
Vocational Center	26,209,842	PENDING DSA APPROVAL
Dorm Renovations	35,157	December 2015
Campus Center	11,186,764	June 2018
Total	$ 37,691,146	

Litigation

The District is not involved in litigation at June 30, 2015.

SUPPLEMENTARY INFORMATION

Measure A of 2004

The bonds were authorized at an election by voters on March 2, 2004, at which 55 percent or more of the voters authorized issuance of $39,800,000 of general obligation bonds. The Bonds have been issued as Series 2004A, Series 2005 Refunding, Series 2006B, and Series 2007C.

2004 General Obligation Bonds, Series 2004A

The West Kern Community College District 2004 General Obligation Bonds, Series 2004A, in the aggregate principal amount of $14,999,058 were issued by the Board of Supervisors of the County of Kern on behalf of the West Kern Community College District.

Interest with respect to the Current Interest Series A Bonds accrues from the date of delivery, and is payable semiannually on May 1 and November 1 of each year, commencing May 1, 2005, the interest rate is 2% - 5.98%. The Capital Appreciation Series A Bonds are dated the date of delivery of the Series A Bonds and accrete interest from such date, compounded semiannually on May 1 and November 1, commencing November 1, 2004.

2004 General Obligation Bonds, Series 2005 Refunding

The West Kern Community College District 2004 General Obligation Bonds, Series 2005 Refunding, in the aggregate principal amount of $10,829,299 were issued by the Board of Supervisors of the County of Kern on behalf of the West Kern Community College District.

Interest with respect to the Current Interest Bonds accrues from the date of initial delivery thereof and is payable semiannually on May 1 and November 1 of each year, commencing May 1, 2006, the interest rate is 3% - 5%. The Current Interest Bonds are issuable as fully registered Bonds in denomination of $5,000 principal amount or any integral multiple thereof. The Capital Appreciation Bonds are dated the date of initial delivery thereof and accrete interest from such date, compounded semiannually on May 1 and November 1 of each year, commencing on May 1, 2006. The Capital Appreciation Bonds are issuable in denominations of $5,000 Maturity Value or any integral multiple thereof.

2004 General Obligation Bonds, Series 2006B

The West Kern Community College District 2004 General Obligation Bonds, Series 2006B, in the aggregate principal amount of $12,500,856 were issued by the Board of Supervisors of the County of Kern on behalf of the West Kern Community College District.

Interest with respect to the Current Interest Series B Bonds accrues from December 31, 2006, and is payable semiannually commencing May 1, 2007, the interest rate is 3.7% - 4.86%. The Capital Appreciation Series B bonds are dated the date of delivery of the Series B Bonds and accrete interest from such date, compounded semiannually on May 1 and November 1 of each year, commencing May 1, 2007.

2004 General Obligation Bonds, Series 2007C

The West Kern Community College District 2004 General Obligation Bonds, Series 2007C, in the aggregate principal amount of $12,297,305 were issued by the Board of Supervisors of the County of Kern on behalf of the West Kern Community College District.

Interest with respect to the Current Interest Series C Bonds accrues from October 1, 2007, and is payable semiannually commencing May 1, 2008, the interest rate is 3.6% - 4.68%. The Capital Appreciation Series C Bonds are dated the date of delivery of the Series C Bonds and accrete interest from such date, compounded semiannually on May 1 and November 1 of each year, commencing November, 1 2007.

2015 Refunding

On May 14, 2015, the District executed and delivered $26,625,000 of its 2015 Refunding certificates of Participation, as expected, in order to defease all of its then-outstanding 2008 Certificates of Participation. Accordingly, no 2008 Certificates remain outstanding. See the official statement originally dated April 30, 2015 for more information and full disclosure.

WEST KERN COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND (PROPOSITION 39)

SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

Bonded Debt Service Requirements to Maturity

2004 Current Interest, Series 2004A – The following table summarizes the debt service requirements of the District for the remaining Series A Bonds (the "Existing 2004A Bonds") and the 2005 Refunding Bonds:

Period Ending November 1	Debt Service for Existing Bonds*	The Bonds		Total Debt Service
		Principal	Interest	
2015	-	525,720	1,159,280	1,685,000
2016	-	1,720,000	68,800	1,788,800
2017	-	1,830,000	91,500	1,921,500
2018	-	1,960,000	80,850	2,040,850
2019	-	-	-	-
2020	-	-	-	-
2021	-	-	-	-
2022	-	-	-	-
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	1,120,000	-	-	1,120,000
2028	1,120,000	-	-	1,120,000
2029	1,120,000	-	-	1,120,000
Total	$ 3,360,000	$ 6,035,720	$ 1,400,430	$ 10,796,150

*- Relates to maturities of the Series A Bonds remaining after the series 2005 refunding

WEST KERN COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND (PROPOSITION 39)

SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

2004 Current Interest, Series 2006B – The following table summarizes the debt service requirements of the District for the remaining Series B Bonds.

	Current Interest Bonds		Capital Appreciation Bonds		
Period Ending November 1	Annual Principal Payment	Annual Interest Payment	Original Principal Payment	Accreted Interest Payment	Series 2006B Total Annual Debt Service
2015	-	17,325	40,947	74,053	132,325
2016	-	17,325	36,442	78,558	132,325
2017	-	17,325	31,023	78,977	127,325
2018	-	17,325	27,610	82,390	127,325
2019	385,000	17,325	846,189	953,811	2,202,325
2020	-	-	1,190,918	1,049,082	2,240,000
2021	-	-	1,149,804	1,130,196	2,280,000
2022	-	-	1,108,005	1,206,995	2,315,000
2023	-	-	1,067,145	1,287,855	2,355,000
2024	-	-	1,031,886	1,363,114	2,395,000
2025	-	-	997,133	1,437,867	2,435,000
2026	-	-	964,869	1,515,131	2,480,000
2027	-	-	518,336	881,664	1,400,000
2028	-	-	509,030	935,970	1,445,000
2029	-	-	497,624	987,376	1,485,000
2030	-	-	844,582	1,805,418	2,650,000
2031	-	-	816,747	1,878,253	2,695,000
Total	$ 385,000	$ 86,625	$ 11,678,290	$ 16,746,710	$ 28,896,625

WEST KERN COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND (PROPOSITION 39)

SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2015

2004 Current Interest, Series 2007C – The following table summarizes the debt service requirements of the District for the remaining Series C Bonds.

	Current Interest Bonds		Capital Appreciation Bonds		
Period Ending November 1	Annual Principal Payment	Annual Interest Payment	Original Principal Payment	Accreted Interest Payment	Series 2007C Total Annual Debt Service
2015	-	520,731	76,438	118,562	715,731
2016	-	520,731	78,496	146,504	745,731
2017	-	520,731	79,175	175,825	775,731
2018	-	520,731	80,136	209,864	810,731
2019	-	520,731	81,160	248,840	850,731
2020	-	520,731	79,891	285,109	885,731
2021	-	520,731	77,920	322,080	920,731
2022	250,000	520,731	32,940	157,060	960,731
2023	495,000	510,106	-	-	1,005,106
2024	555,000	488,821	-	-	1,043,821
2025	625,000	464,956	-	-	1,089,956
2026	690,000	437,613	-	-	1,127,613
2027	770,000	407,425	-	-	1,177,425
2028	850,000	372,775	-	-	1,222,775
2029	940,000	334,525	-	-	1,274,525
2030	1,030,000	292,225	-	-	1,322,225
2031	1,125,000	245,875	-	-	1,370,875
2032*	3,905,000	178,979	-	-	4,083,979
Total	$ 11,235,000	$ 7,899,148	$ 586,156	$ 1,663,844	$ 21,384,148

*- October 1 Maturity Date

WEST KERN COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND (PROPOSITION 39)

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL STATEMENTS
JUNE 30, 2015

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

FUND BALANCE	Revenue Bond Construction Fund (42)
Balance, June 30 2015, Annual Financial and Budget Report (311)	$ 12,372,303
Change in:	
Decrease in cash and investments	-
Increase in accounts receivable	-
Decrease in due from other funds	-
Increase in accounts payable	-
Balance, June 30 2015, Annual Financial Statements	$ 12,372,303

There are no differences between the Annual Financial and Budget Report (CCFS-311) as of June 30, 2015 and the fund financial statements.

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Long-Term Obligations

This schedule provides a debt repayment schedule associated with the bond proceeds received through issuance of Proposition 39 obligations.

Reconciliation of Annual Financial and Budget Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of the General Obligation Bond Fund (Proposition 39) reported on the Unaudited Actual Financial Report to the audited financial statements.

INDEPENDENT AUDITOR'S REPORT

Rex A. Phinney

Certified Public Accountant

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*

Governing Board and
Citizens Oversight Committee
West Kern Community College District
Taft, California

I have audited the accompanying financial statements of the West Kern Community College District (the District) General Obligation Bond Fund (Proposition 39), as of and for the year ended June 30, 2015, and have issued my report thereon dated December 28, 2015, I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered West Kern Community College District's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the West Kern Community College District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the West Kern Community College District's internal control over financial reporting.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Kern Community College District's General Obligation Bond Fund (Proposition 39) financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of the governing board, management, and the Proposition 39 Citizen Oversight Committee, and is not intended to be and should not be used by anyone other than these specified parties.

Rex A. Phinney

Certified Public Accountant
December 28, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST KERN COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND (PROPOSITION 39)

FINANCIAL STATEMENT FINDINGS
JUNE 30, 2015

None reported.

WEST KERN COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND (PROPOSITION 39)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2015

None reported.

WEST KERN COMMUNITY COLLEGE DISTRICT

PROPOSITION 39
GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT

JUNE 30, 2015

WEST KERN COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND (PROPOSITION 39)

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Rex A. Phinney

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Governing Board and
Citizens Oversight Committee
West Kern Community College District
Taft, California

I was engaged to conduct a performance audit of the West Kern Community College District (the District), Proposition 39 General Obligation Bond funds for the year ended June 30, 2015.

I conducted this performance audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for my conclusion based on my audit objectives. I believe that the evidence obtained provides a reasonable basis for my conclusion based on my audit objectives.

My audit was limited to the objectives listed within the report which includes determining the District's compliance with the performance requirements as referred to in Proposition 39 and outlined in Article XIIIA, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing my performance audit, I obtained an understanding of the District's internal control in order to determine if the internal controls were adequate to help ensure the District's compliance with the requirements of Proposition 39 and outlined in Article XIIIA, Section I (b)(3)(C) of the California Constitution. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

The results of my tests indicated that the District expended Proposition 39 General Obligation Bond funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIIIA, Section 1 (b)(3)(C) of the California Constitution.

Rex A. Phinney
Certified Public Accountant
December 28, 2015

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AUTHORITY FOR ISSUANCE

The Proposition 39 Bonds are issued pursuant to the Constitution and laws of the State of California (the State), including the provisions of Chapters 1 and 1.5 of Part 10 of the California Education Code, and other applicable provisions of law. The Bonds are authorized to be issued by a resolution adopted by the Board of Education of the District.

The District received authorization at an election held on March 2, 2004, to issue bonds of the District in an aggregate principal amount not to exceed $39,800,000 to finance specific approval by at least 55 percent of the votes cast by eligible voters within the District. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District (the 2004 Authorization). The Bonds represent the first through third series of the authorized bonds to be issued under the 2004 Authorization.

PURPOSE OF ISSUANCE

The net proceeds of the Bonds and any other series of general obligation bonds issued under the Authorization will be used for the purposes specified in the District bond proposition submitted at the Election, which include expenditures related to the language approved by the voters on March 2, 2004. An excerpt from the ballot language is as follows:

"To improve the quality of education at Taft College, shall the West Kern Community College District be authorized to upgrade and expand the campus, provide vocational labs and programs in science and healthcare to produce a trained workforce, improve access to computers and technology, construct a library media center for community use, and build classrooms, by issuing $39,800,000 in bonds, within legal interest rates, with annual audits, a citizens' oversight committee and no money for teacher or administrators' salaries?"

AUTHORITY FOR THE AUDIT

On November 7, 2000, California voters approved Proposition 39, the Smaller Classes, Safer Schools and Financial Accountability Act. Proposition 39 amended portions of the California Constitution to provide for the issuance of general obligation bonds by school districts, community college districts, or county offices of education, "for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of rental property for school facilities", upon approval by 55 percent of the electorate. In addition to reducing the approval threshold from two-thirds to 55 percent, Proposition 39 and the enacting legislation (AB 1908 and AB 2659) requires the following accountability measures as codified in Education Code sections 15278-15282:

1. Requires that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIIA, Section 1(b)(3)(C) of the California Constitution, and not for any other purpose, including teacher and administrator salaries and other school operating expenses.

2. The school district must list the specific school facilities projects to be funded in the ballot measure, and must certify that the governing board has evaluated safety, class size reduction and information technology needs in developing the project list.

3. Requires the school district to appoint a citizen's oversight committee.

4. Requires the school district to conduct an annual independent financial audit and performance audit in accordance with the Government Auditing Standards issued by the Comptroller General of the United States of the bond proceeds until all of the proceeds have been expended.

5. Requires the school district to conduct an annual independent performance audit to ensure that the funds have been expended only on the specific projects listed.

OBJECTIVES OF THE AUDIT

1. Determine whether expenditures charged to the General Obligation Bond Fund have been made in accordance with the bond project list approved by the voters through the approval of Proposition 39.

2. Determine whether salary transactions, charged to the General Obligation Bond Fund were in support of Proposition 39 and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of my performance audit covered the period of July 1, 2014 to June 30, 2015. The population of expenditures tested included all object and project codes associated with the bond projects. The propriety of expenditures for capital projects and maintenance projects funded through other State or local funding sources, other than proceeds of the bonds, were not included within the scope of the audit. Expenditures incurred subsequent to June 30, 2015 were not reviewed or included within the scope of my audit or in this report.

PROCEDURES PERFORMED

I obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2015 for the General Obligation Bond Fund (Proposition 39). Within the fiscal year audited, we obtained the actual invoices and other supporting documentation for a sample of expenditures to ensure compliance with the requirements of Article XIIIA, Section 1(b)(3)(C) of the California Constitution and Proposition 39 as to the approved bond projects list. My tests included, but where not limited, to the following procedures:

1. I selected a sample of expenditures for the period starting July 1, 2014 and ending June 30, 2015, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.

2. My sample included transactions totaling $ 204,391, this represents 71 percent of the total expenditures of $ 286,510.

3. I verified that funds from the General Obligation Bond Fund (Proposition 39) were generally expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

CONCLUSION

The results of my tests indicated that, in all significant respects, the West Kern Community College District has properly accounted for the expenditures held in the General Obligation Bond Fund (Proposition 39) and that such expenditures were made for authorized Bond projects.

WEST KERN COMMUNITY COLLEGE DISTRICT
GENERAL OBLIGATION BOND FUND (PROPOSITION 39)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2015

None Reported.