

**WEST HILLS
COMMUNITY COLLEGE DISTRICT**

**CAPITAL OUTLAY PROJECTS AND REVENUE BOND
CONSTRUCTION FUNDS (MEASURES E, L, Q AND T)
FINANCIAL AND PERFORMANCE AUDITS**

JUNE 30, 2017

**WEST HILLS
COMMUNITY COLLEGE DISTRICT**

**CAPITAL OUTLAY PROJECTS AND REVENUE BOND
CONSTRUCTION FUNDS (MEASURES E, L, Q AND T)
FINANCIAL AUDIT**

JUNE 30, 2017

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**TABLE OF CONTENTS
JUNE 30, 2017**

FINANCIAL SECTION

Independent Auditor's Report	2
Capital Outlay Projects Fund 41 and Revenue Bond Construction Fund 42	
Balance Sheet	4
Statement of Revenues, Expenditures, and Changes in Fund Balances	5
Notes to Financial Statements	6

SUPPLEMENTARY INFORMATION

Schedule of Long-Term Obligations	13
Reconciliation of Annual Financial Report With Audited Capital Outlay Projects and Revenue Bond Construction Funds (Measures E, L, Q and T)	19
Note to Supplementary Information	20

INDEPENDENT AUDITOR'S REPORT

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	22
---	----

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Financial Statement Findings	25
Summary Schedule of Prior Audit Findings	26

FINANCIAL SECTION



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITOR'S REPORT

Governing Board and
Citizens Oversight Committee
West Hills Community College District
Coalinga, California

Report on the Financial Statements

We have audited the accompanying financial statements of the West Hill's Community College District's (the District), Capital Outlay Projects and Revenue Bond Construction Funds (Measures E, L, Q and T) as of and for the year ended June 30, 2017, and the related notes to the 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 misstatement, 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 of 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 financial statements, whether due to error or fraud. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Capital Outlay Projects and Revenue Bond Construction Funds (Measures E, L, Q and T) of the West Hill's Community College District at June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Building Fund specific to Measures E, L, Q and T, and are not intended to present fairly the financial position and changes in financial position of West Hills Community College District in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements of the West Hills Community College District's Building Fund (Measures E, L, Q and T). The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the District's Building Fund (Measures E, L, Q and T) 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 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 Building Fund (Measures E, L, Q and T) internal control over financial reporting and compliance.

Varrink, Trine, Day & Co., LLP

Fresno, California
December 29, 2017

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**BALANCE SHEET
JUNE 30, 2017**

	Capital Outlay Projects Fund 41	Revenue Bond Construction Fund 42
ASSETS		
Cash and cash equivalents-Cash in County Treasury	\$ 6,798,378	\$ 7,651,539
Investments	1,123,373	-
Accounts receivable	25,552	31,551
Due from other funds	921,550	-
Total Assets	\$ 8,868,853	\$ 7,683,090
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ 346,973	\$ -
Due to other funds	-	225,910
Total Liabilities	346,973	225,910
FUND EQUITY		
Restricted	8,521,880	7,457,180
Total Liabilities and Fund Equity	\$ 8,868,853	\$ 7,683,090

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

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2017**

	Capital Outlay Projects Fund 41	Revenue Bond Construction Fund 42
REVENUES		
Local revenues	\$ 311,259	\$ (42,670)
EXPENDITURES		
Current Expenditures		
Books and supplies	25,689	-
Services and operating expenditures	1,329,775	-
Capital outlay	9,091,433	-
Debt service - principal	603,125	14,275,000
Debt service - interest and other issuance costs	68,508	3,086,358
Total Expenditures	11,118,530	17,361,358
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(10,807,271)	(17,404,028)
OTHER FINANCING SOURCES (USES)		
Operating transfers in	10,527,091	-
Operating transfers out	-	(8,360,485)
Other sources	1,016,275	17,361,358
Total Other Financing Sources (Uses)	11,543,366	9,000,873
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	736,095	(8,403,155)
FUND BALANCE, BEGINNING OF YEAR	7,785,785	15,860,335
FUND BALANCE, END OF YEAR	\$ 8,521,880	\$ 7,457,180

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

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the West Hills Community College District's Capital Outlay Projects Fund 41 and the Revenue Bond Construction Fund 42 (Measures E, L, Q and T) 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 (AICPA). The West Hills Community College District's Capital Outlay Projects Fund 41 and the Revenue Bond Construction Fund 42 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 Capital Outlay Projects Fund 41 and the Revenue Bond Construction Fund 42 of the West Hills Community College District used to account for Measures E, L, Q and T projects. These Fund's were established to account for the expenditures of general obligation bonds issued under the General Obligation Bonds Elections for the School Facilities Improvement Districts (SFID) 1 Northern area and SFID 3 Lemoore. These financial statements are not intended to present fairly the financial position and results of operations of the West Hills Community College District in compliance with accounting principles generally accepted in the United States of America.

Fund Accounting

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

Basis of Accounting

The Funds are 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.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables".

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented in the financial statements.

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's governing board satisfied these requirements. The Board revises this budget during the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption. The District employs budget control by minor object and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object account.

Encumbrances

The District utilizes an encumbrance accounting system under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrances are liquidated when the commitments are paid and all outstanding encumbrances lapse at June 30.

Fund Balance - Capital Outlay Projects and Revenue Bond Construction Funds (Measures E, L, Q and T)

As of June 30, 2017, the fund balance is classified as follows:

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.

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.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

New Accounting Pronouncements

In May 2017, the GASB issued Statement No. 86, Certain Debt Extinguishment Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation 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 investment 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 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.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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 Bond Funds as of June 30, 2017, consist of the following:

Governmental activities	<u><u>\$ 15,573,290</u></u>
-------------------------	-----------------------------

Deposits and investments of the Bond Funds as of June 30, 2017, consist of the following:

Cash on hand and in banks	\$ 1,123,373
Investments	14,449,917
Total Deposits and Investments	<u><u>\$ 15,573,290</u></u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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 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. The District's Capital Outlay Projects Fund 41 and Revenue Bond Construction Fund 42 maintain investments of \$14,449,917 with the Fresno County Investment Pool, with an average maturity of 788 days.

	Amortized Cost	Fair Value
Deposits with county treasurer	<u>\$ 14,449,917</u>	<u>\$ 14,452,144</u>

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017, consist of the following:

	Capital Outlay Projects Fund 41	Revenue Bond Construction Fund 42
Interest	<u>\$ 25,552</u>	<u>\$ 31,551</u>

NOTE 4 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2017, consist of the following:

	Capital Outlay Projects Fund 41
Vendor payables	<u>\$ 346,973</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5 - INTERFUND ACTIVITY

Interfund balances at June 30, 2017, consisted of the following:

	Capital Outlay Projects Fund 41	Revenue Bond Construction Fund 42
Amounts due from other District funds	\$ 921,550	\$ -
Amounts due to other District funds	\$ -	\$ 225,910

NOTE 6 - CONTINGENCIES

Litigation

The District is not currently a party to any legal proceedings related to either of the funds reported.

SUPPLEMENTARY INFORMATION

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2017**

Bonded Debt

A summary of the bonded debt (Measures E, L, Q and T) activity for the year is as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Current Portion
General obligation bonds - 2008 (Northern)					
Current interest	\$ 635,000	\$ -	\$ -	\$ 635,000	\$ -
Capital appreciation	1,119,075	69,207	105,000	1,083,282	120,000
Bond premium (25 year amortization)	263,056	-	14,618	248,438	-
General obligation bonds - 2008, B (Northern)					
Current interest	7,670,000	-	90,000	7,580,000	100,000
Capital appreciation	215,196	17,778	-	232,974	-
Bond premium (25 year amortization)	244,415	-	11,638	232,777	-
General obligation bonds - 2015 Refunding (Northern), Series A	2,270,000	-	-	2,270,000	-
General obligation bonds - 2015 Refunding (Northern), Series A Premium (14 year amortization)	201,748	-	15,519	186,229	-
General obligation bonds - 2008 (Lemoore)					
Current interest	4,955,000	-	4,250,000	705,000	-
Capital appreciation	734,173	69,994	165,000	639,167	1,750,000
Bond premium (25 year amortization)	318,699	-	17,697	301,002	-
Reauthorized, Issued 2016 (Lemoore)					
Current interest	12,655,000	-	-	12,655,000	45,000
Bond premium (30 year amortization)	833,766	-	27,792	805,974	-
General obligation bonds - 2008, B (Lemoore)					
Current interest	9,625,000	-	7,950,000	1,675,000	-
Capital appreciation	4,136,610	345,185	30,000	4,451,795	65,000
Bond premium (30 year amortization)	616,011	-	24,651	591,360	-
General obligation bonds - 2017 Refunding, Series B	-	14,455,000	-	14,455,000	365,000
Bond premium (17 year amortization)	-	504,896	20,196	484,700	-
General obligation bonds - 2014, Series A Ed Tech	4,015,000	-	850,000	3,165,000	1,005,000
Total	<u>\$ 50,507,749</u>	<u>\$ 15,462,060</u>	<u>\$ 13,572,111</u>	<u>\$ 52,397,698</u>	<u>\$ 3,450,000</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2017**

The outstanding general obligation bonded debt (Measures E, L, Q and T) is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2016	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2017
03/04/15	08/01/19	1.4%	\$ 4,015,000	\$ 4,015,000	\$ -	\$ 850,000	\$ 3,165,000
Northern:							
10/28/08	08/01/33	3.41-4.950%	3,839,677	1,754,075	69,207	105,000	1,718,282
05/23/12	08/01/37	2.0-4.23%	7,957,059	7,885,196	17,778	90,000	7,812,974
04/21/15	08/01/28	2.42-3.56%	2,270,000	2,270,000	-	-	2,270,000
Lemoore:							
03/03/09	08/01/33	2.62-5.42%	5,999,837	5,689,173	69,994	4,415,000	1,344,167
02/17/11	08/01/41	2.56-7.40%	12,343,909	13,761,610	345,185	7,980,000	6,126,795
01/13/16	08/01/45	2.00-5.50%	12,655,000	12,655,000	-	-	12,655,000
11/16/16	08/01/41	1.04-3.84%	14,455,000	-	14,455,000	-	14,455,000
Total				<u>\$ 48,030,054</u>	<u>\$ 14,957,164</u>	<u>\$ 13,440,000</u>	<u>\$ 49,547,218</u>

2015 Issue - General Obligation Bonds - Ed Tech:

Fiscal Year	Principal	Interest to Maturity	Total
2018	\$ 1,005,000	\$ 37,275	\$ 1,042,275
2019	1,055,000	22,855	1,077,855
2020	1,105,000	7,735	1,112,735
Total	<u>\$ 3,165,000</u>	<u>\$ 67,865</u>	<u>\$ 3,232,865</u>

2008 Northern Series A, Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2018	\$ -	\$ 33,338	\$ 33,338
2019	130,000	33,338	163,338
2020	150,000	26,513	176,513
2021	165,000	18,638	183,638
2022	190,000	9,975	199,975
Subtotal	<u>\$ 635,000</u>	<u>\$ 121,802</u>	<u>\$ 756,802</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2017**

2008 Northern Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2018	\$ 120,000	\$ 120,000	\$ -
2027-2034	2,406,061	963,282	1,442,779
Total	<u>\$ 2,526,061</u>	<u>\$ 1,083,282</u>	<u>\$ 1,442,779</u>

2008 Northern, Series B, Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2018	\$ 100,000	\$ 327,181	\$ 427,181
2019	120,000	325,181	445,181
2020	130,000	321,581	451,581
2021	-	317,681	317,681
2022	-	317,681	317,681
2023-2027	1,005,000	1,532,930	2,537,930
2028-2032	1,510,000	1,332,920	2,842,920
2033-2037	3,610,000	903,750	4,513,750
2038	1,105,000	55,250	1,160,250
Total	<u>\$ 7,580,000</u>	<u>\$ 5,434,155</u>	<u>\$ 13,014,155</u>

2008 Northern, Series B, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2021-2022	<u>\$ 305,000</u>	<u>\$ 232,974</u>	<u>\$ 72,026</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2017**

2015, Series A, Current Interest General Obligation Refunding Bonds (Northern):

Fiscal Year	Principal	Interest to Maturity	Total
2018	\$ -	\$ 97,500	\$ 97,500
2019	-	97,500	97,500
2020	-	97,500	97,500
2021	-	97,500	97,500
2022	-	97,500	97,500
2023-2027	1,470,000	354,750	1,824,750
2028-2029	800,000	36,450	836,450
Total	<u>\$ 2,270,000</u>	<u>\$ 878,700</u>	<u>\$ 3,148,700</u>

2008 Lemoore Series A, Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2018	\$ -	\$ 20,739	\$ 20,739
2019	-	32,044	32,044
2020	-	32,044	32,044
2021	-	32,044	32,044
2022	215,000	32,004	247,004
2023-2027	490,000	34,163	524,163
Subtotal	<u>\$ 705,000</u>	<u>\$ 183,038</u>	<u>\$ 888,038</u>

2008 Lemoore Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2018	\$ 175,000	\$ 175,000	\$ -
2019	185,000	164,761	20,239
2020	195,000	154,635	40,365
2021	205,000	144,771	60,229
Total	<u>\$ 760,000</u>	<u>\$ 639,167</u>	<u>\$ 120,833</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2017**

2008 Lemoore, Series B, Current Interest General Obligation Bonds and Convertible Capital Appreciation Bonds:

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2018	\$ -	\$ 56,211	\$ 56,211
2019	-	86,850	86,850
2020	-	86,850	86,850
2021	-	86,850	86,850
2022	-	86,850	86,850
2023-2027	1,055,000	394,000	1,449,000
2028-2032	620,000	134,200	754,200
2033-2037	2,350,400 ¹	873,580	3,223,980
2038-2042	1,263,600 ¹	469,646	1,733,246
Subtotal	<u>\$ 5,289,000</u>	<u>\$ 2,275,037</u>	<u>\$ 7,564,037</u>

¹ A portion of the obligation reflects the current accreted obligation on the Capital Appreciation Bonds that will, on August 1, 2026, convert to Current Interest Bonds which will fully mature on August 31, 2028.

2008 Lemoore, Series B, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2018	\$ 65,000	\$ 65,000	\$ -
2019	95,000	84,550	10,450
2020	130,000	102,960	27,040
2021	170,000	119,850	50,150
2022	205,000	128,617	76,383
2023-2025	660,000	336,818	323,182
Total	<u>\$ 1,325,000</u>	<u>\$ 837,795</u>	<u>\$ 487,205</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2017**

2008 Lemoore Series A, Reauthorized (2016) Current Interest General Obligation Bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2018	\$ 45,000	\$ 490,199	\$ 535,199
2019	55,000	489,299	544,299
2020	70,000	488,199	558,199
2021	85,000	486,798	571,798
2022	105,000	482,548	587,548
2023-2027	855,000	2,312,993	3,167,993
2028-2032	1,565,000	2,014,692	3,579,692
2033-2037	2,520,000	1,534,305	4,054,305
2038-2042	3,580,000	1,009,355	4,589,355
2043-2046	3,775,000	328,058	4,103,058
Subtotal	<u>\$ 12,655,000</u>	<u>\$ 9,636,446</u>	<u>\$ 22,291,446</u>

2017 Refunding Series B, Lemoore:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2018	\$ 365,000	\$ 386,100	\$ 751,100
2019	120,000	585,600	705,600
2020	120,000	583,200	703,200
2021	120,000	579,600	699,600
2022	125,000	576,000	701,000
2023-2027	1,530,000	2,767,800	4,297,800
2028-2032	2,785,000	2,561,450	5,346,450
2033-2037	1,370,000	1,667,000	3,037,000
2038-2042	7,920,000	1,191,600	9,111,600
Subtotal	<u>\$ 14,455,000</u>	<u>\$ 10,898,350</u>	<u>\$ 25,353,350</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**RECONCILIATION OF ANNUAL FINANCIAL REPORT WITH AUDITED
CAPITAL OUTLAY PROJECTS AND REVENUE BOND CONSTRUCTION FUNDS
(MEASURES E, L, Q AND T)
JUNE 30, 2017**

There were no adjustments to the Unaudited Actual Building Fund (Measures E, L, Q and T), which required reconciliation to the audited financial statements at June 30, 2017.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2017**

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 Capital Outlay Projects Fund and Revenue Bond Construction Fund (Measures E, L, Q and T) obligations.

Reconciliation of Annual Financial Report With Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of the Capital Outlay Projects Fund and Revenue Bond Construction Fund (Measures E, L, Q and T) reported on the CCFS-311 Financial Report to the audited financial statements.

INDEPENDENT AUDITOR'S REPORT



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

**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 Hills Community College District
Coalinga, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the West Hill's Community College District (the District) Capital Outlay Projects and Revenue Bond Construction Funds (Measures E, L, Q and T), as of and for the year ended June 30, 2017, and the related notes of the financial statements, and have issued our report thereon dated December 29, 2017.

As discussed in Note 1, the financial statements present only the Capital Outlay Projects and Revenue Bond Construction Funds specific to Measures E, L, Q and T, and are not intended to present fairly the financial position and changes in financial position of West Hill's Community College District in accordance with accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Hills Community College 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 West Hills Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the West Hills Community College 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be, significant deficiencies or material weaknesses. 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 West Hill's Community College District's Capital Outlay Projects and Revenue Bond Construction Funds (Measures E, L, Q and T) financial statements are free of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vannink, Trine, Day & Co., LLP

Fresno, California
December 29, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2017**

None reported.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2017**

There were no audit findings reported in the prior year's schedule of financial statement findings.

**WEST HILLS
COMMUNITY COLLEGE DISTRICT**

**CAPITAL OUTLAY PROJECTS AND REVENUE BOND
CONSTRUCTION FUNDS (MEASURES E, L, Q AND T)
PERFORMANCE AUDIT**

JUNE 30, 2017

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**PERFORMANCE AUDIT
TABLE OF CONTENTS
JUNE 30, 2017**

Independent Auditor's Report on Performance	1
Authority and Purpose for Issuance	2
Authority for the Audit	2
Objectives of the Audit	3
Scope of the Audit	3
Procedures Performed	3
Conclusion	4
Schedule of Findings and Questioned Costs	5
Summary Schedule of Prior Year Audit Findings	6



VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE *difference*

INDEPENDENT AUDITOR'S REPORT ON PERFORMANCE

Governing Board and
Citizens Oversight Committee
West Hills Community College District
Coalinga, California

We were engaged to conduct a performance audit of the West Hill's Community College District (the District) Capital Outlay Projects and Revenue Bond Construction Funds (Measures E, L, Q and T) for the year ended June 30, 2017.

We 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 we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

Our 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 XIII A, Section 1(b)(3)(C) of the California Constitution. Management is responsible for the District's compliance with those requirements.

In planning and performing our performance audit, we 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 XIII A, Section 1(b)(3)(C) of the California Constitution, but not for the purpose of expressing an opinion of the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

The results of our tests indicated that the District expended Capital Outlay Projects and Revenue Bond Construction Funds (Measures E, L, Q and T) funds only for the specific projects approved by the voters, in accordance with Proposition 39 and outlined in Article XIII A, Section 1(b)(3)(C) of the California Constitution.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 29, 2017

WEST HILLS COMMUNITY COLLEGE DISTRICT CAPITAL OUTLAY PROJECTS FUND AND REVENUE BOND CONSTRUCTION FUND

JUNE 30, 2017

AUTHORITY AND PURPOSE FOR ISSUANCE

The general obligation bonds associated with Measures E, L, Q and T were 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 Trustees of the District acting as the governing board of the Improvement Districts.

The School Facilities Improvement District 1 (Northern area) received authorization at an election held on June 3, 2008, to issue bonds of the District in an aggregate principal amount not to exceed \$11,800,000 to finance specific construction and renovation projects approved 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 School Facilities Improvement District 3 (Lemoore area) received authorization at an election held on November 4, 2008, to issue bonds of the District in an aggregate principal amount not to exceed \$31,000,000 to finance specific construction and renovation projects approved 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.

West Hills Community College District received reauthorization at an election held on November 6, 2012, to issue the 2008 current interest bonds in an amount not to exceed \$12,655,000 in aggregated principal at interest rates not in excess of the legal limit and to finance specific construction and renovation projects approved 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.

West Hills Community College District received authorization at an election held on November 4, 2014, to issue current interest bonds in an amount not to exceed \$20,000,000 in aggregated principal at interest rates not in excess of the legal limit and to provide financing for the specific school facilities technology projects listed in the Bond Project List. The proposition required approval by at least 55 percent of the votes cast by eligible voters within the District.

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 XIII A, 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.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

JUNE 30, 2017

2. The community college 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 community college district to appoint a citizen's oversight committee.
4. Requires the community college 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 Capital Outlay Projects Fund 41 and the Revenue Bond Construction Fund 42 have been made in accordance with the bond project list approved by the voters through the approval of Measures E, L, Q and T.
2. Determine whether salary transactions, charged to the funds, if any, were in support of Measures E, L, Q and T and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2016 to June 30, 2017. 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, 2017, were not reviewed or included within the scope of our audit or in this report.

PROCEDURES PERFORMED

We obtained the general ledger and the project expenditure reports prepared by the District for the fiscal year ended June 30, 2017, for the Capital Outlay Projects Fund 41 and Revenue Bond Construction Fund 42 (Measures E, L, Q and T). 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 XIII A, Section 1(b)(3)(C) of the California Constitution and Measures E, L, Q and T as to the approved bond projects list. We performed the following procedures:

1. We selected a sample of expenditures for the period starting July 1, 2016 and ending June 30, 2017, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

JUNE 30, 2017

2. Our sample included transactions totaling \$5,614,750 of the total expenditures of \$10,446,897, which excludes the refunding bond activity.
3. We verified that funds from the Capital Outlay Projects Fund 41 and Revenue Bond Construction Fund 42 (Measures E, L, Q and T) were expended for the construction, renovation, furnishing and equipping of District facilities constituting authorized bond projects.

CONCLUSION

The results of our tests indicated that, in all significant respects, the West Hills Community College District has properly accounted for the expenditures held in the Capital Outlay Projects Fund 41 and Revenue Bond Construction Fund 42 (Measures E, L, Q and T) and that such expenditures were made for costs authorized by the voters of the District.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017**

None reported.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL OUTLAY PROJECTS FUND AND
REVENUE BOND CONSTRUCTION FUND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2017**

There were no audit findings reported in the prior year's schedule of financial statement findings.