

**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, 2018

**WEST HILLS
COMMUNITY COLLEGE DISTRICT**

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

JUNE 30, 2018

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

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FINANCIAL SECTION

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, 2018, 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*

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial

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**BALANCE SHEET
JUNE 30, 2018**

	Capital Outlay Projects Fund 41	Revenue Bond Construction Fund 42
ASSETS		
Cash and cash equivalents-Cash in County Treasury	\$ 6,870,495	\$ 5,081,977
Cash in banks	15,184,082	-
Accounts receivable	18,894	2,488
Due from other funds	245,768	-
Total Assets	\$ 22,319,239	\$ 5,084,465
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ 238,567	\$ -
FUND EQUITY		
Restricted	22,080,672	5,084,465
Total Liabilities and Fund Equity	\$ 22,319,239	\$ 5,084,465

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

**WEST HILLS COMMUNITY COLLEGE DISTRICT
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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

	Capital Outlay Projects Fund 41	Revenue Bond Construction Fund 42
REVENUES		
State revenues	\$ 381,864	\$ -
Local revenues	310,566	95,399
Total Revenues	692,430	95,399
EXPENDITURES		
Current Expenditures		
Books and supplies	5,330	-
Services and operating expenditures	549,937	-
Capital outlay	3,815,400	-
Debt service - principal	525,580	-
Debt service - interest and other issuance costs	182,235	-
Total Expenditures	5,078,482	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,386,052)	95,399
OTHER FINANCING SOURCES (USES)		
Operating transfers in	3,172,376	-
Operating transfers out	-	(2,468,113)
Other sources, lease financing	13,762,192	-
Total Other Financing Sources (Uses)	16,934,568	(2,468,113)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	12,548,516	(2,372,714)
FUND BALANCE, BEGINNING OF YEAR	9,532,156	7,457,179
FUND BALANCE, END OF YEAR	\$ 22,080,672	\$ 5,084,465

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, 2018**

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

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

New Accounting Pronouncements

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

**WEST HILLS COMMUNITY COLLEGE DISTRICT
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

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 \$11,952,472 with the Fresno County Investment Pool, with an average maturity of 2.17 years.

	Amortized Cost	Fair Value
Deposits with county treasurer	<u>\$ 11,952,472</u>	<u>\$ 11,772,432</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
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REVENUE BOND CONSTRUCTION FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2018, consist of the following:

Vendor payables	Capital Outlay Projects Fund 41 238,567
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SUPPLEMENTARY INFORMATION

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

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED CAPITAL OUTLAY PROJECTS AND REVENUE BOND CONSTRUCTION
FUNDS (MEASURES E, L, Q AND T)
JUNE 30, 2018**

Summarized below is the fund balance reconciliation between the Unaudited Capital Outlay Projects Fund (Measures E, L, Q and T) and the audited Capital Outlay Projects Fund Fund (Measures E, L, Q and T).

Capital
Outlay Projects
Fund

**WEST HILLS COMMUNITY COLLEGE DISTRICT
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**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Bonded Debt

This schedule provides a summary of the bond debt obligations outstanding for the issuances related to (Measures E, L, Q and T).

Reconciliation of Annual Financial and Budget 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

**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***

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 intern-2.9(i)5.9(e)-Pa11.3(e)-6-2.6.ebee

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**WEST HILLS COMMUNITY COLLEGE DISTRICT
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**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2018**

None reported.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018**

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

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PERFORMANCE AUDIT**

JUNE 30, 2018

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**PERFORMANCE AUDIT
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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

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JUNE 30, 2018

2. Our sample included transactions totaling \$1,496,285 of the total expenditures of \$3,929,731, which excludes activity reflected in the fund relating to the District Office project.
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

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

None reported.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE**