

**WEST HILLS
COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 39
GENERAL OBLIGATION BONDS
AUDIT REPORT**

JUNE 30, 2012

**WEST HILLS
COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 39
GENERAL OBLIGATION BONDS
FINANCIAL AUDIT**

JUNE 30, 2012

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

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JUNE 30, 2012**

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the West Hills Community College District's (the District), Capital Projects Fund 41 and the Building Fund 42, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Capital Projects Fund 41 and the Building Fund 42 specific to Proposition 39 and are not intended to present fairly the financial position and results of operations of West Hills Community College District in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Capital Projects Fund 41 and the Building Fund 42 of the West Hills Community College District at June 30, 2012, 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, we have also issued our report dated January 7, 2013, on our consideration of the Capital Projects Fund 41 and the Building Fund 42 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 and should be considered in assessing the results of our audit.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
January 7, 2013

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**BALANCE SHEET
JUNE 30, 2012**

	Capital Projects Fund 41	Building Fund 42
ASSETS		
Cash and cash equivalents-Cash in County Treasury	\$ 2,996,683	\$ 19,834,941
Accounts receivable	28,272	5,968
Due from other funds	6,574,669	-
Total Assets	<u>\$ 9,599,624</u>	<u>\$ 19,840,909</u>
LIABILITIES AND FUND EQUITY		
LIABILITIES		
Accounts payable	\$ 1,031,688	\$ -
Due to other funds	-	1,004,080
Total Liabilities	<u>1,031,688</u>	<u>1,004,080</u>
FUND EQUITY		
Restricted	8,567,936	18,836,829
Total Fund Equity	<u>8,567,936</u>	<u>18,836,829</u>
Total Liabilities and Fund Equity	<u>\$ 9,599,624</u>	<u>\$ 19,840,909</u>

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

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2012**

	Capital Projects Fund 41	Building Fund 42
REVENUES		
State revenues	\$ 6,209,957	\$ -
Local revenues	188,945	142,145
Total Revenues	<u>6,398,902</u>	<u>142,145</u>
EXPENDITURES		
Current Expenditures		
Books and supplies	40,110	-
Services and operating expenditures	286,629	609,795
Capital outlay	15,791,322	-
Debt service - principal	390,000	8,165,000
Debt service - interest and other issuance costs	-	305,889
Total Expenditures	<u>16,508,061</u>	<u>9,080,684</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(10,109,159)</u>	<u>(8,938,539)</u>
OTHER FINANCING SOURCES (USES)		
Operating transfers in	9,077,306	3,200,000
Operating transfers out	-	(8,812,208)
Other sources	-	20,362,906
Total Other Financing Sources (Uses)	<u>9,077,306</u>	<u>14,750,698</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	<u>(1,031,853)</u>	<u>5,812,159</u>
FUND BALANCE, BEGINNING OF YEAR	<u>9,599,789</u>	<u>13,024,670</u>
FUND BALANCE, END OF YEAR	<u>\$ 8,567,936</u>	<u>\$ 18,836,829</u>

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

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the West Hills Community College District's Capital Projects Fund 41 and the Building Fund 42 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 Hills Community College District's Capital Projects Fund 41 and the Building 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 Projects Fund 41 and the Building Fund 42 of the West Hills Community College District used to account for Proposition 39 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, SFID 2 Coalinga, 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 PROJECTS FUND AND BUILDING FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2012

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 are liquidated at June 30 since they do not constitute expenditures or liabilities.

Fund Balances - Governmental Funds

As of June 30, 2012, fund balances of the governmental funds are 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 PROJECTS FUND AND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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 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.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

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

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 manages its exposure to interest rate risk by investing in the County Pool. The Districts Capital Projects Fund 41 and Building Fund 42 maintain investments of \$22,831,624 with the Fresno County Investment Pool. The fair value of this investment is approximately \$23,122,659.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2012, consisted of the following:

	Capital Projects Fund 41	Building Fund 42
Interest	\$ 3,322	\$ 5,968
Tax revenue	24,950	-
Total	<u>\$ 28,272</u>	<u>\$ 5,968</u>

NOTE 4 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2012, consisted of the following:

Vendor payables	<u>\$ 1,031,688</u>
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NOTE 5 - COMMITMENTS AND 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 PROJECTS FUND AND BUILDING FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

Bonded Debt

A summary of the bonded debt 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	\$ 2,745,000	\$ -	\$ -	\$ 2,745,000	\$ -
Capital appreciation	1,118,015	88,899	75,000	1,131,914	70,000
Bond premium (25 year amortization)	336,126	-	14,614	321,512	14,614
General obligation bonds - 2008, B (Northern)					
Current interest	-	7,800,000	-	7,800,000	-
Capital appreciation	-	158,426	-	158,426	-
Bond premium (25 year amortization)	-	290,971	-	290,971	11,639
General obligation bonds - 2008 (Coalinga)					
Current interest	2,380,000	-	-	2,380,000	-
Capital appreciation	651,801	56,219	135,000	573,020	100,000
Bond premium (25 year amortization)	292,349	-	12,711	279,638	12,711
General obligation bonds - 2008, B (Coalinga)					
Current interest	-	6,595,000	-	6,595,000	-
Capital appreciation	-	2,020,287	-	2,020,287	-
Bond premium (25 year amortization)	-	365,470	-	365,470	14,619
General obligation bonds - 2008 (Lemoore)					
Current interest	4,955,000	-	-	4,955,000	-
Capital appreciation	959,332	101,975	130,000	931,307	125,000
Bond premium (25 year amortization)	407,247	-	17,706	389,541	17,706
General obligation bonds - 2008, B (Lemoore)					
Current interest	9,625,000	-	-	9,625,000	-
Capital appreciation	2,805,856	234,527	-	3,040,383	-
Bond premium (30 year amortization)	739,189	-	24,640	714,549	24,640
Total	<u>\$ 27,014,915</u>	<u>\$ 17,711,774</u>	<u>\$ 409,671</u>	<u>\$ 44,317,018</u>	<u>\$ 390,929</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2011	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2012
Northern:							
10/28/08	08/01/33	3.41-4.950%	\$ 3,839,677	\$ 3,863,015	\$ 88,899	\$ 75,000	\$ 3,876,914
05/23/12	08/01/41	2.0-4.23%	7,957,059	-	7,958,426	-	7,958,426
Coalinga:							
02/24/09	08/01/32	2.62-5.08%	2,998,815	3,031,801	56,219	135,000	2,953,020
05/23/12	08/01/38	2.0-4.21	4,498,812	-	8,615,287	-	8,615,287
Lemoore:							
03/03/09	08/01/33	2.62-5.42%	5,999,837	5,914,332	101,975	130,000	5,886,307
02/17/11	08/01/41	2.56-7.40%	12,343,909	12,430,856	234,527	-	12,665,383
Total				<u>\$ 25,240,004</u>	<u>\$ 17,055,333</u>	<u>\$ 340,000</u>	<u>\$ 41,955,337</u>

2008 Northern Series A, Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2013	\$ -	\$ 159,938	\$ 159,938
2014	-	159,938	159,938
2015	-	159,938	159,938
2016	-	159,937	159,937
2017	-	159,937	159,937
2018-2022	635,000	754,799	1,389,799
2023-2027	1,340,000	489,900	1,829,900
2028	770,000	70,500	840,500
Subtotal	<u>\$ 2,745,000</u>	<u>\$ 2,114,887</u>	<u>\$ 4,859,887</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

2008 Northern Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2013	\$ 70,000	\$ 70,000	\$ -
2014	80,000	71,872	8,128
2015	85,000	68,612	16,388
2016	100,000	72,520	27,480
2017	105,000	68,418	36,582
2018	120,000	70,248	49,752
2023-2027	-	-	-
2030-2034	2,406,061	710,244	1,695,817
Total	<u>\$ 2,966,061</u>	<u>\$ 1,131,914</u>	<u>\$ 1,834,147</u>

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

Fiscal Year	Principal	Interest to Maturity	Total
2013	\$ -	\$ 38,684	\$ 38,684
2014	-	331,581	331,581
2015	60,000	331,581	391,581
2016	70,000	330,381	400,381
2017	90,000	328,981	418,981
2018-2022	350,000	1,609,305	1,959,305
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
2038-2042	1,105,000	55,250	1,160,250
Total	<u>\$ 7,800,000</u>	<u>\$ 6,795,363</u>	<u>\$ 14,595,363</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>\$ 158,426</u>	<u>\$ 146,574</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

2009 Coalinga Series A, Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2013	\$ -	\$ 132,950	\$ 132,950
2014	-	132,950	132,950
2015	-	132,950	132,950
2016	-	132,950	132,950
2017	-	132,950	132,950
2018-2022	200,000	654,750	854,750
2023-2027	635,000	536,487	1,171,487
2028-2032	1,005,000	301,400	1,306,400
2033	540,000	30,250	570,250
Subtotal	<u>\$ 2,380,000</u>	<u>\$ 2,187,637</u>	<u>\$ 4,567,637</u>

2009 Coalinga Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2013	\$ 100,000	\$ 100,000	\$ -
2014	100,000	90,180	9,820
2015	100,000	81,340	18,660
2016	100,000	73,360	26,640
2017	100,000	66,160	33,840
2018-2020	300,000	161,980	138,020
Total	<u>\$ 800,000</u>	<u>\$ 573,020</u>	<u>\$ 226,980</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

2008 Coalinga, Series B, Current Interest General Obligation Bonds

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2013	\$ -	\$ -	\$ -
2014	5,000	278,748	283,748
2015	65,000	249,525	314,525
2016	105,000	248,225	353,225
2017	-	245,078	245,078
2018-2022	-	1,225,375	1,225,375
2023-2027	850,000	1,191,044	2,041,044
2028-2032	1,765,000	975,857	2,740,857
2033-2037	1,500,000	685,988	2,185,988
2038-2042	2,305,000	140,000	2,445,000
Subtotal	<u>\$ 6,595,000</u>	<u>\$ 5,239,840</u>	<u>\$ 11,834,840</u>

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

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2017	\$ 140,000	\$ 87,836	\$ 52,164
2018-2022	1,010,000	441,476	568,524
2027	275,000	85,745	189,255
Total	<u>\$ 1,425,000</u>	<u>\$ 615,057</u>	<u>\$ 809,943</u>

2008 Coalinga, Series B, Convertible Capital Appreciation Term General Obligation Bonds:

Capital Appreciation Term Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2023	<u>\$ 2,325,000</u>	<u>\$ 1,405,230</u>	<u>\$ 919,770</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

Upon maturity of the capital appreciation term bonds the current interest bond payment requirements are:

Year Ending June 30,	Principal	Interest	Total
2033	\$ 515,000	\$ 118,575	\$ 633,575
2034	865,000	92,310	957,310
2035	945,000	48,195	993,195
Total	<u>\$ 2,325,000</u>	<u>\$ 259,080</u>	<u>\$ 2,584,080</u>

2009 Lemoore Series A, Current Interest General Obligation Bonds:

Fiscal Year	Principal	Interest to Maturity	Total
2013	\$ -	\$ 267,546	\$ 267,546
2014	-	267,546	267,546
2015	-	267,546	267,546
2016	-	267,546	267,546
2017	-	267,546	267,546
2018-2022	215,000	1,337,730	1,552,730
2023-2027	1,405,000	1,167,642	2,572,642
2028-2032	2,190,000	708,163	2,898,163
2033	1,145,000	97,875	1,242,875
Subtotal	<u>\$ 4,955,000</u>	<u>\$ 4,649,140</u>	<u>\$ 9,604,140</u>

2009 Lemoore Series A, Capital Appreciation General Obligation Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2013	\$ 125,000	\$ 125,000	\$ -
2014	135,000	120,231	14,769
2015	145,000	114,985	30,015
2016	155,000	109,461	45,539
2017	165,000	103,752	61,248
2018-2022	760,000	357,878	402,122
Total	<u>\$ 1,485,000</u>	<u>\$ 931,307</u>	<u>\$ 553,693</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**SCHEDULE OF LONG-TERM OBLIGATIONS
JUNE 30, 2012**

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

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2013	\$ -	\$ 603,600	\$ 603,600
2014	-	603,600	603,600
2015	-	603,600	603,600
2016	-	603,600	603,600
2017	-	603,600	603,600
2018-2022	-	3,018,000	3,018,000
2023-2027	1,055,000	2,977,750	4,032,750
2028-2032	620,000	5,289,450	5,909,450
2033-2037	1,634,432 ¹	7,596,818	9,231,250
2038-2042	8,828,688 ¹	3,754,677	12,583,365
Subtotal	<u>\$ 12,138,120</u>	<u>\$ 25,654,695</u>	<u>\$ 37,792,815</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
2014	\$ 10,000	\$ 8,900	\$ 1,100
2015	40,000	31,680	8,320
2016	30,000	18,822	11,178
2017	65,000	36,296	28,704
2018-2022	850,000	321,421	528,579
2023-2027	410,000	110,144	299,856
Total	<u>\$ 1,405,000</u>	<u>\$ 527,263</u>	<u>\$ 877,737</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2012**

There were no adjustments made to the District's CCFS-311 which required reconciliation to the audited financial statements at June 30, 2012.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2012**

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 CCFS-311 With the Audited Financial Statements

This schedule provides the information if necessary to reconcile the unaudited fund balance of the funds to the audited financial statements.

INDEPENDENT AUDITORS' REPORT



**INDEPENDENT AUDITORS' 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 the accompanying financial statements of the West Hills Community College District (the District) Capital Projects Fund 41 and Building Fund 42, as of and for the year ended June 30, 2012, and have issued our report thereon dated January 7, 2013. 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.

As discussed in Note 1, the financial statements present only the Capital Projects Fund 41 and the Building Fund 42 specific to Proposition 39 and are not intended to present fairly the financial position and results of operations of West Hills Community College District in conformity 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 as a basis for designing our auditing procedures 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 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.

Our 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Hills Community College District's Capital Projects Fund 41 and Building Fund 42 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*.

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.

Vannoy, Eric, Day & Co., LLP

Fresno, California
January 7, 2013

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**FINANCIAL STATEMENT FINDINGS
JUNE 30, 2012**

None reported.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2012**

None reported.

**WEST HILLS
COMMUNITY COLLEGE DISTRICT**

**PROPOSITION 39
GENERAL OBLIGATION BONDS
PERFORMANCE AUDIT**

JUNE 30, 2012

**WEST HILLS COMMUNITY COLLEGE DISTRICT
PROPOSITION 39
GENERAL OBLIGATION BONDS**

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INDEPENDENT AUDITORS' 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 Hills Community College District (the District), Proposition 39 General Obligation Bond funds for the year ended June 30, 2012.

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. 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 Proposition 39 General Obligation Bond 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
January 7, 2013

WEST HILLS COMMUNITY COLLEGE DISTRICT CAPITAL PROJECTS FUND AND BUILDING FUND

JUNE 30, 2012

AUTHORITY AND PURPOSE 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 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 2 (Coalinga 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 \$11,600,000 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.

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.
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.

WEST HILLS COMMUNITY COLLEGE DISTRICT CAPITAL PROJECTS FUND AND BUILDING FUND

JUNE 30, 2012

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 Projects Fund 41 and the Building Fund 42 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 funds, if any, were in support of Proposition 39 and not for District general administration or operations.

SCOPE OF THE AUDIT

The scope of our performance audit covered the period of July 1, 2011 to June 30, 2012. 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, 2012, 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, 2012, for the Capital Projects Fund 41 and Building Fund 42. 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 Proposition 39 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, 2011 and ending June 30, 2012, and reviewed supporting documentation to ensure that such funds were properly expended on the specific projects listed in the ballot text.
2. Our sample included transactions totaling \$15,407,273 of the total expenditures of \$25,588,745.
3. We verified that funds from the Capital Projects Fund 41 and Building Fund 42 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 Projects Fund 41 and Building Fund 42 and that such expenditures were made for costs authorized by the voters of the District.

**WEST HILLS COMMUNITY COLLEGE DISTRICT
CAPITAL PROJECTS FUND AND BUILDING FUND**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2012**

None reported.