

**WEST HILLS COMMUNITY
COLLEGE DISTRICT**

ANNUAL FINANCIAL REPORT

JUNE 30, 2014

WEST HILLS COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

JUNE 30, 2014

FINANCIAL SECTION

Independent Auditor's Report	2
Management's Discussion and Analysis	5
Basic Financial Statements - Primary Government	
Statement of Net Position	13
Statement of Revenues, Expenses, and Changes in Net Position	14
Statement of Cash Flows – Direct Method	15
Fiduciary Funds	
Statement of Net Position	17
Statement of Changes in Net Position	18
Discretely Presented Component Unit - West Hills Community College Foundation	
Statement of Financial Position	19
Statement of Activities	20
Statement of Cash Flows	21
Notes to Financial Statements	22

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Other Postemployment Benefits (OPEB) Funding Progress	55
---	----

SUPPLEMENTARY INFORMATION

District Organization	57
Schedule of Expenditures of Federal Awards	58
Schedule of Expenditures of State Awards	60
Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance	61
Reconciliation of <i>Education Code</i> Section 84362 (50 Percent Law) Calculation	62
Proposition 30 Education Protection Act (EPA) Expenditure Report	65
Reconciliation of Annual Financial and Budget Report (CCFS-311) With Fund Financial Statements	66
Reconciliation of Governmental Funds to the Statement of Net Position	67
Notes to Supplementary Information	68

INDEPENDENT AUDITOR'S REPORTS

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>	71
Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by OMB Circular A-133	73
Report on State Compliance	75

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditor's Results	78
Financial Statement Findings and Recommendations	79
Federal Awards Findings and Questioned Costs	80
State Awards Findings and Questioned Costs	81
Summary Schedule of Prior Audit Findings	82

WEST HILLS COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

JUNE 30, 2014

ADDITIONAL SUPPLEMENTARY INFORMATION (UNAUDITED)

Governmental Funds	
Balance Sheets	84
Statements of Revenues, Expenditures, and Changes in Fund Balances	86
Fiduciary Funds	
Balance Sheets	88
Statements of Revenues, Expenditures, and Changes in Fund Balances	89
Note to Additional Supplementary Information	90

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
West Hills Community College District
Coalinga, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit (West Hills Community College Foundation) of West Hills Community College District (the District) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component unit of the District as of June 30, 2014, and the changes in net position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, the District has elected to change its method of accounting for cost of debt issuance as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 12 and the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

The additional supplementary information on pages 84 through 90 has been presented at the request of District management for purposes of additional analysis. We have applied certain limited procedures to the additional supplementary information which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries. We do not express an opinion or provide any assurance on this information because of the limited procedures do not provide us with significant evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 8, 2015, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vannink, Trini, Day & Co, LLP

Fresno, California
January 8, 2015



WEST HILLS

COMMUNITY COLLEGE DISTRICT

West Hills College Coalinga West Hills College Lemoore North District Center, Firebaugh Naval Air Station, Lemoore

MANAGEMENT'S DISCUSSION AND ANALYSIS

In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34, *"Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments,"* which established a new reporting format for annual financial statements of governmental entities. In November 1999, GASB issued Statement No. 35, *"Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities,"* which applies these new reporting standards to public colleges and universities such as the West Hills Community College District (the District). The following discussion and analysis provides an overview of the District's financial activity. This report presents this information in a comparative format. Responsibility for the completeness and fairness of this information rests with the District.

USING THIS ANNUAL REPORT

As required by accounting principles, the annual report consists of three basic financial statements that provide information on the District's activities as a whole: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The focus of the Statement of Net Position is designed to be similar to bottom line results for the District. This statement combines and consolidates current financial resources (net short-term spendable resources) with capital assets and long-term obligations. The Statement of Revenues, Expenses, and Changes in Net Position focuses on the costs of the District's operational activities, which are supported mainly by property taxes and by State and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various District services to students and the public. The Statement of Cash Flows provides an analysis of the sources and uses of cash within the operations of the District.

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

FINANCIAL HIGHLIGHTS

- The District's primary funding source is "State Apportionment as defined by SB 361" received from the State of California through the State Chancellor's Office. These funds are comprised of State apportionment, local property taxes, and student enrollment fees. The primary basis of this apportionment is the calculation of Full-Time Equivalent Students (FTES). During the 2013-2014 fiscal year, the District's actual FTES was 5,200 but the State funded only 4,898 while the actual FTES in the 2012-2013 fiscal year was 5,001 and the funded FTES was 4,779. These FTES are generated at the District's Coalinga and Lemoore College campuses, as well as various satellite locations.
- The District ended the year with an Unrestricted General Fund balance of approximately \$3.2 million. The State Chancellor's Office recommends reserve levels of five percent of unrestricted General Fund expenditures be set aside for economic uncertainties. The District met this requirement with approximately nine percent in reserves.
- The primary expenditure of the District is for the salaries and benefits of the Academic, Classified, and Administrative salaries of District employees. These costs increased from \$38.9 million for the 2012-2013 fiscal years to approximately \$42.3 million during the 2013-2014 fiscal years. In addition to the costs for current employees' insurance coverage, the District provides insurance benefits to retirees meeting plan eligibility requirements.
- The District continues several construction and modernization projects throughout the District. These projects will be funded through various financial vehicles, including various maintenance and construction projects funded through the State Chancellor's Office.
- The District provides student financial aid to qualifying students of the District in the amount of approximately \$15.7 million. This aid is provided through grants, and loans from the Federal government, State Chancellor's Office, and local funding.

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Condensed financial information (in thousands) is as follows:

NET POSITION

As of June 30, 2014 and 2013

	<u>2014</u>	<u>2013, Restated</u>	<u>Change</u>
ASSETS			
Current Assets			
Cash and investments	\$ 98,520	\$ 101,477	\$ (2,957)
Accounts receivable	10,192	12,297	(2,105)
Due from trust and agency fund	717	-	717
Prepaid	30	21	9
Total Current Assets	<u>109,459</u>	<u>113,795</u>	<u>(4,336)</u>
Non-Current Assets			
Capital assets, net of depreciation	131,023	127,397	3,626
Net Plan Asset-GASB 45	2,754	2,191	563
Total Non-Current Assets	<u>133,777</u>	<u>129,588</u>	<u>4,189</u>
Total Assets	<u>\$ 243,236</u>	<u>\$ 243,383</u>	<u>\$ (147)</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	3,509	3,967	(458)
Due to trust and agency funds	96	-	96
Unearned revenue	5,256	4,162	1,094
Long-term liabilities - current portion	1,552	1,750	(198)
Total Current Liabilities	<u>10,413</u>	<u>9,879</u>	<u>534</u>
Non-Current Liabilities			
Long-term liabilities	130,842	133,039	(2,197)
Total liabilities	<u>141,255</u>	<u>142,918</u>	<u>(1,663)</u>
NET POSITION			
Net investment in capital assets	83,742	86,062	(2,320)
Restricted for expendable purposes	8,054	8,664	(610)
Unrestricted	10,185	5,739	4,446
Total Net Position	<u>101,981</u>	<u>100,465</u>	<u>1,516</u>
Total Liabilities and Net Position	<u>\$ 243,236</u>	<u>\$ 243,383</u>	<u>\$ (147)</u>

This schedule has been prepared from the District's Statement of Net Position (page 13), which is presented on an accrual basis of accounting whereby capital assets are capitalized and depreciated.

The changes in the cash position are explained in the Statement of Cash Flows (pages 15 and 16).

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Operating Results for the Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>Difference</u>
OPERATING REVENUES			
Tuition and fees	\$ 2,358	\$ 2,090	\$ 268
Auxiliary sales and charges	918	593	325
Total Operating Revenues	<u>3,276</u>	<u>2,683</u>	<u>593</u>
OPERATING EXPENSES			
Salaries and benefits	42,308	38,893	3,415
Other expenses	14,013	14,728	(715)
Depreciation	5,521	4,846	675
Total Operating Expenses	<u>61,842</u>	<u>58,467</u>	<u>3,375</u>
NET LOSS ON OPERATIONS	<u>(58,566)</u>	<u>(55,784)</u>	<u>(2,782)</u>
NONOPERATING REVENUES AND (EXPENSES)			
State apportionments	24,016	22,272	1,744
Grants and contracts	23,339	20,202	3,137
Property taxes	6,511	5,908	603
State revenues	1,027	731	296
Interest income	1,688	786	902
Interest expense	363	(2,132)	2,495
Net transfers (to)/from trust and agency funds	(1,345)	-	(1,345)
Other non-operating revenues	3,222	3,995	(773)
Total Nonoperating Revenues	<u>58,821</u>	<u>51,762</u>	<u>7,059</u>
OTHER REVENUES			
State revenues, capital	-	2	(2)
Local revenues, capital	1,261	1,375	(114)
Total Other Revenues	<u>1,261</u>	<u>1,377</u>	<u>(116)</u>
NET INCREASE (DECREASE) IN NET POSITION	<u>\$ 1,516</u>	<u>\$ (2,645)</u>	<u>\$ 4,161</u>

This schedule has been prepared from the Statement of Revenues, Expenses and Changes in Net Position presented on page 14.

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

The operating revenue for the District is specifically defined as revenues from users of the colleges' facilities and programs. Excluded from the operating revenues are the components of the primary source of District funding - the State apportionment process. These components include the State apportionment and local property taxes. As these sources of revenue are from the general population of the State of California, and not from the direct users of the educational services, they are considered to be nonoperating. As a result, the operating loss of \$58 million is fully balanced by the other funding sources resulting in an increase in the District's Net Position of \$1.5 million, prior to the reduction of \$2.9 million in Net Position resulting from the prior period adjustment discussed in Note 16 of the Notes to Financial Statements. The net effect is a decrease to the District's Net Position of \$1.4 million.

Auxiliary revenue consists of Food Service and Farm revenues.

Grant and contract revenues relate to student financial aid, as well as specific Federal and State grants received for programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

The interest income is primarily the result of cash held at the Fresno County Treasurer. The interest expense relates to interest payments on the long-term debt which is described in Note 10 of the financial statements.

The District is recording the depreciation expense related to capital assets. The detail of the changes in capital assets for the year is included in the notes to the financial statements as Note 6.

Statement of Cash Flows for the Years Ended June 30, 2014 and 2013

The Statement of Cash Flows provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing.

	2014	2013	Difference
CASH PROVIDED BY (USED IN)			
Operating activities	\$ (52,288)	\$ (49,714)	\$ (2,574)
Noncapital financing activities	60,105	52,585	7,520
Capital financing activities	(11,753)	(3,310)	(8,443)
Investing activities	979	579	400
Net Increase in Cash and Cash Equivalents	<u>\$ (2,957)</u>	<u>\$ 140</u>	<u>\$ (3,097)</u>

The primary operating receipts are student tuition and fees and Federal, State, and local grants and contracts. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff, as well as District administrators.

While State apportionment and property taxes are the primary source of non-capital related revenue, the new GASB accounting standards require that this source of revenue is shown as nonoperating revenue as it come from the general resources of the State and not from the primary users of the colleges' programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Functional Expenditures

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

Year ended June 30, 2014:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	\$ 11,127,177	\$ 2,720,926	\$ 952,872	\$ 1,832,898	\$ -	\$ 16,633,873
Academic support	6,214,983	1,667,959	1,932,511	394,510	-	10,209,963
Student services	4,991,077	1,782,630	1,159,094	16,109,430	-	24,042,231
Plant operations and maintenance	1,113,339	590,362	1,316,047	396,089	-	3,415,837
Instructional support services	3,304,636	1,495,134	1,011,303	4,278,724	-	10,089,797
Community services and economic development	819,576	240,079	364,518	244,297	-	1,668,470
Ancillary services and auxiliary operations						
CDC, Farm, Cafeteria, Parking, Athletics, RH	4,242,153	1,576,559	3,424,298	42,400	-	9,285,410
Contract Education	139,430	15,509	33,040	-	-	187,979
Other Auxillary Operations	149,903	65,342	331,045	-	-	546,290
Trust and agency activities						
Physical Prop & Acquisitions	314,175	95,813	109,090	173,648	-	692,726
Long-Term Liabilities	-	-	-	239,967	-	239,967
Other financing	-	-	1,450,449	7,738,469	-	9,188,918
Student Aid (Scholarships)	-	-	-	162,112	-	162,112
Other Outgo (Accum Vac/Comp) and bad debt write-off	(3,319)	-	28,227	-	-	24,908
Depreciation expense-unallocated	-	-	-	-	5,521,442	5,521,442
Total	\$ 32,413,130	\$ 10,250,313	\$ 12,112,494	\$ 31,612,544	\$ 5,521,442	\$ 91,909,923

The functional expense table has not been adjusted for the GASB 35 conversion entries, therefore some amounts may differ from those presented on the Statement of Revenues, Expenses and Changes in Net Position.

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

Year ended June 30, 2013:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	\$ 10,208,636	\$ 2,735,637	\$ 1,353,337	\$ 2,695,236	\$ -	\$ 16,992,847
Academic support	4,852,623	1,300,118	1,966,298	296,184	-	8,415,223
Student services	4,844,272	1,915,593	1,046,130	14,899,962	-	22,705,958
Plant operations and maintenance	1,080,354	554,329	1,608,965	6,232	-	3,249,880
Instructional support services	2,860,376	1,317,027	1,130,018	3,497,935	-	8,805,356
Community services and economic development	757,884	186,822	414,310	256,308	-	1,615,323
Ancillary services and auxiliary operations						
CDC, Farm, Cafeteria, Parking, Athletics, RH	4,222,783	1,577,927	2,533,786	68,350	-	8,402,846
Contract Education	26,792	6,242	39,641	6,794	-	79,469
Other Auxillary Operations	-	-	-	-	-	-
Trust and agency activities						
Physical Prop & Acquisitions	327,361	103,054	119,080	173,648	-	723,144
Other financing	-	-	978,476	9,970,118	-	10,948,594
Student Aid (Scholarships)	-	-	-	146,379	-	146,379
Other Outgo (Accum Vac/Comp) and bad debt write-off	3,919	-	1,225	-	-	5,145
Depreciation expense-unallocated	-	-	-	-	4,845,683	4,845,683
Total	\$ 29,185,001	\$ 9,696,749	\$ 11,191,266	\$ 32,017,147	\$ 4,845,683	\$ 86,935,845

The functional expense table has not been adjusted for the GASB 35 conversion entries, therefore some amounts may differ from those presented on the Statement of Revenues, Expenses and Changes in Net Position.

ECONOMIC FACTORS AFFECTING THE FUTURE OF WEST HILLS COMMUNITY COLLEGE DISTRICT

The 2014-2015 State Budget represents an increase in funding for both COLA and growth in the amount of 0.85 percent and 2.75 percent, respectively. Based on the current status of the economic conditions in the State there is a good chance that there will be additional COLA and growth for the next few fiscal years. In addition to these funds the state is now providing additional funding for areas of student access and success of our students. There is a primary focus on the achievements of our students that can be measured and thus will become the new platform from which additional funding will be provided above and beyond the COLA and growth funds. The overall revenues for the State continue to surpass the budget but the challenge will be to control the expenses. The area for consideration will be to finish paying off the deferrals and to focus on the mandated costs that have gone unfunded for several years. This will provide additional resources for the district should this materialize.

WEST HILLS COMMUNITY COLLEGE DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

The District will continue to be very cautious and conservative in our budget planning going forward until such time as the economic indicators provide reason to change our approach. The District has never relied on Sacramento to solve problems at the local level and will not do so in the future. Additionally, working with the private sector to generate several million dollars by participating in the new market tax credit funding program will help contribute to the overhead of our operations.

The State is in a much better position that it has been for several years; however, we need to remember that in a few years the tax increase voted for sales taxes and income taxes will expire, which was a source of several billion dollars. The economic engine for California will be the creation of jobs that will generate tax revenue from both income and sales taxes. The West Hills Community College District is well positioned to provide the necessary training and re-training required for the workforce to meet the demands of the private sector. We continue to watch all expenses and consider every position that is vacated before replacing them.

There are currently no other known facts, decisions, or conditions that will have a significant effect on the financial position (net position) or results of operations (revenues, expenses, and changes in net position) of the District. There is currently a concern that the economy continues to slow which the District is monitoring and will take the appropriate action necessary to remain fiscally sound.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Ken Stoppenbrink, Deputy Chancellor, at West Hills Community College District, 9800 Cody Street, Coalinga, California 93210, or e-mail at kenstoppenbrink@whccd.edu.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2014**

ASSETS

Current Assets

Cash and investments	\$ 13,346,471
Restricted cash and cash equivalents	85,173,652
Accounts receivable	7,543,893
Student loans receivable	2,647,708
Due from trust and agency funds	716,671
Prepaid expenses - current portion	30,323
Total Current Assets	<u>109,458,718</u>

Noncurrent Assets

Net plan asset-GASB 45	2,753,990
Nondepreciable capital assets	9,536,117
Depreciable capital assets	169,571,608
Less: Accumulated depreciation	(48,084,539)
Total Noncurrent Assets	<u>133,777,176</u>

TOTAL ASSETS

243,235,894

LIABILITIES

Current Liabilities

Accounts payable	3,509,523
Due to trust and agency funds	95,894
Unearned revenue	5,256,267
Long-term liabilities - current portion	1,552,120
Total Current Liabilities	<u>10,413,804</u>

Noncurrent Liabilities

Compensated absences payable - noncurrent portion	1,116,750
Long-term liabilities - noncurrent portion	129,724,620
Total Noncurrent Liabilities	<u>130,841,370</u>
TOTAL LIABILITIES	<u>141,255,174</u>

NET POSITION

Net investment in capital assets	83,742,012
Restricted for:	
Debt service	7,953,879
Other activities	100,075
Unrestricted	10,184,754
TOTAL NET POSITION	<u>\$ 101,980,720</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2014**

OPERATING REVENUES	
Tuition and Fees	\$ 2,358,262
Auxiliary Sales and Charges	
Cafeteria	678,143
Farm	239,535
TOTAL OPERATING REVENUES	<u>3,275,940</u>
OPERATING EXPENSES	
Salaries	32,166,269
Employee benefits	10,141,473
Supplies, materials, and other operating expenses and services	14,012,730
Depreciation	5,521,442
TOTAL OPERATING EXPENSES	<u>61,841,914</u>
OPERATING LOSS	<u>(58,565,974)</u>
NON-OPERATING REVENUES (EXPENSES)	
Grants and Contracts, noncapital:	
Federal	13,355,263
State	8,733,991
Local	1,249,529
State apportionments, noncapital	24,015,968
Local property taxes, levied for general purposes	6,511,374
State taxes and other revenues	1,027,051
Investment income, net	1,688,195
Interest and other expenses on debt	362,548
Net transfers (to)/from trust and agency funds	(1,345,694)
Other non-operating revenues	3,222,469
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>58,820,694</u>
INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES	<u>254,720</u>
OTHER REVENUES AND EXPENSES	
Local revenues, capital	1,260,835
TOTAL OTHER REVENUES AND EXPENSES	<u>1,260,835</u>
CHANGE IN NET POSITION	1,515,555
NET POSITION, BEGINNING OF YEAR AS RESTATED	<u>100,465,165</u>
NET POSITION, END OF YEAR	<u><u>\$ 101,980,720</u></u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CASH FLOWS – DIRECT METHOD - PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 3,632,395
Payments to vendors for supplies and services	(14,261,585)
Auxiliary sales	917,678
Payments to or on behalf of employees	(42,414,022)
Other operating receipts (payments)	(162,539)
Net Cash Flows Used By Operating Activities	<u>(52,288,073)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State apportionments	27,369,032
Non-capital grants and contracts	22,414,989
Property taxes - nondebt related	5,930,206
State taxes and other apportionments	1,168,173
Other nonoperating	3,222,469
Net Cash Flows From Noncapital Financing Activities	<u>60,104,869</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Purchase of capital assets	(9,146,807)
Proceeds from capital debt	1,118,377
Local revenue, capital projects	1,260,835
Principal paid on capital debt	(3,438,584)
Interest and expenses paid on capital debt	(1,546,284)
Net Cash Flows From Capital Financing Activities	<u>(11,752,463)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received from investments	978,844
Net Cash Flows From Investing Activities	<u>978,844</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS	(2,956,823)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>101,476,946</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 98,520,123</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CASH FLOWS – DIRECT METHOD - PRIMARY GOVERNMENT,
Continued
FOR THE YEAR ENDED JUNE 30, 2014**

**RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM
OPERATING ACTIVITIES**

Operating Loss	<u>\$ (58,565,974)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	5,521,442
Changes in Assets and Liabilities:	
Receivables, net	456,339
Prepaid expenses and deferred issuance costs	(9,236)
GASB 45, Net Plan Asset	(563,138)
Accounts payable and accrued liabilities	(295,252)
Unearned revenue	1,094,244
Current portion of long-term obligations	236,041
Funds held for others	<u>(162,539)</u>
Total Adjustments	<u>6,277,901</u>
Net Cash Flows Used by Operating Activities	<u><u>\$ (52,288,073)</u></u>

NON CASH TRANSACTIONS

On behalf payments for benefits	<u><u>\$ 773,783</u></u>
---------------------------------	--------------------------

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2014

	Trust Funds	Agency Funds
ASSETS		
Deposits and investments	\$ 6,002,649	\$ 413,948
Receivables	7,479	694,847
Due from other funds	31,333	64,561
Prepaid expenses	-	87,310
Total Assets	6,041,461	1,260,666
LIABILITIES		
Accounts payable	-	364,335
Due to other funds	25,690	690,981
Due to student groups	-	88,729
Unearned revenue	-	116,621
Total Liabilities	25,690	1,260,666
NET POSITION		
Restricted	6,015,771	-
Total Net Position	\$ 6,015,771	\$ -

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

	Trust Funds	Agency Funds
ADDITIONS		
Federal revenues	\$ -	\$ 14,658,786
State revenues	-	961,588
Local sources	749,893	93,061
Interdistrict transfers, net	500,000	845,694
Total Additions	1,249,893	16,559,129
DEDUCTIONS		
Salaries	-	381,963
Employee benefits	-	108,877
Other expenditures	(2,436)	353,756
Student financial aid	-	15,714,533
Total Deductions	(2,436)	16,559,129
Change in Net Position	1,252,329	-
Net Position - Beginning	4,763,442	-
Net Position - Ending	\$ 6,015,771	\$ -

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS
COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014**

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	487,774
Investments		2,057,336
Accounts receivable		167,558
TOTAL ASSETS	\$	2,712,668

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	113,161
TOTAL LIABILITIES		113,161

NET ASSETS

Unrestricted		741,161
Temporarily restricted		699,790
Permanently restricted		1,158,556
Total Net Assets		2,599,507
Total Liabilities and Net Assets	\$	2,712,668

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS
COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES				
Donations and special events	\$ 112,210	\$ 195,859	\$ 79,220	\$ 387,289
Donated salaries	290,219	-	-	290,219
Program fees	463,089	-	-	463,089
Program contracts	90,127	-	-	90,127
Fundraisers	210,519	-	-	210,519
Investment income	45,923	44,111	103,001	193,035
Other	40,829	-	-	40,829
Transfers	(7,000)	7,000	-	-
Net assets released from restrictions	175,500	(141,500)	(34,000)	-
Total Revenues	<u>1,421,416</u>	<u>105,470</u>	<u>148,221</u>	<u>1,675,107</u>
EXPENSES				
Program services:				
Scholarship	229,568	3,200	-	232,768
College Enhancement	510,446	-	-	510,446
Athletic Programs	135,768	-	-	135,768
Educational Programs	175,255	-	-	175,255
Support services:				
General Administrative	127,017	-	-	127,017
Fundraisers	108,417	-	-	108,417
Membership	862	-	-	862
Total Expenses	<u>1,287,333</u>	<u>3,200</u>	<u>-</u>	<u>1,290,533</u>
INCREASE IN NET ASSETS	134,083	102,270	148,221	384,574
NET ASSETS, BEGINNING OF YEAR	657,078	597,520	1,010,335	2,264,933
PRIOR PERIOD ADJUSTMENT	(50,000)	-	-	(50,000)
NET ASSETS, END OF YEAR	<u>\$ 741,161</u>	<u>\$ 699,790</u>	<u>\$ 1,158,556</u>	<u>\$ 2,599,507</u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

**DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS
COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 384,574
Adjustments to Reconcile Change in Net Assets to Net Cash Used By Operating Activities	
(Increase)/Decrease in accounts receivable	(24,053)
(Decrease)/Increase in accounts payable	51,567
Increase/(Decrease) in due to other groups	(20,763)
Net Cash Flows Provided/(Used) By Operating Activities	<u>391,325</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
(Increase)/Decrease in investments	(497,993)
Net Cash Flows Used By Investing Activities	<u>(497,993)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>(106,668)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>594,442</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 487,774</u></u>

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 1 - ORGANIZATION

The West Hills Community College District (District) is a political subdivision of the State of California and is a comprehensive, public, two-year institution offering postsecondary education to the students of Coalinga-Huron Unified School District, Lemoore Union High School District, Riverdale Joint Unified School District, Golden Plains Unified School District, Firebaugh-Las Deltas Unified School District, Reef-Sunset Unified School District, and Mendota Unified School District. The District maintains a Coalinga Campus, a Lemoore Campus, and the North District Center in Firebaugh. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14. The District operates under a locally elected seven-member Board of Trustees form of government and provides higher education in the County of Fresno. While the District is a political subdivision of the State of California, it is legally separate and is independent of other State and local governments, and it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 39.

A reporting entity is comprised of the primary government, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For West Hills Community College District, this includes general operations, food services, bookstores, and student related activities of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

- **West Hills Community College District Foundation**

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

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

Complete financial statements for the Foundation can be obtained from the Foundation's Business Office at 9900 Cody Street, Coalinga, CA 93210.

- **West Hills Financing Corporation**

The West Hills Financing Corporation (the Corporation) is a legally separate organization and a component unit of the District. The Corporation was formed to obtain new market tax credits and financing instruments specifically for the acquisition and construction of capital assets for the District. The Board of Trustees of the Corporation is the same as the Board of Trustees of the District. The financial activity has been "blended" or consolidated within the financial statements of the District as if the activity was the District's. Individually-prepared financial statements are not prepared for the Corporation.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

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

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

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

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

Cash and Cash Equivalents

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2014, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

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

Accounts Receivable

Accounts receivable include amounts due from the Federal, State and/or local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis.

Prepaid Expenses

Prepaid expenditures (expenses) represent amounts paid in advance of receiving goods or services. The District has the option of reporting an expenditure in governmental funds for prepaid items either when purchased or during the benefiting period. The District has chosen to report the expenditures when incurred.

Capital Assets and Depreciation

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

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Accrued Liabilities and Long-Term Obligations

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

Debt Premiums and Discounts

Debt premiums and discounts are amortized over the life of the bonds using the straight-line method.

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The amounts have been recorded in the fund from which the employees, who have accumulated the leave, are paid. The District also participates in "load-banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period.

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

Administrative/Classified Management/Confidential Staff

- Entitled to twenty-one (21) days of sick leave per year to be posted at the rate of 1.75 days per month.

Certificated

- Members shall accrue twenty (20) days of sick leave with pay for each school year, such leave to be made available on the first day of each school year.

Classified

- Members shall accrue, on a monthly basis, twenty-one (21) days of sick leave with pay for each school year. The amount of days posted will be 1.75 days, or fourteen (14) hours per month for full-time employees and shall be prorated for part-time employees.

Unearned Revenue

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, capital lease obligations and early retirement obligations with maturities greater than one year.

Net Position

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

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

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

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

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

State Apportionments

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

Property Taxes

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

Board of Governors Grants (BOGG) and Fee Waivers

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

Federal Financial Assistance Programs

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

On Behalf Payments

GASB Statement No. 24 requires direct on behalf payments for fringe benefits and salaries made by one entity to a third party recipient for the employees for another legally separate entity be recognized as revenues and expenditures by the employer entity. The State of California makes direct on behalf payments to the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) on behalf of all community colleges in California. The California Department of Education has issued a fiscal advisory instructing districts not to record the revenue and expenditures for the on behalf payments within the funds and accounts of a district. The amount of the on behalf payments made for the District for the year ended June 30, 2014, was \$773,783 for CalSTRS. These amounts are reflected in the District's audited financial statements.

Estimates

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

Interfund Activity

Interfund transfers and interfund receivables and payables are eliminated during the consolidation process in the entity-wide financial statements.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Reclassification

Certain reclassifications were made to prior years' presentations to conform to current year presentation.

Foundation Financial Statement Presentation

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

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

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

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

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

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

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

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

Change in Accounting Principles

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined the elements included in financial statements, including deferred outflows of resources and deferred inflows of resources. In addition, Concepts Statement No. 4 provides that reporting a deferred outflow of resources or a deferred inflow of resources should be limited to those instances identified by the Board in authoritative pronouncements that are established after applicable due process. Prior to the issuance of this Statement, only two such pronouncements have been issued. Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires the reporting of a deferred outflow of resources or a deferred inflow of resources for the changes in fair value of hedging derivative instruments, and Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, requires a deferred inflow of resources to be reported by a transferor government in a qualifying service concession arrangement. This Statement amends the financial statement element classification of certain items previously reported as assets and liabilities to be consistent with the definitions in Concepts Statement No. 4. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

The District has implemented the provisions of this Statement for the year ended June 30, 2014.

As the result of implementing GASB Statement No. 65, the District has restated the beginning net position in the government-wide Statement of Net Position, effectively decreasing net position as of July 1, 2013, by \$2,884,657. The decrease results from no longer deferring and amortizing bond issuance costs.

New Accounting Pronouncements

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

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

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

- Contributions from employers and non-employer contributing entities to the pension plan and earnings on those contributions are irrevocable.
- Pension plan assets are dedicated to providing pensions to plan members in accordance with the benefit terms.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

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

- Single employers are those whose employees are provided with defined benefit pensions through single-employer pension plans—pension plans in which pensions are provided to the employees of only one employer (as defined in this Statement).
- Agent employers are those whose employees are provided with defined benefit pensions through agent multiple-employer pension plans—pension plans in which plan assets are pooled for investment purposes, but separate accounts are maintained for each individual employer so that each employer's share of the pooled assets is legally available to pay the benefits of only its employees.
- Cost-sharing employers are those whose employees are provided with defined benefit pensions through cost-sharing multiple-employer pension plans—pension plans in which the pension obligations to the employees of more than one employer are pooled and plan assets can be used to pay the benefits of the employees of any employer that provides pensions through the pension plan.

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

This Statement is effective for fiscal years beginning after June 15, 2014. Early implementation is encouraged.

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

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

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

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement No. 68.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

General Authorizations

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

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2014, are classified in the accompanying financial statements as follows:

Governmental activities	\$ 98,520,123
Fiduciary funds	<u>6,416,597</u>
Total Deposits and Investments	<u><u>\$ 104,936,720</u></u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Deposits and investments as of June 30, 2014, consist of the following:

Cash on hand and in banks	\$ 2,055,103
Cash in revolving	393
Cash with fiscal agent	551,463
Investments	<u>102,329,761</u>
Total Deposits and Investments	<u><u>\$ 104,936,720</u></u>

Interest Rate Risk

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

Segmented Time Distribution

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations as of June 30, 2014, is provided by the following schedules that show the distribution of the District's investments by maturity:

Investment Type	Fair Value	12 Months or Less	13 - 24 Months	25 - 60 Months	More Than 60 Months
Certificates of Deposits	\$ 20,600,882	\$ 1,645,512	\$ 2,722,010	\$ 15,730,543	\$ 502,817
Money Market	1,861,853	1,861,853	-	-	-
U.S. Gov. Agency Securities	14,187,427	1,899,038	884,756	10,803,777	599,856
Municipal Bonds	16,468,843	1,738,166	1,001,836	12,945,706	783,135
Corporate Bonds	11,239,399	515,862	206,348	10,517,189	-
Held by Trustee: Master Trusts	5,900,208	-	-	-	5,900,208
Foreign Bonds	6,886,131	512,445	1,815,563	1,056,110	3,502,013
Fresno County Pool	25,355,101	-	-	25,355,101	-
Total	<u>\$ 102,499,844</u>	<u>\$ 8,172,876</u>	<u>\$ 6,630,513</u>	<u>\$ 76,408,426</u>	<u>\$ 11,288,029</u>

Credit Risk

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End						
			AAA	AA	AA+	A	A+	B	Unrated
Certificates of Deposits	\$ 20,600,882	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,600,882
Money Market	1,861,853	N/A	-	-	-	-	-	-	1,861,853
U.S. Gov. Agency Securities	14,187,427	N/A	6,453,458	-	7,733,969	-	-	-	-
Municipal Bonds	16,468,843	N/A	1,205,217	263,650	11,596,350	-	3,403,626	-	-
Corporate Bonds	11,239,399	N/A	90,011	-	5,923,438	-	5,225,950	-	-
Held by Trustee: Master Trusts	5,900,208	N/A	-	-	-	1,629,600	-	1,212,445	3,058,163
Foreign Bonds	6,886,131	N/A	-	-	-	-	6,886,131	-	-
Fresno County Pool	25,355,101	N/A	25,355,101	-	-	-	-	-	-
Total	\$ 102,499,844		\$ 33,103,787	\$ 263,650	\$ 25,253,757	\$ 1,629,600	\$ 15,515,707	\$ 1,212,445	\$ 25,520,898

N/A - Not applicable

Concentration of Credit Risk

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

Issuer	Investment Type	Reported Amount
US Bank	Mutual Funds	\$ 10,871,057
EECU	Certificates of Deposit	\$ 6,551,529

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2014, the District's bank balance of \$3,116,587 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. For June 30, 2014, of the investment in corporate bonds, foreign bonds, and Master Trusts of \$24,025,738, the District has a custodial credit risk because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2014, consist of intergovernmental grants, entitlements, interest, and other local sources.

	Governmental Funds	Fiduciary Funds	Total
Federal Government			
Categorical aid	\$ 1,691,334	\$ 575,302	\$ 2,266,636
State Government			
Apportionment	3,715,003	-	3,715,003
Categorical aid	440,872	10,638	451,510
Other state sources	324,442	-	324,442
Local Sources			
Interest	72,109	-	72,109
Taxes	919,142	-	919,142
Other local sources	380,991	89,156	470,147
Total	<u>\$ 7,543,893</u>	<u>\$ 675,096</u>	<u>\$ 8,218,989</u>
Student receivables	<u>\$ 2,647,708</u>	<u>\$ 27,230</u>	<u>\$ 2,674,938</u>

Discretely Presented Component Unit

The Foundation's accounts receivable consist primarily of short-term donations. In the opinion of management, all amounts have been deemed to be fully collectable.

NOTE 5 - PREPAID EXPENDITURES

Prepaid expenditures at June 30, 2014, consist of the following:

	Governmental Funds	Fiduciary Funds	Total
Travel and conferences	\$ 30,323	\$ -	\$ 30,323
Scholarships	-	87,310	87,310
Total	<u>\$ 30,323</u>	<u>\$ 87,310</u>	<u>\$ 117,633</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 6,798,111	\$ 838,946	\$ -	\$ 7,637,057
Construction in progress	2,401,286	4,306,588	4,808,814	1,899,060
Total Capital Assets Not Being Depreciated	<u>9,199,397</u>	<u>5,145,534</u>	<u>4,808,814</u>	<u>9,536,117</u>
Capital Assets Being Depreciated				
Land improvements	35,556,761	1,055,123	-	36,611,884
Buildings and improvements	119,378,126	7,580,759	-	126,958,885
Furniture and equipment	5,826,634	174,205	-	6,000,839
Total Capital Assets Being Depreciated	<u>160,761,521</u>	<u>8,810,087</u>	<u>-</u>	<u>169,571,608</u>
Total Capital Assets	<u>169,960,918</u>	<u>13,955,621</u>	<u>4,808,814</u>	<u>179,107,725</u>
Less Accumulated Depreciation				
Land improvements	6,606,454	1,325,968	-	7,932,422
Buildings and improvements	32,100,319	3,696,324	-	35,796,643
Furniture and equipment	3,856,324	499,150	-	4,355,474
Total Accumulated Depreciation	<u>42,563,097</u>	<u>5,521,442</u>	<u>-</u>	<u>48,084,539</u>
Net Capital Assests	<u>\$ 127,397,821</u>	<u>\$ 8,434,179</u>	<u>\$ 4,808,814</u>	<u>\$ 131,023,186</u>

Depreciation expense for the year was \$5,521,442.

NOTE 7 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2014, consist of the following:

	Governmental Funds	Fiduciary Funds	Total
Vendor invoices	\$ 2,037,026	\$ 87,393	\$ 2,124,419
Salaries and wages payable	1,472,497	10,496	1,482,993
Student refunds payable	-	266,446	266,446
Total	<u>\$ 3,509,523</u>	<u>\$ 364,335</u>	<u>\$ 3,873,858</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Discretely Presented Component Unit

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

NOTE 8 - UNEARNED REVENUE

Unearned revenue at June 30, 2014, consists of the following:

	Governmental Funds	Fiduciary Funds	Total
Federal financial assistance	\$ 29,588	\$ 85,163	\$ 114,751
State categorical aid	1,096,813	3,901	1,100,714
Enrollment fees	3,936,132	-	3,936,132
Other local	193,734	27,557	221,291
Total	<u>\$ 5,256,267</u>	<u>\$ 116,621</u>	<u>\$ 5,372,888</u>

NOTE 9 - INTERFUND TRANSACTIONS

Interfund Receivables and Payable (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements and totaled \$6,877,117 before the consolidation.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process and amounted to \$11,601,648.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 10 - LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during the year consisted of the following:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year	Current Portion
General obligation bonds - 2005 Refunding	\$ 12,405,000	\$ -	\$ 470,000	\$ 11,935,000	\$ 490,000
General obligation refunding bonds - 2012	3,025,000	-	135,000	2,890,000	145,000
Bond premium (18 year amortization)	66,884	-	3,934	62,950	3,934
General obligation bonds - 2008 (Northern)					
Current interest	2,745,000	-	-	2,745,000	-
Capital appreciation	1,146,192	82,439	80,000	1,148,631	85,000
Bond premium (25 year amortization)	306,898	-	14,614	292,284	14,614
General obligation bonds - 2008, B (Northern)					
Current interest	7,800,000	-	-	7,800,000	60,000
Capital appreciation	170,768	13,491	-	184,259	-
Bond premium (25 year amortization)	279,332	-	11,639	267,693	11,639
General obligation bonds - 2008 (Coalinga)					
Current interest	2,380,000	-	-	2,380,000	-
Capital appreciation	524,500	46,180	100,000	470,680	100,000
Bond premium (25 year amortization)	266,931	-	12,707	254,224	12,707
General obligation bonds - 2008, B (Coalinga)					
Current interest	6,595,000	-	5,000	6,590,000	65,000
Capital appreciation	2,168,854	161,648	-	2,330,502	-
Bond premium (25 year amortization)	350,851	-	14,619	336,232	14,619
General obligation bonds - 2008 (Lemoore)					
Current interest	4,955,000	-	-	4,955,000	-
Capital appreciation	905,462	94,752	135,000	865,214	145,000
Bond premium (25 year amortization)	371,826	-	17,715	354,111	17,715
General obligation bonds - 2008, B (Lemoore)					
Current interest	9,625,000	-	-	9,625,000	-
Capital appreciation	3,294,579	276,346	10,000	3,560,925	40,000
Bond premium (30 year amortization)	689,920	-	24,629	665,291	24,629
Certificates of Participation - 2008	70,200,000	-	-	70,200,000	-
Capital leases	3,113,950	443,521	2,361,727	1,195,744	280,263
CDE-Child Care Revolving Loan	210,000	-	42,000	168,000	42,000
Supplemental Employee Retirement Program	126,431	-	126,431	-	-
Total Long-Term Obligations	<u>\$ 133,723,378</u>	<u>\$ 1,118,377</u>	<u>\$ 3,565,015</u>	<u>\$ 131,276,740</u>	<u>\$ 1,552,120</u>
Compensated absences-net	<u>\$ 1,065,891</u>	<u>\$ 50,859</u>	<u>\$ -</u>	<u>\$ 1,116,750</u>	

Description of Debt

Payments on the Certificates of Participation are paid by the COP Debt Service Fund. Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local property tax revenues. The accrued vacation will be paid by the fund for which the employee worked. The Day Care Center loans are paid by the Child Development Fund and the capital leases are paid by the General and Special Revenue Funds.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

The District has utilized capital lease agreements to purchase land, buildings, and equipment. The current lease purchase agreements in the amount of \$1,195,744 will be paid through the General and the Other Special Revenue Funds.

Bonded Debt

The District is empowered and obligated to cause to be levied ad valorem taxes, for the payment of interest on, and principal and accreted value of the bonds, upon all property subject to taxation by the District (except certain personal property which is taxable at limited rates) without limitation of rate or amount.

The outstanding general obligation bonded debt is as follows:

Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2013	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2014
02/10/05	08/01/31	2.5-4.75%	\$15,600,000	\$ 12,405,000	\$ -	\$ 470,000	\$ 11,935,000
05/23/12	08/01/29	2.0-3.5%	3,080,000	3,025,000	-	135,000	2,890,000
Northern:							
10/28/08	08/01/33	3.41-4.950%	3,839,677	3,891,192	82,439	80,000	3,893,631
05/23/12	08/01/37	2.0-4.23%	7,957,059	7,970,768	13,491	-	7,984,259
Coalinga:							
02/24/09	08/01/32	2.62-5.08%	2,998,815	2,904,500	46,180	100,000	2,850,680
05/23/12	08/01/33	2.0-4.21%	4,498,812	8,763,854	161,648	5,000	8,920,502
Lemoore:							
03/03/09	08/01/33	2.62-5.42%	5,999,837	5,860,462	94,752	135,000	5,820,214
02/17/11	08/01/41	2.56-7.40%	12,343,909	12,919,579	276,346	10,000	13,185,925
Total				<u>\$ 57,740,355</u>	<u>\$ 674,856</u>	<u>\$ 935,000</u>	<u>\$ 57,480,211</u>

Debt Service Requirements to Maturity

2005 Issue - General Obligation Bonds - Refunding

Fiscal Year	Principal	Interest to Maturity	Total
2015	\$ 490,000	\$ 519,763	\$ 1,009,763
2016	505,000	499,863	1,004,863
2017	535,000	479,731	1,014,731
2018	555,000	458,947	1,013,947
2019	575,000	436,694	1,011,694
2020-2024	3,265,000	1,789,557	5,054,557
2025-2029	4,085,000	943,713	5,028,713
2030-2032	1,925,000	90,072	2,015,072
Total	<u>\$ 11,935,000</u>	<u>\$ 5,218,340</u>	<u>\$ 17,153,340</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

2012 Issue - General Obligation Bonds - Refunding

Fiscal Year	Principal	Interest to Maturity	Total
2015	\$ 145,000	\$ 93,200	\$ 238,200
2016	145,000	88,850	233,850
2017	150,000	54,500	204,500
2018	155,000	80,000	235,000
2019	160,000	76,900	236,900
2020-2024	870,000	303,700	1,173,700
2025-2029	1,035,000	145,188	1,180,188
2030	230,000	8,050	238,050
Total	<u>\$ 2,890,000</u>	<u>\$ 850,388</u>	<u>\$ 3,740,388</u>

2008 Northern Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2015	\$ -	\$ 159,938	\$ 159,938
2016	-	159,937	159,937
2017	-	159,937	159,937
2018	-	159,937	159,937
2019	130,000	159,937	289,937
2020-2024	955,000	675,525	1,630,525
2025-2029	1,660,000	319,800	1,979,800
Subtotal	<u>\$ 2,745,000</u>	<u>\$ 1,795,011</u>	<u>\$ 4,540,011</u>

2008 Northern Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2015	\$ 85,000	\$ 85,000	\$ -
2016	100,000	89,840	10,160
2017	105,000	84,756	20,244
2018	120,000	87,024	32,976
2030-2034	2,406,061	802,011	1,604,050
Total	<u>\$ 2,816,061</u>	<u>\$ 1,148,631</u>	<u>\$ 1,667,430</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

2008 Northern, Series B, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2015	\$ 60,000	\$ 331,581	\$ 391,581
2016	70,000	330,381	400,381
2017	90,000	328,981	418,981
2018	100,000	327,181	427,181
2019	120,000	325,181	445,181
2020-2024	480,000	1,587,205	2,067,205
2025-2029	1,185,000	1,467,400	2,652,400
2030-2034	1,765,000	1,215,938	2,980,938
2035-2038	3,930,000	511,250	4,441,250
Total	<u>\$ 7,800,000</u>	<u>\$ 6,425,098</u>	<u>\$ 14,225,098</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>\$ 184,259</u>	<u>\$ 120,741</u>

2008 Coalinga Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2015	\$ -	\$ 132,950	\$ 132,950
2016	-	132,950	132,950
2017	-	132,950	132,950
2018	-	132,950	132,950
2019	-	132,950	132,950
2020-2024	420,000	623,856	1,043,856
2025-2029	760,000	456,631	1,216,631
2030-2034	1,200,000	176,500	1,376,500
Subtotal	<u>\$ 2,380,000</u>	<u>\$ 1,921,737</u>	<u>\$ 4,301,737</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

2008 Coalinga Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2015	\$ 100,000	\$ 100,000	\$ -
2016	100,000	90,180	9,820
2017	100,000	81,340	18,660
2018	100,000	73,340	26,660
2019	100,000	66,160	33,840
2020	100,000	59,660	40,340
Total	<u>\$ 600,000</u>	<u>\$ 470,680</u>	<u>\$ 129,320</u>

2008 Coalinga, Series B, Current Interest General Obligation Bonds

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2015	\$ 65,000	\$ 249,525	\$ 314,525
2016	105,000	248,225	353,225
2017	-	245,078	245,078
2018	-	245,075	245,075
2019	-	245,075	245,075
2020-2024	170,000	1,225,375	1,395,375
2025-2029	1,280,000	1,128,588	2,408,588
2030-2034	1,630,000	833,351	2,463,351
2035-2039	3,340,000	540,800	3,880,800
Subtotal	<u>\$ 6,590,000</u>	<u>\$ 4,961,092</u>	<u>\$ 11,551,092</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	\$ 110,880	\$ 29,120
2018	160,000	112,800	47,200
2019	180,000	112,932	67,068
2020-2023	945,000	439,860	505,140
Total	<u>\$ 1,425,000</u>	<u>\$ 776,472</u>	<u>\$ 648,528</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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	\$ 2,325,000	\$ 1,554,030	\$ 770,970

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

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	\$ 2,325,000	\$ 259,080	\$ 2,584,080

2008 Lemoore Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2015	\$ -	\$ 267,546	\$ 267,546
2016	-	267,546	267,546
2017	-	267,546	267,546
2018	-	267,546	267,546
2019	-	267,546	267,546
2020-2024	705,000	1,307,807	2,012,807
2025-2029	1,675,000	1,014,630	2,689,630
2030-2034	2,575,000	453,881	3,028,881
Subtotal	\$ 4,955,000	\$ 4,114,048	\$ 9,069,048

2008 Lemoore Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2015	\$ 145,000	\$ 145,000	\$ -
2016	155,000	138,043	16,957
2017	165,000	130,845	34,155
2018	175,000	123,585	51,415
2019	185,000	116,328	68,672
2020-2021	400,000	211,413	188,587
Total	\$ 1,225,000	\$ 865,214	\$ 359,786

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2015	\$ -	\$ 603,600	\$ 603,600
2016	-	603,600	603,600
2017	-	603,600	603,600
2018	-	603,600	603,600
2019	-	603,600	603,600
2020-2024	-	3,018,000	3,018,000
2025-2029	1,130,000	3,900,300	5,030,300
2030-2034	856,559	5,630,821	6,487,380
2035-2039	3,629,931 ¹	7,556,529	11,186,460
2040-2042	6,915,000 ¹	930,475	7,845,475
Subtotal	<u>\$ 12,531,490</u>	<u>\$ 24,054,125</u>	<u>\$ 36,585,615</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
2015	\$ 40,000	\$ 40,000	\$ -
2016	30,000	23,760	6,240
2017	65,000	45,825	19,175
2018	95,000	59,603	35,397
2019	130,000	72,592	57,408
2020-2024	1,035,000	412,655	622,345
Total	<u>\$ 1,395,000</u>	<u>\$ 654,435</u>	<u>\$ 740,565</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Certificates of Participation

In July 2008, the West Hills Community College District Financing Corporation issued certificates of participation in the amount of \$70,200,000 with varying interest rates. At June 30, 2014, the principal balance outstanding was \$70,200,000. The interest rate as of June 30, 2014, was 0.26 percent and is based on the auction rate at the time of sale.

Year Ending June 30,	Principal	Interest	Total
2015	\$ -	\$ 1,053,000	\$ 1,053,000
2016	-	1,053,000	1,053,000
2017	2,200,000	1,036,500	3,236,500
2018	2,300,000	1,002,750	3,302,750
2019	2,500,000	966,750	3,466,750
2020-2024	15,300,000	4,194,750	19,494,750
2025-2029	20,700,000	2,850,750	23,550,750
2030-2034	27,200,000	1,060,500	28,260,500
Total	<u>\$ 70,200,000</u>	<u>\$ 13,218,000</u>	<u>\$ 83,418,000</u>

Capital Leases

The District's liability on lease agreements with options to purchase are summarized below:

Balance, July 1, 2013	\$ 3,113,950
Additions	443,521
Payments	2,361,727
Balance, June 30, 2014	<u>\$ 1,195,744</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2015	\$ 329,212
2016	329,212
2017	329,212
2018	173,648
2019	173,648
Total	<u>1,334,932</u>
Less: Amount Representing Interest	139,188
Present Value of Minimum Lease Payments	<u>\$ 1,195,744</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

CDE Revolving Loan

The District entered into four separate interest-free facilities loans with the California Department of Education for child care facilities; two facilities at the Firebaugh campus and two at the Lemoore campus. The loans were each for \$130,000 and are to be repaid over a ten year period interest free.

The remaining lease payments are as follows:

Year Ending June 30,	Lease Payment
2015	\$ 42,000
2016	42,000
2017	42,000
2018	42,000
Total	<u>\$ 168,000</u>

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) ASSET

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

Plan Description

The Plan (the Plan) is a single-employer defined benefit healthcare plan administered by West Hills Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of 37 retirees and beneficiaries currently receiving benefits and over 274 active plan members.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2014, the District contributed 100 percent of the required "pay as you go" portion of \$299,429 and has also contributed funds totaling \$582,434 towards the future obligations of the District. The annual required contribution (ARC) for the District was \$661,234. The net amount of the Trust's investment returns/losses and the cumulative balance of the ARC has left a Net Plan Asset totaling \$2,753,990 as of June 30, 2014.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Annual OPEB Cost and Net OPEB Asset

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

Annual required contribution	\$ (661,234)
Additional interest earned, net of expenses, on net plan assets	500,401
Adjustment to annual required contribution	<u>(157,892)</u>
Annual OPEB cost (expense)	(318,725)
Contributions made	<u>881,863</u>
Change in net OPEB asset	563,138
Net OPEB asset, beginning of year	<u>2,190,852</u>
Net OPEB asset, end of year	<u><u>\$ 2,753,990</u></u>

Trend Information

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB asset for the past is as follows:

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Net OPEB Asset
2014	\$ 661,234	133%	\$ 2,753,990
2013	455,083	149%	2,190,852
2012	455,083	216%	2,042,806

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Funding Status and Funding Progress

A schedule of funding progress as of the most recent actuarial valuation is as follows:

Actuarial Valuation Date	Value of Assets (a)	Actuarial Liability (AAL) - Entry Age Normal Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll $([b - a] / c)$
11/1/12	\$ 3,892,368	\$ 7,180,848	\$ 3,288,480	54.20%	\$ 23,702,465	13.87%

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

Actuarial Methods and Assumptions

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

In the November 1, 2012, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 7.0 percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates was 4.0 percent. The cost trend rate used for the Dental and Vision Programs was 4.0 percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2014, was 25 years. As of June 30, 2014, the Trust held assets with a value of \$5,900,208.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 12 - RISK MANAGEMENT

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2014, the District contracted with the Statewide Association of Community Colleges (SWACC) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2013-2014, the District participated in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority, an insurance purchasing pool. The intent of PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in PIPS. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in PIPS. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of PIPS. Participation in PIPS is limited to community college districts that can meet PIPS's selection criteria.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

CalSTRS

Plan Description

The District contributes to CalSTRS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to beneficiaries. As a result of the Public Employee Pension Reform Act of 2013 (PEPRA), changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 100 Waterfront Place, West Sacramento, CA 95605.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Funding Policy

Due to the implementation of PEPRA, new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the required contribution rate for new members is 8.0 percent. "Classic" plan members are also required to contribute 8.0 percent of their salary. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2013-2014 was 8.25 percent of annual payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$1,104,428, \$1,028,107, and \$1,152,657, respectively, and equal 100 percent of the required contributions for each year.

CalPERS

Plan Description

The District contributes to the School Employer Pool under the CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and survivor benefits to plan members and beneficiaries. As a result of PEPRA, changes have been made to the defined benefit pension plan effective January 1, 2013. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Funding Policy

As a result of the implementation of PEPRA, new members must pay at least 50 percent of the normal costs of the plan, which can fluctuate from year to year. For 2013-2014, the normal cost is 11.85 percent, which rounds to a 6.0 percent contribution rate. "Classic" plan members continue to contribute 7.0 percent. The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013-2014 was 11.442 percent of covered payroll. The contribution requirements of the plan members are established by State statute. The District's contributions to CalPERS for the fiscal years ended June 30, 2014, 2013, and 2012, were \$1,340,254, \$1,283,335, and \$1,268,860, respectively, and equal 100 percent of the required contributions for each year.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2014, 2013, and 2012, which amounted to \$773,783, \$665,534, and \$678,320, respectively, (5.541 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the years ended June 30, 2014, 2013, and 2012. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

APPLE

Plan Description

The District contributes to the APPLE plan for employees not covered under CalPERS or CalSTRS plans. The plan provides benefits in a lump sum distribution of the employees' vested balance as of their retirement date.

Funding Policy

Active plan members and the District are each required to contribute 3.75 percent of an individual's salary to the plan, for a total of 7.5 percent of an individual's salary. Individuals enrolled in the plan are 100 percent vested in the contributions made to it. The District's contribution to the plan for the fiscal year ending June 30, 2014, was \$95,621.

NOTE 14 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Central Valley Trust (CVT), the Self Insured Schools of California (SISC), the State Wide Association of Community Colleges (SWACC), and the Protected Insurance Program for Schools (PIPS) Joint Powers Authorities (JPAs). The District pays annual premiums for its health, property liability, and worker's compensation coverage. The relationship between the District and the JPAs is such that it is not a component unit of the District for financial reporting purposes.

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

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

During the year ended June 30, 2014, the District made payments of \$1,667,477, \$4,144,393, \$436,909, and \$274,847, to CVT, SISC, PIPS, and SWACC, respectively for health, worker's compensation, and property liability coverage.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2014.

Litigation

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

Construction Commitments

As of June 30, 2014, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
NDC Community Field Sports - Maldonado Lighting Project	\$ 82,440	October 1, 2014
NDC San Joaquin Center, Ph. 2	123,817	June 1, 2015
WHL Riverdale-Science Bldg. Remodel	840,032	June 30, 2015
Total	<u>\$ 1,046,289</u>	

The projects are funded through a combination of general obligation bonds, certificates of participation, and capital project apportionments from the California State Chancellor's Office.

NOTE 16 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District's prior year beginning net position has been restated as of June 30, 2014.

Effective in fiscal year 2013-2014, the District was required to implement GASB 65, eliminating the cost of issuance. The implementation of this standard required a change in accounting principle and restatement of the beginning net position of the District by \$2,884,657.

Primary Government	
Net Position - Beginning	\$ 103,349,822
Elimination of cost of issuance in accordance with GASB 65	<u>(2,884,657)</u>
Net Position - Beginning as Restated	<u>\$ 100,465,165</u>

REQUIRED SUPPLEMENTARY INFORMATION

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 FUNDING PROGRESS
 FOR THE YEAR ENDED JUNE 30, 2014**

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
11/1/12	\$ 3,892,368	\$ 7,180,848	\$ 3,288,480	54.20%	\$ 23,702,465	13.87%
11/1/11	\$ 2,734,825	\$ 7,259,572	\$ 4,524,747	37.67%	\$ 24,904,850	18.17%
11/1/08	\$ 1,475,006	\$ 2,624,302	\$ 1,149,296	56.21%	\$ 29,446,414	3.90%

SUPPLEMENTARY INFORMATION

WEST HILLS COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION

JUNE 30, 2014

The West Hills Community College District was established in September 1932. The West Hills Community College District provides postsecondary education to the students of Coalinga-Huron Unified School District, Lemoore Union High School District, Riverdale Joint Unified School District, Golden Plains Unified School District, Firebaugh-Las Deltas Unified School District, Reef-Sunset Unified School District, and Mendota Unified School District. The West Hills Community College District maintains a District Office, a Coalinga College, a Lemoore College, the North District Center in Firebaugh, and a center at NAS Lemoore. There were no changes in the boundaries of the District during the fiscal year.

TRUSTEES

<u>MEMBER</u>	<u>OFFICE</u>	<u>TERM EXPIRES</u>
Mark McKean	President	November 2015
Nina Oxborrow	Vice President	November 2017
Jack Minnite	Clerk	November 2017
Steve Cantu	Member	November 2015
Len Falter	Member	November 2015
Edna Ivans	Member	November 2015
J.L. Levinson	Member	November 2017

ADMINISTRATION

Dr. Frank P. Gornick	Chancellor
Mr. Ken Stoppenbrink	Deputy Chancellor, Business Services
Mr. Don Warkentin	President, West Hills College Lemoore
Dr. Carole Goldsmith	President, West Hills College Coalinga
Dr. Stu Van Horn (July 2013)	Vice Chancellor, Educational Services and Workforce Development
Mr. Dave Bolt	Vice President, Educational Services, West Hills College Lemoore
Ms. Stephanie Droker	Vice President, Educational Services, West Hills College Coalinga
Ms. Sylvia Dorsey-Robinson	Vice President, Student Services, West Hills College Lemoore
Ms. Sandy McGlothlin	Vice President, Student Services, West Hills College Coalinga

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION		
High School Equivalency Program	84.141A	\$ 453,672
Student Financial Assistance Cluster:		
Supplemental Educational Opportunity Grants	84.007	179,893
Direct Loans	84.268	2,917,591
Federal Workstudy	84.033	295,984
TANF 50% Federal/Calworks	84.033	267,044
Pell Grant	84.063	11,561,302
Subtotal - Student Financial Assistance Cluster		<u>15,221,814</u>
Title V - Higher Education - Institutional Aid	84.031S	159,955
TRIO Cluster:		
Upward Bound	84.047A	765,599
Upward Bound - Math / Science	84.047M	263,602
Student Support Services/One Step Beyond	84.042A	278,836
Subtotal - TRIO Cluster		<u>1,308,037</u>
Vocational and Technical Education Act:		
VTEA - Leadership	84.048	90,000
VTEA - Tech Prep	84.048	88,050
VTEA IB	84.048	234,585
Subtotal - VTEA Programs		<u>412,635</u>
Title IV - 21st Century Learning Centers	84.287	334,716
Subtotal - U.S. Department of Education		<u>17,890,829</u>
U.S. DEPARTMENT OF AGRICULTURE		
Child and Adult Care Food Program	10.558	395,180
Scientific Cooperation and Research	10.961	34,186
Subtotal - U.S. Department of Agriculture		<u>429,366</u>
U.S. DEPARTMENT OF LABOR		
Community Based JTG	17.269	90,000
Trade Adjustment Assistance Community College & Career Training	17.282	8,118,961
WIA Cluster:		
Workforce Investment Act - Adult Program	17.258	733,575
Workforce Investment Act - Dislocated Worker	17.278	312,567
Workforce Investment Act - Youth Employment Program	17.259	345,319
Subtotal - Workforce Investment Cluster		<u>1,391,461</u>
Subtotal U.S. Department of Labor		<u>9,600,422</u>
NATIONAL SCIENCE FOUNDATION		
Achieving Community College Excellence for Scholarship Success	47.076	78,062

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2014**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Community Development Block Grant	14.239	\$ 15,370
Subtotal U.S. Department of Housing and Urban Development		15,370
Total Federal Programs		\$ 28,014,049

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
STATE			
After School Education & Safety	\$ 742,909	\$ 677,685	\$ 1,420,594
BFAP - Financial Aid Administration	304,667	290,197	594,864
Basic Skills/ Immigrant Edu. Supplement	292,222	-	292,222
Cal Works	309,050	279,076	588,126
CARE Grant	127,102	222,523	349,625
Career Technical Education Initiative	-	356,898	356,898
Child Care-State Preschool	2,296,417	2,296,417	4,592,834
Child Care-Food	23,978	-	23,978
Disability Support Programs and Services	436,230	702,164	1,138,394
Pre-Kindergarten Supplemental	10,000	10,000	20,000
ECE Consortium Grant	4,850	12,500	17,350
Extended Opportunity Program and Service	650,614	806,843	1,457,457
First Five			
Prop 10 - Fresno County	-	5,000	5,000
Prop 10 - Avenal	90,000	100,000	190,000
Prop 10 - San Joaquin	-	305,583	305,583
Instructional Equipment	549,762	-	549,762
Health Care Career	64,259	-	64,259
Lottery			
Restricted	644,209	-	644,209
Matriculation	338,335	445,497	783,832
Staff Diversity	4,467	10,636	15,103
Career Tech Education Equipment	1,960		1,960
Teacher Prep Pipeline	78,723	-	78,723
Responsive Incumbent Workers	73,223	-	73,223
CCCCO/Nursing Education	335,000	233,424	568,424
CCCCO/Adult	106,261	-	106,261
Career Academy Grant: Coalinga	1,509,000	347,564	1,856,564
Building Maintenance and Repair	109,705	-	109,705
Song Brown	162,500	-	162,500
CDCR - Institutional Transition Program	19,306	-	19,306
Middle College High	99,000	121,846	220,846
Total State Programs	<u>\$ 9,383,749</u>	<u>\$ 7,223,853</u>	<u>\$ 16,607,602</u>

See accompanying note to supplementary information.

Program Revenues				Total
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
\$ 734,702	\$ 8,207	\$ 20,053	\$ 722,856	\$ 722,856
300,168	4,499	-	304,667	304,667
292,222	-	105,046	187,176	187,177
309,050	-	3,411	305,639	305,639
127,102	-	-	127,102	127,102
-	-	-	-	-
2,452,965	2,109	10,059	2,445,015	2,734,223
20,095	3,883	-	23,978	23,978
436,230	-	-	436,230	436,230
2,500	7,500	-	10,000	10,000
4,850	-	-	4,850	4,850
650,614	-	-	650,614	650,614
-	-	-	-	-
-	-	-	-	-
86,682	-	-	86,682	86,682
-	-	-	-	-
549,762	-	27,243	522,519	522,519
64,259	-	-	64,259	64,259
272,893	172,038	362,430	82,501	82,501
338,335	-	-	338,335	338,335
4,467	-	-	4,467	4,467
1,960	-	1,960	-	-
52,946	25,777	-	78,723	78,723
73,223	-	-	73,223	73,223
281,400	53,600	90,645	244,355	244,355
106,261	-	66,261	40,000	40,000
903,723	47,128	300,000	650,851	650,851
109,705	-	109,705	-	-
114,432	48,068	-	162,500	162,499
-	19,306	-	19,306	19,306
39,600	59,400	-	99,000	99,000
<u>\$ 8,330,146</u>	<u>\$ 451,515</u>	<u>\$ 1,096,813</u>	<u>\$ 7,684,848</u>	<u>\$ 7,974,056</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL
 APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE
 FOR THE YEAR ENDED JUNE 30, 2014**

CATEGORIES	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
A. Summer Intersession (Summer 2013 only)			
1. Noncredit	68.18	-	68.18
2. Credit	439.81	-	439.81
B. Summer Intersession (Summer 2014 - Prior to July 1, 2014)			
1. Noncredit	1.41	-	1.41
2. Credit	29.97	-	29.97
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,539.30	-	2,539.30
(b) Daily Census Contact Hours	643.31	-	643.31
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	280.62	-	280.62
(b) Credit	69.20	-	69.20
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	983.93	-	983.93
(b) Daily Census Contact Hours	144.44	-	144.44
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	<u>5,200.17</u>	<u>-</u>	<u>5,200.17</u>
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)			
H. Basic Skills Courses and Immigrant Education			
1. Noncredit	345.21	-	345.21
2. Credit	271.37	-	271.37
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	-	-	-
Centers FTES			
1. Noncredit	4.44	-	4.44
2. Credit	772.85	-	772.85

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2014**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 6,311,205	\$ -	\$ 6,311,205	\$ 6,311,205	\$ -	\$ 6,311,205
Other	1300	3,314,457	-	3,314,457	3,314,457	-	3,314,457
Total Instructional Salaries		9,625,662	-	9,625,662	9,625,662	-	9,625,662
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	3,058,021	-	3,058,021
Other	1400	-	-	-	293,141	-	293,141
Total Noninstructional Salaries		-	-	-	3,351,162	-	3,351,162
Total Academic Salaries		9,625,662	-	9,625,662	12,976,824	-	12,976,824
<u>Classified Salaries</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	4,561,112	-	4,561,112
Other	2300	-	-	-	324,844	-	324,844
Total Noninstructional Salaries		-	-	-	4,885,956	-	4,885,956
Instructional Aides							
Regular Status	2200	133,063	-	133,063	133,063	-	133,063
Other	2400	755,473	-	755,473	755,473	-	755,473
Total Instructional Aides		888,536	-	888,536	888,536	-	888,536
Total Classified Salaries		888,536	-	888,536	5,774,492	-	5,774,492
Employee Benefits	3000	2,471,994	-	2,471,994	5,862,995	-	5,862,995
Supplies and Material	4000	-	-	-	520,122	-	520,122
Other Operating Expenses	5000	271,316	-	271,316	2,453,524	-	2,453,524
Equipment Replacement	6420	-	-	-	3,430	-	3,430
Total Expenditures Prior to Exclusions		13,257,508	-	13,257,508	27,591,387	-	27,591,387

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2014**

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Exclusions</u>							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 289,709	\$ -	\$ 289,709	\$ 289,709	\$ -	\$ 289,709
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	143,489	-	143,489
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	487,426	-	487,426
Objects to Exclude							
Rents and Leases	5060	-	-	-	104,518	-	104,518
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	1,842	-	1,842
Instructional Supplies and Materials	4300	-	-	-	79,391	-	79,391
Noninstructional Supplies and Materials	4400	-	-	-	435,117	-	435,117
Total Supplies and Materials		-	-	-	516,350	-	516,350

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
 FOR THE YEAR ENDED JUNE 30, 2014

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	\$ -	\$ -	\$ -	\$ 127,859	\$ -	\$ 127,859
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		289,709	-	289,709	1,669,351	-	1,669,351
Total for ECS 84362, 50 Percent Law		\$ 12,967,799	\$ -	\$ 12,967,799	\$ 25,922,036	\$ -	\$ 25,922,036
Percent of CEE (Instructional Salary Cost/Total CEE)		50.03%		50.03%	100.00%		100.00%
50% of Current Expense of Education					\$ 12,961,018		\$ 12,961,018

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2014**

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				\$ 4,560,211
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	\$ 4,560,211	-	-	\$ 4,560,211
Total Expenditures for EPA		\$ 4,560,211	-	-	\$ 4,560,211
Revenues Less Expenditures					\$ -

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311)
WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2014.

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
JUNE 30, 2014**

**Amounts Reported in the Statement of Net Position are
Different Because:**

Total Fund Balance - All District Funds	\$ 100,597,034
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
The cost of capital assets is	\$ 179,107,725
Accumulated depreciation is	<u>(48,084,539)</u>
	131,023,186
The Retiree Benefit Trust (GASB 45) is reported in the entity-wide statements as a Net Plan Asset or an OPEB obligation and not at it's full value. This is the difference between the Trust value and the Net Plan Asset.	2,753,990
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Bonds payable	59,712,996
Certificates of Participation	70,200,000
Capital leases payable	1,195,744
CDE-Child Care revolving loan	168,000
Compensated absences (vacations)	<u>1,116,750</u>
	<u>(132,393,490)</u>
Total Net Position	<u><u>\$ 101,980,720</u></u>

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2014

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Please refer to both the Statements of Revenues, Expenses, and Changes in Net Position - Primary Government as well as the Fiduciary Fund Statements.

Schedule of Expenditures of State Awards

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

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

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

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

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

Proposition 30 Education Protection Act (EPA) Expenditure Report

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

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

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

JUNE 30, 2014

Reconciliation of Governmental Funds to the Statement of Net Position

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

INDEPENDENT AUDITOR'S REPORTS



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

Board of Trustees
West Hills Community College District
Coalinga, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the business-type activities of West Hills Community College District (the District) and its discretely presented component unit as of and for the years ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 8, 2015.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 1 to the financial statements, the District has elected to change its method of accounting for cost of debt issuance as prescribed by GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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 material weaknesses or significant deficiencies. Given these limitations, during our audits, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of This Report

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

Vannink, Trine, Day & Co., LLP

Fresno, California
January 8, 2015



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

Board of Trustees
West Hills Community College District
Coalinga, California

Report on Compliance for Each Major Federal Program

We have audited West Hills Community College District's (the District) compliance with the types of compliance requirements described in OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2014. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Vannink, Trine, Day & Co., LLP

Fresno, California
January 8, 2015



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
West Hills Community College District
Coalinga, California

Report on State Compliance

We have audited West Hills Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in December 2013 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the requirements identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in December 2013.

Auditor's Responsibility

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

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2014.

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

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

Vannink, Trini, Day & Co, LLP

Fresno, California
January 8, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2014**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Assistance Cluster</u>
<u>84.042A, 84.047A, 84.047M</u>	<u>TRIO Cluster</u>
<u>10.558</u>	<u>Child and Adult Care Food Program</u>
<u>17.282</u>	<u>Trade Adjustment Assistance Community College & Career Training</u>
<u>17.258, 17.259, 17.278</u>	<u>Workforce Investment Act Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 383,767</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Type of auditor's report issued on compliance for State programs:	<u>Unmodified</u>
---	-------------------

WEST HILLS COMMUNITY COLLEGE DISTRICT

**FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2014**

None noted.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

None noted.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

None noted.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014**

None reported.

ADDITIONAL SUPPLEMENTARY INFORMATION
(UNAUDITED)

WEST HILLS COMMUNITY COLLEGE DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2014**

	General Unrestricted	General Restricted	Cafeteria
ASSETS			
Cash and cash equivalents	\$ 4,975,283	\$ 733,314	\$ 7,728
Investments	-	-	-
Accounts receivable	4,529,508	2,122,161	1,420
Student loans receivable	2,643,546	-	2,961
Due from other funds	1,588,832	-	284,641
Prepaid expenses	14,542	15,781	-
Total Assets	\$ 13,751,711	\$ 2,871,256	\$ 296,750
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 1,893,802	\$ 1,113,092	\$ 27,223
Due to other funds	4,678,908	452,069	267,184
Unearned revenue	3,936,132	1,306,095	2,343
Total Liabilities	10,508,842	2,871,256	296,750
FUND EQUITY			
Fund Balances			
Restricted	-	-	-
Nonspendable	14,542	15,781	-
Unreserved			
Uncommitted	3,228,327	(15,781)	-
Total Fund Equity	3,242,869	-	-
Total Liabilities and Fund Equity	\$ 13,751,711	\$ 2,871,256	\$ 296,750

See accompanying note to additional supplementary information.

Child Development	Farm Operations	Residence Living	Revenue Bond Interest and Redemption	COP/SFID Debt Service	COP #1 Capital Outlay
\$ 466,915	\$ 9,024	\$ 480	\$ 974,446	\$ 1,449,591	\$ 66,273,687
-	-	-	-	4,970,849	-
149,811	104,446	-	157,732	401,261	-
-	-	1,201	-	-	-
8,760	18,869	218,184	-	-	-
-	-	-	-	-	-
<u>\$ 625,486</u>	<u>\$ 132,339</u>	<u>\$ 219,865</u>	<u>\$ 1,132,178</u>	<u>\$ 6,821,701</u>	<u>\$ 66,273,687</u>
\$ 99,389	\$ 32,262	\$ 30,956	\$ -	\$ -	\$ -
516,039	-	187,272	-	-	-
10,059	-	1,638	-	-	-
<u>625,487</u>	<u>32,262</u>	<u>219,866</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	1,132,178	6,821,701	66,273,687
-	-	-	-	-	-
(1)	100,077	(1)	-	-	-
<u>(1)</u>	<u>100,077</u>	<u>(1)</u>	<u>1,132,178</u>	<u>6,821,701</u>	<u>66,273,687</u>
<u>\$ 625,486</u>	<u>\$ 132,339</u>	<u>\$ 219,865</u>	<u>\$ 1,132,178</u>	<u>\$ 6,821,701</u>	<u>\$ 66,273,687</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**GOVERNMENTAL FUNDS
BALANCE SHEETS, Continued
JUNE 30, 2014**

	<u>New Market Tax Credit</u>	<u>Capital Outlay Projects</u>	<u>Revenue Bond Construction</u>
ASSETS			
Cash and cash equivalents	\$ 2,916,192	\$ 2,893,653	\$ 12,848,946
Investments	-	-	-
Accounts receivable	9,393	25,674	42,487
Student loans receivable	-	-	-
Due from other funds	58,913	4,574,937	28,086
Prepaid expenses	-	-	-
Total Assets	<u>\$ 2,984,498</u>	<u>\$ 7,494,264</u>	<u>\$ 12,919,519</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ -	\$ 312,799	\$ -
Due to other funds	60	58,913	-
Unearned revenue	-	-	-
Total Liabilities	<u>60</u>	<u>371,712</u>	<u>-</u>
FUND EQUITY			
Fund Balances			
Restricted	2,984,438	7,122,552	12,919,519
Nonspendable	-	-	-
Unreserved			
Uncommitted	-	-	-
Total Fund Equity	<u>2,984,438</u>	<u>7,122,552</u>	<u>12,919,519</u>
Total Liabilities and Fund Equity	<u>\$ 2,984,498</u>	<u>\$ 7,494,264</u>	<u>\$ 12,919,519</u>

See accompanying note to additional supplementary information.

General Construction	Total Governmental Fund (Memorandum Only)
\$ 15	\$ 93,549,274
-	4,970,849
-	7,543,893
-	2,647,708
-	6,781,222
-	30,323
<u>\$ 15</u>	<u>\$ 115,523,269</u>

\$ -	\$ 3,509,523
-	6,160,445
-	5,256,267
<u>-</u>	<u>14,926,235</u>

15	97,254,090
-	30,323
-	3,312,621
<u>15</u>	<u>100,597,034</u>
<u>\$ 15</u>	<u>\$ 115,523,269</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2014**

	General Unrestricted	General Restricted	Cafeteria
REVENUES			
Federal revenues	\$ 3,805	\$ 12,865,899	\$ -
State revenues	25,635,761	4,611,851	-
Local revenues	6,857,496	274,986	678,143
Total Revenues	<u>32,497,062</u>	<u>17,752,736</u>	<u>678,143</u>
EXPENDITURES			
Current Expenditures			
Academic salaries	14,580,989	4,255,449	-
Classified salaries	6,557,812	3,924,343	293,486
Employee benefits	6,340,847	2,395,168	141,325
Books and supplies	708,142	732,710	354,575
Services and operating expenditures	3,503,330	2,622,713	262,123
Student financial aid	(8,311)	400,576	-
Capital outlay	368,830	2,131,421	39,957
Debt service - principal	129,728	-	-
Debt service - interest and other	43,922	-	-
Total Expenditures	<u>32,225,289</u>	<u>16,462,380</u>	<u>1,091,466</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>271,773</u>	<u>1,290,356</u>	<u>(413,323)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	2,403,255	145,746	413,323
Operating transfers out	(4,277,304)	(1,876,152)	-
Other sources	6,625	440,050	-
Total Other Financing Sources (Uses)	<u>(1,867,424)</u>	<u>(1,290,356)</u>	<u>413,323</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,595,651)	-	-
FUND BALANCE, BEGINNING OF YEAR	4,838,520	-	-
FUND BALANCE, END OF YEAR	<u>\$ 3,242,869</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying note to additional supplementary information.

Child Development	Farm Operations	Residence Living	Revenue Bond Interest and Redemption	COP/SFID Debt Service	COP #1 Capital Outlay
\$ 395,180	\$ -	\$ -	\$ -	\$ -	\$ -
3,344,106	-	-	10,910	1,670	-
215,910	239,548	349,960	1,235,676	2,345,284	1,274,728
<u>3,955,196</u>	<u>239,548</u>	<u>349,960</u>	<u>1,246,586</u>	<u>2,346,954</u>	<u>1,274,728</u>
-	135,756	-	-	-	-
2,810,646	75,377	171,121	-	-	-
1,072,461	54,376	137,296	-	-	-
219,899	70,102	13,677	-	-	-
1,137,378	457,492	224,289	-	891,238	41,726
-	-	-	-	-	-
-	-	6,368	-	-	-
42,000	-	-	604,999	330,001	-
-	-	-	633,111	1,749,859	-
<u>5,282,384</u>	<u>793,103</u>	<u>552,751</u>	<u>1,238,110</u>	<u>2,971,098</u>	<u>41,726</u>
<u>(1,327,188)</u>	<u>(553,555)</u>	<u>(202,791)</u>	<u>8,476</u>	<u>(624,144)</u>	<u>1,233,002</u>
1,327,187	559,447	202,790	-	-	41,726
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,327,187</u>	<u>559,447</u>	<u>202,790</u>	<u>-</u>	<u>-</u>	<u>41,726</u>
(1)	5,892	(1)	8,476	(624,144)	1,274,728
-	94,185	-	1,123,702	7,445,845	64,998,959
<u>\$ (1)</u>	<u>\$ 100,077</u>	<u>\$ (1)</u>	<u>\$ 1,132,178</u>	<u>\$ 6,821,701</u>	<u>\$ 66,273,687</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES, Continued
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>New Market Tax Credit</u>	<u>Capital Outlay Projects</u>	<u>Revenue Bond Construction</u>
REVENUES			
Federal revenues	\$ -	\$ 90,379	\$ -
State revenues	-	172,712	-
Local revenues	108,854	232,268	173,005
Total Revenues	<u>108,854</u>	<u>495,359</u>	<u>173,005</u>
EXPENDITURES			
Current Expenditures			
Academic salaries	-	-	-
Classified salaries	-	-	-
Employee benefits	-	-	-
Books and supplies	-	13,967	-
Services and operating expenditures	504,983	20,506	-
Student financial aid	-	-	-
Capital outlay	-	5,219,470	-
Debt service - principal	-	605,539	-
Debt service - interest and other	1,804,308	30,517	-
Total Expenditures	<u>2,309,291</u>	<u>5,889,999</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,200,437)</u>	<u>(5,394,640)</u>	<u>173,005</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	5,162,480	-
Operating transfers out	(500,000)	(600,000)	(4,342,825)
Other sources	3,219,315	-	-
Total Other Financing Sources (Uses)	<u>2,719,315</u>	<u>4,562,480</u>	<u>(4,342,825)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	518,878	(832,160)	(4,169,820)
FUND BALANCE, BEGINNING OF YEAR	<u>2,465,560</u>	<u>7,954,712</u>	<u>17,089,339</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 2,984,438</u></u>	<u><u>\$ 7,122,552</u></u>	<u><u>\$ 12,919,519</u></u>

See accompanying note to additional supplementary information.

General Construction	Total Governmental Fund (Memorandum Only)
\$ -	\$ 13,355,263
-	33,777,010
15	13,985,873
<u>15</u>	<u>61,118,146</u>
-	18,972,194
-	13,832,785
-	10,141,473
-	2,113,072
-	9,665,778
-	392,265
-	7,766,046
-	1,712,267
-	4,261,717
<u>-</u>	<u>68,857,597</u>
15	(7,739,451)
-	10,255,954
(5,367)	(11,601,648)
-	3,665,990
<u>(5,367)</u>	<u>2,320,296</u>
(5,352)	(5,419,155)
5,367	106,016,189
<u>\$ 15</u>	<u>\$ 100,597,034</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
BALANCE SHEETS
JUNE 30, 2014**

	Agency Funds		
	Associated Students Agency	Student Financial Aid	Foundation Agency
ASSETS			
Cash and cash equivalents	\$ 33,128	\$ 377,990	\$ 2,830
Investments	-	-	-
Accounts receivable	955	602,940	63,722
Student loans receivable	(11)	27,241	-
Due from primary government	64,561	-	-
Prepaid expenses	-	87,310	-
Total Assets	\$ 98,633	\$ 1,095,481	\$ 66,552
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	\$ 26,969	\$ 326,655	\$ 10,711
Due to primary government	31,333	603,807	55,841
Unearned revenue	8	116,613	-
Total Liabilities	58,310	1,047,075	66,552
NET POSITION			
Net Position			
Restricted	40,323	48,406	-
Total Net Position	40,323	48,406	-
Total Liabilities and Net Position	\$ 98,633	\$ 1,095,481	\$ 66,552

See accompanying note to additional supplementary information.

Trust Funds			
Scholarship and Loan	GASB 45 Trust	Other Trust	Total
\$ 60,185	\$ -	\$ 42,256	\$ 516,389
-	5,900,208	-	5,900,208
-	7,479	-	675,096
-	-	-	27,230
24,440	-	6,893	95,894
-	-	-	87,310
<u>\$ 84,625</u>	<u>\$ 5,907,687</u>	<u>\$ 49,149</u>	<u>\$ 7,302,127</u>
\$ -	\$ -	\$ -	\$ 364,335
19,321	-	6,369	716,671
-	-	-	116,621
<u>19,321</u>	<u>-</u>	<u>6,369</u>	<u>1,197,627</u>
<u>65,304</u>	<u>5,907,687</u>	<u>42,780</u>	<u>6,104,500</u>
<u>65,304</u>	<u>5,907,687</u>	<u>42,780</u>	<u>6,104,500</u>
<u>\$ 84,625</u>	<u>\$ 5,907,687</u>	<u>\$ 49,149</u>	<u>\$ 7,302,127</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**FIDUCIARY FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014**

	Agency Funds		
	Associated Students Agency	Student Financial Aid	Foundation Agency
REVENUES			
Federal revenues	\$ -	\$ 14,658,786	\$ -
State revenues	-	961,588	-
Local revenues	4,607	19,425	69,029
Total Revenues	<u>4,607</u>	<u>15,639,799</u>	<u>69,029</u>
EXPENDITURES			
Current Expenditures			
Academic salaries	-	-	90,483
Classified salaries	-	-	291,480
Employee benefits	-	-	108,877
Books and supplies	-	-	500
Services and operating expenditures	246	164,590	162,797
Student financial aid	400	15,714,133	-
Total Expenditures	<u>646</u>	<u>15,878,723</u>	<u>654,137</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,961</u>	<u>(238,924)</u>	<u>(585,108)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	260,586	585,108
Total Other Financing Sources (Uses)	<u>-</u>	<u>260,586</u>	<u>585,108</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	3,961	21,662	-
NET POSITION, BEGINNING OF YEAR	<u>36,362</u>	<u>26,744</u>	<u>-</u>
NET POSITION, END OF YEAR	<u>\$ 40,323</u>	<u>\$ 48,406</u>	<u>\$ -</u>

See accompanying note to additional supplementary information.

Trust Funds			
Scholarship and Loan	GASB 45 Trust	Other Trust	Total
\$ -	\$ -	\$ -	\$ 14,658,786
-	-	-	961,588
-	744,174	5,719	842,954
-	744,174	5,719	16,463,328
-	-	-	90,483
-	-	-	291,480
-	-	-	108,877
-	-	-	500
-	500	4,953	333,086
(7,889)	-	-	15,706,644
(7,889)	500	4,953	16,531,070
7,889	743,674	766	(67,742)
-	500,000	-	1,345,694
-	500,000	-	1,345,694
7,889	1,243,674	766	1,277,952
57,415	4,664,013	42,014	4,826,548
<u>\$ 65,304</u>	<u>\$ 5,907,687</u>	<u>\$ 42,780</u>	<u>\$ 6,104,500</u>

WEST HILLS COMMUNITY COLLEGE DISTRICT

**NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION
JUNE 30, 2014**

NOTE 1 - PURPOSE OF SCHEDULES

Fund Financial Statements

The accompanying financial statements report the governmental fund activities of West Hills Community College District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts present in, or used in, the preparation of the basic financial statements.