

**WEST HILLS COMMUNITY  
COLLEGE DISTRICT**

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**ANNUAL FINANCIAL REPORT**

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**JUNE 30, 2013**

# WEST HILLS COMMUNITY COLLEGE DISTRICT

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JUNE 30, 2013

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***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' 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 District Foundation) of West Hills Community College District (the District) as of and for the years ended June 30, 2013 and 2012, 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.

### Auditors' Responsibility

Our responsibility is to express opinions 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 auditors' 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 opinions.

## **Opinions**

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, 2013 and 2012, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Changes in Accounting Principles**

As discussed in the Notes to the basic financial statements, the accompanying financial statements reflect certain changes required as a result of the implementation of GASB Statement No. 62 for the year ended June 30, 2013. These changes require a restatement of the beginning net position of the District as discussed in Note 17. 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 57 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 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 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2014, 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, Trine, Day & Co, LLP

Fresno, California  
January 24, 2014



# WEST HILLS

## COMMUNITY COLLEGE DISTRICT

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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, 2013

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### *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 2012-13 fiscal years, the District's actual FTES was 5,001 but the State funded only 4,779 while the actual FTES in the 2011-12 fiscal year was 5,142 and the funded FTES was 4,735. 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 \$4.8 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 9% 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 \$ 38.3 million for the 2011-2012 fiscal years to approximately \$38.8 million during the 2012-2013 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 \$19.3 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, 2013**

Condensed financial information is as follows: (in thousands)

### NET POSITION

As of June 30, 2013, 2012, and 2011

	June 30, 2013	June 30, 2012	Change	June 30, 2011	Change
<b>ASSETS</b>					
Current Assets					
Cash and investments	\$ 101,477	\$ 101,338	\$ 139	\$ 103,595	\$ (2,257)
Accounts receivable	12,297	13,153	(856)	11,179	1,974
Deferred issuance costs-current	199	142	57	168	(26)
Prepaid	21	13	8	10	3
Total Current Assets	<u>113,994</u>	<u>114,646</u>	<u>(652)</u>	<u>114,952</u>	<u>(306)</u>
Non-Current Assets					
Capital assets, net of depreciation	127,397	111,584	15,813	101,606	9,978
Net Plan Asset-GASB 45	2,191	2,043	148	1,699	344
Deferred issuance costs-noncurrent	2,686	2,942	(256)	2,297	645
Total Non-Current Assets	<u>132,274</u>	<u>116,569</u>	<u>15,705</u>	<u>105,602</u>	<u>10,967</u>
Total Assets	<u>\$ 246,268</u>	<u>\$ 231,215</u>	<u>\$ 15,053</u>	<u>\$ 220,554</u>	<u>\$ 10,661</u>
<b>LIABILITIES</b>					
Current Liabilities					
Accounts payable and accrued liabilities	3,968	4,184	(216)	4,949	(765)
Deferred revenue	4,162	4,037	125	3,337	700
Long-term liabilities - current portion	1,749	1,334	415	1,381	(47)
Total Current Liabilities	<u>9,879</u>	<u>9,555</u>	<u>324</u>	<u>9,667</u>	<u>(112)</u>
Non-Current Liabilities					
Long-term liabilities	133,039	131,896	1,143	119,997	11,899
Total liabilities	<u>142,918</u>	<u>141,451</u>	<u>1,467</u>	<u>129,664</u>	<u>11,787</u>
<b>NET POSITION</b>					
Net investment in capital assets	86,062	72,950	13,112	71,720	1,230
Restricted for expendable purposes	8,664	8,982	(318)	10,544	(1,562)
Unrestricted	8,624	7,832	792	8,626	(794)
Total Net Position	<u>103,350</u>	<u>89,764</u>	<u>13,586</u>	<u>90,890</u>	<u>(1,126)</u>
Total Liabilities and Net Position	<u>\$ 246,268</u>	<u>\$ 231,215</u>	<u>\$ 15,053</u>	<u>\$ 220,554</u>	<u>\$ 10,661</u>

This schedule has been prepared from the District's Statements 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 Statements of Cash Flows (pages 15 and 16).

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2013**

**Operating Results for the Year Ended June 30, 2013, 2012, and 2011**

	June 30, 2013	June 30, 2012	Difference	June 30, 2011	Difference
<b>OPERATING REVENUES</b>					
Tuition and fees	\$ 2,090	\$ 2,357	\$ (267)	\$ 2,251	\$ 106
Auxiliary sales and charges	593	843	(250)	842	1
Total Operating Revenues	<u>2,683</u>	<u>3,200</u>	<u>(517)</u>	<u>3,093</u>	<u>107</u>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	38,894	37,798	1,096	39,109	(1,311)
Other expenses	29,190	31,120	(1,930)	24,793	6,327
Depreciation	4,846	3,890	956	2,950	940
Total Operating Expenses	<u>72,930</u>	<u>72,808</u>	<u>122</u>	<u>66,852</u>	<u>5,956</u>
NET LOSS ON OPERATIONS	<u>(70,247)</u>	<u>(69,608)</u>	<u>(639)</u>	<u>(63,759)</u>	<u>(5,849)</u>
<b>NONOPERATING REVENUES AND (EXPENSES)</b>					
State apportionments	22,272	22,544	(272)	25,602	(3,058)
Grants and contracts	34,666	33,529	1,137	35,069	(1,540)
Property taxes	5,908	5,292	616	3,935	1,357
State revenues	731	64	667	64	-
Interest income	786	2,057	(1,271)	2,780	(723)
Interest expense	(2,132)	(2,403)	271	(2,986)	583
Other non-operating revenues	3,995	896	3,099	960	(64)
Total Nonoperating Revenues	<u>66,226</u>	<u>61,979</u>	<u>4,247</u>	<u>65,424</u>	<u>(3,445)</u>
<b>OTHER REVENUES</b>					
State revenues, capital	2	6,210	(6,208)	11,377	(5,167)
Local revenues, capital	1,374	293	1,081	42	251
Total Other Revenues	<u>1,376</u>	<u>6,503</u>	<u>(5,127)</u>	<u>11,419</u>	<u>(4,916)</u>
NET INCREASE (DECREASE) IN NET POSITION	<u>(2,645)</u>	<u>\$ (1,126)</u>	<u>\$ (1,519)</u>	<u>\$13,084</u>	<u>\$ (14,210)</u>
PRIOR PERIOD ADJUSTMENT	<u>16,231</u>				
NET CHANGE IN NET POSITION	<u>\$ 13,586</u>				

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

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**JUNE 30, 2013**

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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 \$70 million is almost fully balanced by the other funding sources resulting in a decrease in the District's Net Position of \$2.6 million, prior to the addition of \$16.2 million in Net Position resulting from the prior period adjustment discussed in Note 17 of the Notes to Financial Statements. The net effect is an increase to the District's Net Position of \$13.6 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 11 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, 2013, 2012, and 2011

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.

	<u>June 30, 2013</u>	<u>June 30, 2012</u>	<u>Difference</u>	<u>June 30, 2011</u>	<u>Difference</u>
CASH PROVIDED BY (USED IN)					
Operating activities	\$ (64,177)	\$ (68,771)	\$ 4,594	\$ (58,319)	\$ (10,452)
Noncapital financing activities	67,048	62,071	4,977	66,897	(4,826)
Capital financing activities	(3,310)	2,281	(5,591)	(5,259)	7,540
Investing activities	579	2,162	(1,583)	2,776	(614)
Net Increase in Cash and Cash Equivalents	<u>\$ 140</u>	<u>\$ (2,257)</u>	<u>\$ 2,397</u>	<u>\$ 6,095</u>	<u>\$ (8,352)</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, 2013**

### 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, 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
<b>Ancillary services and auxiliary operations</b>						
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	-	-	-	-	-	-
<b>Trust and agency activities</b>						
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
<b>Depreciation expense-unallocated</b>	-	-	-	-	4,845,683	4,845,683
<b>Total</b>	<b>\$ 29,185,001</b>	<b>\$ 9,696,749</b>	<b>\$ 11,191,266</b>	<b>\$ 32,017,147</b>	<b>\$ 4,845,683</b>	<b>\$ 86,935,845</b>

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, 2013**

Year ended June 30, 2012:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	\$ 9,974,691	\$ 2,594,323	\$ 1,130,821	\$ 1,481,618	\$ -	\$ 15,181,453
Academic support	3,228,509	957,847	800,930	185,403	-	5,172,689
Student services	5,721,723	2,124,424	1,474,905	15,344,042	-	24,665,094
Plant operations and maintenance	965,661	468,030	1,713,238	397,968	-	3,544,897
Instructional support services	2,852,039	1,220,612	1,025,249	3,449,935	-	8,547,835
Community services and economic development	1,117,767	283,630	747,118	332,444	-	2,480,959
Ancillary services and auxiliary operations	4,208,840	1,614,223	2,803,490	232,383	-	8,858,936
Trust and agency activities	347,854	118,087	-	-	-	465,941
Depreciation expense-unallocated	-	-	-	-	3,890,183	3,890,183
<b>Total</b>	<b>\$28,417,084</b>	<b>\$ 9,381,176</b>	<b>\$ 9,695,751</b>	<b>\$ 21,423,793</b>	<b>\$ 3,890,183</b>	<b>\$ 72,807,987</b>

Year ended June 30, 2011:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	\$ 10,492,434	\$ 2,488,987	\$ 1,547,877	\$ 1,079,203	\$ -	\$ 15,608,501
Academic support	3,111,158	875,204	630,455	-	-	4,616,817
Student services	6,503,454	2,194,858	2,174,318	8,793,463	-	19,666,093
Plant operations and maintenance	852,145	369,195	1,322,286	-	-	2,543,626
Instructional support services	2,793,752	1,280,786	527,694	4,652,200	-	9,254,432
Community services and economic development	862,215	198,273	394,270	13,062	-	1,467,820
Ancillary services and auxiliary operations	4,722,254	1,679,061	3,023,733	542,579	-	9,967,627
Trust and agency activities	537,139	147,706	-	-	-	684,845
Other Outgo	-	-	-	91,971	-	91,971
Depreciation expense-unallocated	-	-	-	-	2,950,450	2,950,450
<b>Total</b>	<b>\$29,874,551</b>	<b>\$ 9,234,070</b>	<b>\$ 9,620,633</b>	<b>\$ 15,172,478</b>	<b>\$ 2,950,450</b>	<b>\$ 66,852,182</b>

***ECONOMIC FACTORS AFFECTING THE FUTURE OF WEST HILLS COMMUNITY COLLEGE DISTRICT***

The 2013-2014 State Budget represents an increase in funding for both COLA and growth in the amount of 1.63 percent and 1.57 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. This is primarily due to the passage of Proposition 30. The State has declared that revenues are up about \$2.1 billion over what was budgeted which will translate into additional funding for education.

# **WEST HILLS COMMUNITY COLLEGE DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2013**

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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. The District has been very aggressive in obtaining new opportunities for funding including the recent DOL grant of \$19 million of which the District is the fiscal agent. 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 continues to face a structural deficit of billions of dollars even with the additional \$2.1 billion that has been identified coming out of the 2012-2013 fiscal year. The District is well positioned to handle any negative impact that may be required in the event the economy takes a negative turn. 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, Business Services, at West Hills Community College District, 9800 Cody Street, Coalinga, California 93210, or e-mail at [kenstoppenbrink@whccd.edu](mailto:kenstoppenbrink@whccd.edu).

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF NET POSITION - PRIMARY GOVERNMENT  
JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and investments	\$ 13,145,094	\$ 10,439,073
Restricted cash and cash equivalents	88,331,852	90,898,189
Accounts receivable	10,842,812	11,924,402
Student loans receivable	1,454,253	1,230,205
Deferred issuance costs-current portion	198,684	141,749
Prepaid expenses - current portion	21,087	12,861
<b>Total Current Assets</b>	<u>113,993,782</u>	<u>114,646,479</u>
<b>Noncurrent Assets</b>		
Deferred issuance costs-noncurrent portion	2,685,973	2,941,592
Net plan asset-GASB 45	2,190,852	2,042,806
Nondepreciable capital assets	9,199,397	26,991,305
Depreciable capital assets	160,761,521	120,619,327
Less: Accumulated depreciation	(42,563,097)	(36,025,813)
<b>Total Noncurrent Assets</b>	<u>132,274,646</u>	<u>116,569,217</u>
<b>TOTAL ASSETS</b>	<u>246,268,428</u>	<u>231,215,696</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable	3,804,775	4,046,335
Deferred revenue	4,162,023	4,037,430
Amounts held in custody on behalf of others	162,539	137,678
Long-term liabilities - current portion	1,749,858	1,333,766
<b>Total Current Liabilities</b>	<u>9,879,195</u>	<u>9,555,209</u>
<b>Noncurrent Liabilities</b>		
Compensated absences payable - noncurrent portion	1,065,891	1,055,063
Long-term liabilities - noncurrent portion	131,973,520	130,841,354
<b>Total Noncurrent Liabilities</b>	<u>133,039,411</u>	<u>131,896,417</u>
<b>TOTAL LIABILITIES</b>	<u>142,918,606</u>	<u>141,451,626</u>
<b>NET POSITION</b>		
Net investment in capital assets	86,061,949	72,950,094
Restricted for:		
Debt service	8,569,547	8,855,097
Other activities	94,188	126,895
Unrestricted	8,624,138	7,831,984
<b>TOTAL NET POSITION</b>	<u>\$ 103,349,822</u>	<u>\$ 89,764,070</u>

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

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>OPERATING REVENUES</b>		
Tuition and Fees	\$ 2,236,245	\$ 2,504,107
Less: Scholarship discount and allowance	(145,845)	(147,143)
Net tuition and fees	<u>2,090,400</u>	<u>2,356,964</u>
Auxiliary Sales and Charges		
Cafeteria	493,105	592,333
Farm	99,533	250,474
<b>TOTAL OPERATING REVENUES</b>	<u>2,683,038</u>	<u>3,199,771</u>
<b>OPERATING EXPENSES</b>		
Salaries	29,297,717	28,417,084
Employee benefits	9,595,613	9,381,176
Supplies, materials, and other operating expenses and services	29,190,961	31,119,544
Depreciation	4,845,683	3,890,183
<b>TOTAL OPERATING EXPENSES</b>	<u>72,929,974</u>	<u>72,807,987</u>
<b>OPERATING LOSS</b>	<u>(70,246,936)</u>	<u>(69,608,216)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Grants and Contracts, noncapital:		
Federal	25,561,075	22,989,300
State	8,591,594	10,399,272
Local	512,756	140,966
State apportionments, noncapital	22,272,175	22,543,966
Local property taxes, levied for general purposes	5,908,033	5,291,619
State taxes and other revenues	731,222	64,323
Investment income, net	785,986	2,057,008
Interest and other expenses on debt	(2,131,953)	(2,403,164)
Other non-operating revenues	3,994,710	896,185
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u>66,225,598</u>	<u>61,979,475</u>
<b>INCOME (LOSS) BEFORE OTHER REVENUES AND EXPENSES</b>	<u>(4,021,338)</u>	<u>(7,628,741)</u>
<b>OTHER REVENUES AND EXPENSES</b>		
State revenues, capital	2,000	6,209,957
Local revenues, capital	1,374,638	292,678
<b>TOTAL OTHER REVENUES AND EXPENSES</b>	<u>1,376,638</u>	<u>6,502,635</u>
<b>CHANGE IN NET POSITION</b>	(2,644,700)	(1,126,106)
<b>NET POSITION, BEGINNING OF YEAR AS RESTATED</b>	105,994,522	90,890,176
<b>NET POSITION, END OF YEAR</b>	<u>\$ 103,349,822</u>	<u>\$ 89,764,070</u>

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



**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS – DIRECT METHOD - PRIMARY GOVERNMENT  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<b>2013</b>	<b>2012</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 2,228,812	\$ 2,853,127
Payments to vendors for supplies and services	(29,602,708)	(34,489,514)
Auxiliary sales	592,638	842,807
Payments to or on behalf of employees	(37,420,916)	(37,973,296)
Other operating receipts (payments)	24,861	(3,964)
<b>Net Cash Flows Used By Operating Activities</b>	<b>(64,177,313)</b>	<b>(68,770,840)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State apportionments	23,061,985	20,791,520
Non-capital grants and contracts	32,505,676	33,829,086
Property taxes - nondebt related	5,682,900	5,351,837
State taxes and other apportionments	1,802,634	1,202,081
Other nonoperating	3,994,710	896,185
<b>Net Cash Flows From Noncapital Financing Activities</b>	<b>67,047,905</b>	<b>62,070,709</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Purchase of capital assets	(4,428,233)	(13,867,839)
Proceeds from capital debt	2,882,018	22,056,429
State revenue, capital projects	2,000	6,209,957
Local revenue, capital projects	1,374,638	292,678
Principal paid on capital debt	(1,207,329)	(10,007,320)
Interest and expenses paid on capital debt	(1,933,269)	(2,403,164)
<b>Net Cash Flows Provided/(Used) By Capital Financing Activities</b>	<b>(3,310,175)</b>	<b>2,280,741</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from investments	579,267	2,161,616
<b>Net Cash Flows From Investing Activities</b>	<b>579,267</b>	<b>2,161,616</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>139,684</b>	<b>(2,257,774)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>101,337,262</b>	<b>103,595,036</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 101,476,946</b>	<b>\$ 101,337,262</b>

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

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF CASH FLOWS – DIRECT METHOD - PRIMARY GOVERNMENT,  
Continued  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating Loss	<u>\$ (70,246,936)</u>	<u>\$ (69,608,216)</u>
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:		
Depreciation expense	4,845,683	3,890,183
Changes in Assets and Liabilities:		
Receivables, net	857,542	(1,975,673)
Prepaid expenses and deferred issuance costs	190,458	(622,109)
GASB 45, Net Plan Asset	(148,046)	(343,696)
Accounts payable and accrued liabilities	(241,560)	(760,867)
Deferred revenue	124,593	700,515
Current portion of long-term obligations	416,092	(47,013)
Funds held for others	24,861	(3,964)
Total Adjustments	<u>6,069,623</u>	<u>837,376</u>
<b>Net Cash Flows Used by Operating Activities</b>	<u><u>\$ (64,177,313)</u></u>	<u><u>\$ (68,770,840)</u></u>
	<u>2013</u>	<u>2012</u>
<b>NON CASH TRANSACTIONS</b>		
On behalf payments for benefits	<u><u>\$ 665,534</u></u>	<u><u>\$ 678,320</u></u>

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

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2013 AND 2012**

	2013		2012	
	Trust Funds	Agency Funds	Trust Funds	Agency Funds
<b>ASSETS</b>				
Deposits and investments	\$ 4,745,866	\$ 439,083	\$ 3,896,423	\$ 282,234
Receivables	8,019	210,155	8,161	268,394
Due from other funds	24,290	49,858	20,567	37,281
<b>Total Assets</b>	<u>4,778,175</u>	<u>\$ 699,096</u>	<u>3,925,151</u>	<u>\$ 587,909</u>
<b>LIABILITIES</b>				
Accounts payable	-	\$ 337,252	-	\$ 317,508
Due to student groups	-	247,307	-	40,361
Due to other funds	14,733	63,110	5,973	174,463
Deferred revenue	-	51,427	-	55,577
<b>Total Liabilities</b>	<u>14,733</u>	<u>\$ 699,096</u>	<u>5,973</u>	<u>\$ 587,909</u>
<b>NET POSITION</b>				
Restricted	<u>4,763,442</u>		<u>3,919,178</u>	
<b>Total Net Position</b>	<u>\$ 4,763,442</u>		<u>\$ 3,919,178</u>	

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

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

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	<u>2013</u>	<u>2012</u>
	<u>Trust</u>	<u>Trust</u>
	<u>Funds</u>	<u>Funds</u>
<b>ADDITIONS</b>		
Local sources	\$ 450,015	\$ 298,209
Interdistrict transfers	400,000	500,000
<b>Total Additions</b>	<u>850,015</u>	<u>798,209</u>
<b>DEDUCTIONS</b>		
Other expenditures	5,751	11,456
<b>Total Deductions</b>	<u>5,751</u>	<u>11,456</u>
<b>Change in Net Position</b>	844,264	786,753
<b>Net Position - Beginning</b>	3,919,178	3,132,425
<b>Net Position - Ending</b>	<u>\$ 4,763,442</u>	<u>\$ 3,919,178</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  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2013 AND 2012**

	June 30,	
	2013	2012
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 594,442	\$ 646,731
Investments	1,609,343	1,396,755
Accounts receivable	143,505	216,445
Prepaid expenses	-	1,506
<b>Total Current Assets</b>	<b>2,347,290</b>	<b>2,261,437</b>
<b>NONCURRENT ASSETS</b>		
Other noncurrent assets	-	500
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>500</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,347,290</b>	<b>\$ 2,261,937</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	61,594	184,706
Funds held for others	20,763	18,859
<b>Total Current Liabilities</b>	<b>82,357</b>	<b>203,565</b>
<b>TOTAL LIABILITIES</b>	<b>82,357</b>	<b>203,565</b>
<b>NET ASSETS</b>		
Unrestricted	657,078	813,156
Temporarily restricted	597,520	546,919
Permanently restricted	1,010,335	698,297
<b>Total Net Assets</b>	<b>2,264,933</b>	<b>2,058,372</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,347,290</b>	<b>\$ 2,261,937</b>

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, 2013 WITH COMPARATIVE TOTALS  
FOR THE YEAR ENDED JUNE 30, 2012**

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUES</b>				
Donations and special events	\$ 66,230	\$ 116,145	\$ 341,459	\$ 523,834
Donated salaries	334,102	-	-	334,102
Federal revenue	-	-	-	-
Program fees	496,260	-	-	496,260
Program contracts	34,073	-	-	34,073
Fundraisers	194,577	-	-	194,577
Investment income	13,436	(4,057)	10,525	19,904
Other	42,564	46	-	42,610
Transfers	(118,763)	126,013	(7,250)	-
Net assets released from restrictions	211,887	(179,191)	(32,696)	-
<b>Total Revenues</b>	<u>1,274,366</u>	<u>58,956</u>	<u>312,038</u>	<u>1,645,360</u>
<b>EXPENSES</b>				
Program services:				
Scholarship	195,589	8,355	-	203,944
College Enhancement	699,952	-	-	699,952
Athletic Programs	153,459	-	-	153,459
Educational Programs	138,466	-	-	138,466
Support services:				
General Administrative	147,451	-	-	147,451
Fundraisers	94,831	-	-	94,831
Membership	696	-	-	696
<b>Total Expenses</b>	<u>1,430,444</u>	<u>8,355</u>	<u>-</u>	<u>1,438,799</u>
<b>INCREASE/(DECREASE) IN NET ASSETS</b>	(156,078)	50,601	312,038	206,561
<b>NET ASSETS, BEGINNING OF YEAR</b>	813,156	546,919	698,297	2,058,372
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 657,078</u>	<u>\$ 597,520</u>	<u>\$ 1,010,335</u>	<u>\$ 2,264,933</u>

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

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**Total 2012**

\$ 387,142  
276,420  
229,336  
463,608  
108,599  
242,450  
13,463  
77,498  
-  
-  
1,798,516

212,520  
969,107  
146,782  
108,425

171,486  
388,623  
743

1,997,686

(199,170)

2,257,542

\$ 2,058,372

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS  
COMMUNITY COLLEGE DISTRICT FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

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	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 206,561	\$ (199,170)
Adjustments to Reconcile Change in Net Assets to Net Cash Used By Operating Activities		
(Increase)/Decrease in accounts receivable	72,940	(80,382)
Decrease/(Increase) in prepaid assets	1,506	9,019
(Decrease)/Increase in accounts payable	(123,112)	(48,750)
Increase/(Decrease) in due to other groups	1,904	(345)
<b>Net Cash Flows Provided/(Used) By Operating Activities</b>	<u>159,799</u>	<u>(319,628)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
(Increase)/Decrease in investments	(212,588)	(156,371)
(Increase)/Decrease in other assets	500	-
<b>Net Cash Flows Used By Investing Activities</b>	<u>(212,088)</u>	<u>(156,371)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(52,289)</u>	<u>(475,999)</u>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	646,731	1,122,730
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 594,442</u>	<u>\$ 646,731</u>

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



# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

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### ***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, 2013 AND 2012

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- **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 (NMTC-MUSC)**

The West Hills Financing Corporation (NMTC-MUSC) (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, 2013 AND 2012**

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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, 2013 AND 2012

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### **Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2013 and 2012, 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, 2013 AND 2012

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### **Accrued Liabilities and Long-Term Obligations**

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

### **Deferred Issuance Costs and Premiums**

Bond premiums, as well as issuance costs, are deferred and 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.

### **Deferred Revenue**

Deferred 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 deferred revenue is removed from the combined balance sheet and revenue is recognized. Deferred revenues include (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 are recorded as deferred revenue.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

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### 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.

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, 2013 AND 2012**

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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, 2013, was \$665,534 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, 2013 AND 2012

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### 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.

### Changes in Accounting Principles

In March 2012, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre November 30, 1989 FASB and AICPA Pronouncements*. GASB Statement No. 62 establishes standards of financial accounting and reporting for capitalizing interest cost as a part of the historical cost of acquiring certain assets. For the purposes of applying this Statement, interest cost includes interest recognized on obligations having explicit interest rates and interest imputed on certain types of payables, as well as interest related to capital leases.



# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### JUNE 30, 2013 AND 2012

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The District has implemented the provisions of this Statement for the year ended June 30, 2013. See Note 17 for more information.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement No. 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The District has implemented the provisions of this Statement for the year ended June 30, 2013.

#### **New Accounting Pronouncements**

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.

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 provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Early implementation is encouraged.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### JUNE 30, 2013 AND 2012

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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.
- 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.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2013 AND 2012**

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- 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.

### **Comparative Financial Information**

Comparative financial information for the prior year has been presented for additional analysis; certain amounts presented in the prior year data may have been reclassified in order to be consistent with the current year's presentation.

### ***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.

**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.

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

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**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, 2013 and 2012, are classified in the accompanying financial statements as follows:

	2013	2012
Governmental activities	\$ 101,476,946	\$ 100,972,305
Fiduciary funds	5,184,949	4,178,657
Total Deposits and Investments	<u>\$ 106,661,895</u>	<u>\$ 105,150,962</u>

Deposits and investments as of June 30, 2013 and 2012, consist of the following:

	2013	2012
Cash on hand and in banks	\$ 863,269	\$ 1,192,958
Cash in revolving	393	393
Cash with fiscal	3,035,721	729,218
Investments	102,762,512	103,228,393
Total Deposits and Investments	<u>\$ 106,661,895</u>	<u>\$ 105,150,962</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2013 AND 2012**

### 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 manages its exposure to interest rate risk by investing in the County Pool and having the Pool purchase a combination of shorter term and longer term investments and by timing 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, 2013, 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	\$ 422,217	\$ 422,217	\$ -	\$ -	\$ -
Money Market	21,187,408	6,679,096	5,446,597	6,179,336	2,882,379
U.S. Gov. Agency Securities	17,257,156	1,233,569	2,015,104	12,422,448	1,586,035
Municipal Bonds	19,786,964	5,975,775	1,329,032	12,482,157	-
Corporate Bonds	16,889,223	2,019,042	5,962,499	8,663,702	243,980
Fresno County Pool	26,999,122	-	-	26,999,122	-
<b>Total</b>	<b>\$ 102,542,090</b>	<b>\$ 16,329,699</b>	<b>\$ 14,753,232</b>	<b>\$ 66,746,765</b>	<b>\$ 4,712,394</b>

### 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.

Investment Type	Fair Value	Minimum Legal Rating	Rating as of Year End								
			AAA	AA	AA+	AA-	A	A+	A-	Unrated	
Certificates of Deposits	\$ 16,889,223	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,889,223
Money Market	422,217	N/A	-	-	-	-	-	-	-	-	422,217
U.S. Gov. Agency Securities	21,187,408	N/A	-	-	21,187,408	-	-	-	-	-	-
Municipal Bonds	17,257,156	N/A	2,431,954	1,509,706	836,787	5,286,295	3,145,618	1,022,894	-	-	3,023,902
Corporate Bonds	19,783,964	N/A	-	810,558	2,179,770	6,681,989	-	5,460,265	-	-	4,651,382
Fresno County Pool	26,999,122	N/A	-	-	-	-	-	-	-	-	26,999,122
<b>Total</b>	<b>\$ 102,539,090</b>		<b>\$ 2,431,954</b>	<b>\$ 2,320,264</b>	<b>\$ 24,203,965</b>	<b>\$ 11,968,284</b>	<b>\$ 3,145,618</b>	<b>\$ 6,483,159</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,985,846</b>

N/A - Not applicable

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

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### 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:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Wells Fargo	Treasury Obligations	<u>\$ 29,250,809</u>
Morgan Stanley	Treasury Obligations	<u>\$ 29,275,788</u>
Deutsche Bank	Mutual Funds	<u>\$ 6,472,362</u>
EECU	Certificates of Deposit	<u>\$ 5,862,087</u>

### 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, 2013, the District's bank balance of \$2,564,763 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, 2013, of the investment in corporate notes of \$19,786,964, 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, 2013 AND 2012**

**NOTE 4 - ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2013 and 2012, consisted of intergovernmental grants, entitlements, interest, and other local sources.

	Governmental	Fiduciary	Total	
	Funds	Funds	June 30, 2013	June 30, 2012
	<u>June 30, 2013</u>	<u>June 30, 2013</u>	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Federal Government				
Categorical aid	\$ 2,069,915	\$ 116,003	\$ 2,185,918	\$ 1,574,089
State Government				
Apportionment	7,068,067	-	7,068,067	7,857,877
Categorical aid	330,532	11,661	342,193	1,688,276
Other state sources	575,904	-	575,904	289,572
Local Sources				
Interest	79,429	-	79,429	20,756
Taxes	452,023	-	452,023	200,777
Other local sources	266,942	65,365	332,307	293,055
Total	<u>\$ 10,842,812</u>	<u>\$ 193,029</u>	<u>\$ 11,035,841</u>	<u>\$ 11,924,402</u>
Student receivables	<u>\$ 1,454,253</u>	<u>\$ 25,145</u>	<u>\$ 1,479,398</u>	<u>\$ 1,230,205</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, 2013 and 2012, consisted of the following:

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Travel and conferences	<u>\$ 21,087</u>	<u>\$ 12,861</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 6,544,902	\$ 253,209	\$ -	\$ 6,798,111
Construction in progress	20,446,403	-	18,045,117	2,401,286
Total Capital Assets Not Being Depreciated	<u>26,991,305</u>	<u>253,209</u>	<u>18,045,117</u>	<u>9,199,397</u>
Capital Assets Being Depreciated				
Land improvements	19,807,319	15,749,442	-	35,556,761
Buildings and improvements <sup>1</sup>	113,654,988	5,723,138	-	119,378,126
Furniture and equipment	5,079,073	747,561	-	5,826,634
Total Capital Assets Being Depreciated	<u>138,541,380</u>	<u>22,220,141</u>	<u>-</u>	<u>160,761,521</u>
Total Capital Assets	<u>165,532,685</u>	<u>22,473,350</u>	<u>18,045,117</u>	<u>169,960,918</u>
Less Accumulated Depreciation				
Land improvements	5,708,387	898,067	-	6,606,454
Buildings and improvements <sup>1</sup>	28,652,712	3,447,607	-	32,100,319
Furniture and equipment	3,356,316	500,008	-	3,856,324
Total Accumulated Depreciation	<u>37,717,415</u>	<u>4,845,682</u>	<u>-</u>	<u>42,563,097</u>
Net Capital Assests	<u>\$ 127,815,270</u>	<u>\$ 17,627,668</u>	<u>\$ 18,045,117</u>	<u>\$ 127,397,821</u>

<sup>1</sup> As Restated

Depreciation expense for the year was \$4,845,682.



**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 7 - ACCOUNTS PAYABLE**

Accounts payable at June 30, 2013 and 2012, consisted of the following:

	Governmental Funds	Fiduciary Funds	Total	
	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2012
Vendor invoices	\$ 2,301,570	\$ 78,497	\$ 2,380,067	\$ 2,487,414
Salaries and wages payable	1,503,205	-	1,503,205	1,310,344
Student refunds payable	-	258,755	258,755	248,577
Total	<u>\$ 3,804,775</u>	<u>\$ 337,252</u>	<u>\$ 4,142,027</u>	<u>\$ 4,046,335</u>

**Discretely Presented Component Unit**

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

**NOTE 8 - DEFERRED REVENUE**

Deferred revenue at June 30, 2013 and 2012, consisted of the following:

	Governmental Funds	Fiduciary Funds	Total	
	June 30, 2013	June 30, 2013	June 30, 2013	June 30, 2012
Federal financial assistance	\$ 47,264	\$ 46,871	\$ 94,135	\$ 23,645
State categorical aid	1,188,057	4,548	1,192,605	1,256,395
Enrollment fees	2,661,999	-	2,661,999	2,523,587
Other local	264,703	8	264,711	233,803
Total	<u>\$ 4,162,023</u>	<u>\$ 51,427</u>	<u>\$ 4,213,450</u>	<u>\$ 4,037,430</u>

**NOTE 9 - TAX AND REVENUE ANTICIPATION NOTES**

At July 1, 2012, the District issued Tax and Revenue Anticipation Notes in the amount of \$1,350,000, which matured on June 3, 2013.

	Outstanding Beginning of Year	Additions	Deletions	Outstanding End of Year
2012 at 0.6% (due June 3, 2013)	<u>\$ -</u>	<u>\$ 1,350,000</u>	<u>\$ 1,350,000</u>	<u>\$ -</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2013 AND 2012**

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### *NOTE 10 - 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 governmental funds and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements and totaled \$6,053,801 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 \$13,684,946.

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**NOTE 11 - LONG-TERM OBLIGATIONS**

**Summary for June 30, 2013**

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 - 1998, Series A	\$ 105,000	\$ -	\$ 105,000	\$ -	\$ -
General obligation bonds - 2005 Refunding	12,860,000	-	455,000	12,405,000	470,000
General obligation refunding bonds - 2012	3,080,000	-	55,000	3,025,000	135,000
Bond premium (18 year amortization)	70,818	-	3,934	66,884	3,934
General obligation bonds - 2008 (Northern)					
Current interest	2,745,000	-	-	2,745,000	-
Capital appreciation	1,131,914	84,278	70,000	1,146,192	80,000
Bond premium (25 year amortization)	321,512	-	14,614	306,898	14,614
General obligation bonds - 2008, B (Northern)					
Current interest	7,800,000	-	-	7,800,000	-
Capital appreciation	158,426	12,342	-	170,768	-
Bond premium (25 year amortization)	290,971	-	11,639	279,332	11,639
General obligation bonds - 2008 (Coalinga)					
Current interest	2,380,000	-	-	2,380,000	-
Capital appreciation	573,020	51,480	100,000	524,500	100,000
Bond premium (25 year amortization)	279,638	-	12,707	266,931	12,707
General obligation bonds - 2008, B (Coalinga)					
Current interest	6,595,000	-	-	6,595,000	-
Capital appreciation	2,020,287	148,567	-	2,168,854	-
Bond premium (25 year amortization)	365,470	-	14,619	350,851	14,619
General obligation bonds - 2008 (Lemoore)					
Current interest	4,955,000	-	-	4,955,000	-
Capital appreciation	931,307	99,155	125,000	905,462	135,000
Bond premium (25 year amortization)	389,541	-	17,715	371,826	17,715
General obligation bonds - 2008, B (Lemoore)					
Current interest	9,625,000	-	-	9,625,000	-
Capital appreciation	3,040,383	254,196	-	3,294,579	10,000
Bond premium (30 year amortization)	714,549	-	24,629	689,920	24,629
Certificates of Participation - 2008	70,200,000	-	-	70,200,000	-
Capital leases	1,011,422	2,232,000	129,472	3,113,950	551,570
CDE-Child Care Revolving Loan	278,000	-	68,000	210,000	42,000
Supplemental Employee Retirement Program	252,862	-	126,431	126,431	126,431
Total Long-Term Obligations	<u>\$ 132,175,120</u>	<u>\$ 2,882,018</u>	<u>\$ 1,333,760</u>	<u>\$ 133,723,378</u>	<u>\$ 1,749,858</u>
Compensated absences-net	<u>\$ 1,055,063</u>	<u>\$ 10,828</u>	<u>\$ -</u>	<u>\$ 1,065,891</u>	

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2013 AND 2012**

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### 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 Fund. Payments on the Bond Anticipation notes are to be made by the General Fund and from the issuance of future General Obligation Bonds.

The District has utilized capital lease agreements to purchase land, buildings, equipment, and to finance the District's solar project. The current lease purchase agreements in the amount of \$3,113,950 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, 2012	Accreted/ Issued	Redeemed	Bonds Outstanding June 30, 2013
03/03/99	08/01/12	3.0-5.048%	\$ 4,000,000	\$ 105,000	\$ -	\$ 105,000	\$ -
02/10/05	08/01/31	2.5-4.75%	15,600,000	12,860,000	-	455,000	12,405,000
05/23/12	08/01/29	2.0-3.5%	3,080,000	3,080,000	-	55,000	3,025,000
Northern:							
10/28/08	08/01/33	3.41-4.950%	3,839,677	3,876,914	84,278	70,000	3,891,192
05/23/12	08/01/41	2.0-4.23%	7,957,059	7,958,426	12,342	-	7,970,768
Coalinga:							
02/24/09	08/01/32	2.62-5.08%	2,998,815	2,953,020	51,480	100,000	2,904,500
05/23/12	08/01/38	2.0-4.21	4,498,812	8,615,287	148,567	-	8,763,854
Lemoore:							
03/03/09	08/01/33	2.62-5.42%	5,999,837	5,886,307	99,155	125,000	5,860,462
02/17/11	08/01/41	2.56-7.40%	12,343,909	12,665,383	254,196	-	12,919,579
Total				<u>\$ 58,000,337</u>	<u>\$ 650,018</u>	<u>\$ 910,000</u>	<u>\$ 57,740,355</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

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**Debt Service Requirements to Maturity**

**2005 Issue - General Obligation Bonds - Refunding**

Fiscal Year	Principal	Interest to Maturity	Total
2014	\$ 470,000	\$ 537,200	\$ 1,007,200
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
2019-2023	3,130,000	1,927,888	5,057,888
2024-2028	3,895,000	1,132,232	5,027,232
2029-2032	2,825,000	199,916	3,024,916
Total	\$ 12,405,000	\$ 5,755,540	\$ 18,160,540

**2012 Issue - General Obligation Bonds - Refunding**

Fiscal Year	Principal	Interest to Maturity	Total
2014	\$ 135,000	\$ 95,900	\$ 230,900
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
2019-2023	845,000	333,500	1,178,500
2024-2028	995,000	176,588	1,171,588
2029-2030	455,000	23,750	478,750
Total	\$ 3,025,000	\$ 946,288	\$ 3,971,288

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013 AND 2012**

**2008 Northern Series A, Current Interest General Obligation Bonds**

Fiscal Year	Principal	Interest to Maturity	Total
2014	\$ -	\$ 159,938	\$ 159,938
2015	-	159,938	159,938
2016	-	159,937	159,937
2017	-	159,937	159,937
2018	-	159,937	159,937
2019-2023	845,000	721,461	1,566,461
2024-2028	1,495,000	409,500	1,904,500
2029-2033	405,000	24,300	429,300
Subtotal	<u>\$ 2,745,000</u>	<u>\$ 1,954,948</u>	<u>\$ 4,699,948</u>

**2008 Northern Series A, Capital Appreciation General Obligation Bonds**

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2014	\$ 80,000	\$ 80,000	\$ -
2015	85,000	76,364	8,636
2016	100,000	80,720	19,280
2017	105,000	76,146	28,854
2018	120,000	78,192	41,808
2030-2034	2,406,061	754,770	1,651,291
Total	<u>\$ 2,896,061</u>	<u>\$ 1,146,192</u>	<u>\$ 1,749,869</u>

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

Fiscal Year	Principal	Interest to Maturity	Total
2014	\$ -	\$ 331,581	\$ 331,581
2015	60,000	331,581	391,581
2016	70,000	330,381	400,381
2017	90,000	328,981	418,981
2018	100,000	327,181	427,181
2019-2023	420,000	1,599,805	2,019,805
2024-2028	1,090,000	1,501,918	2,591,918
2029-2033	1,635,000	1,277,251	2,912,251
2034-2038	4,335,000	728,000	5,063,000
Total	<u>\$ 7,800,000</u>	<u>\$ 6,756,679</u>	<u>\$ 14,556,679</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2013 AND 2012**

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

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2021-2022	\$ 305,000	\$ 170,768	\$ 134,232

**2008 Coalinga Series A, Current Interest General Obligation Bonds**

Fiscal Year	Principal	Interest to Maturity	Total
2014	\$ -	\$ 132,950	\$ 132,950
2015	-	132,950	132,950
2016	-	132,950	132,950
2017	-	132,950	132,950
2018	-	132,950	132,950
2019-2023	305,000	642,125	947,125
2024-2028	695,000	498,912	1,193,912
2029-2033	1,100,000	241,200	1,341,200
2034	280,000	7,700	287,700
Subtotal	\$ 2,380,000	\$ 2,054,687	\$ 4,434,687

**2008 Coalinga Series A, Capital Appreciation General Obligation Bonds**

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2014	\$ 100,000	\$ 100,000	\$ -
2015	100,000	90,180	9,820
2016	100,000	81,340	18,660
2017	100,000	73,360	26,640
2018	100,000	66,160	33,840
2019-2020	200,000	113,460	86,540
Total	\$ 700,000	\$ 524,500	\$ 175,500

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

**2008 Coalinga, Series B, Current Interest General Obligation Bonds**

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2014	\$ 5,000	\$ 278,748	\$ 283,748
2015	65,000	249,525	314,525
2016	105,000	248,225	353,225
2017	-	245,078	245,078
2018	-	245,075	245,075
2019-2023	-	1,225,375	1,225,375
2024-2028	1,135,000	1,164,625	2,299,625
2029-2033	1,945,000	908,789	2,853,789
2034-2038	2,145,000	626,600	2,771,600
2039-2042	1,195,000	47,800	1,242,800
Subtotal	<u>\$ 6,595,000</u>	<u>\$ 5,239,840</u>	<u>\$ 11,834,840</u>

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

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2017	\$ 140,000	\$ 98,700	\$ 41,300
2018-2022	1,010,000	496,024	513,976
2027	275,000	96,360	178,640
Total	<u>\$ 1,425,000</u>	<u>\$ 691,084</u>	<u>\$ 733,916</u>

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

Capital Appreciation Term Bonds:

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2023	<u>\$ 2,325,000</u>	<u>\$ 1,477,770</u>	<u>\$ 847,230</u>

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	<u>\$ 2,325,000</u>	<u>\$ 259,080</u>	<u>\$ 2,584,080</u>



**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

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**2008 Lemoore Series A, Current Interest General Obligation Bonds**

Fiscal Year	Principal	Interest to Maturity	Total
2014	\$ -	\$ 267,546	\$ 267,546
2015	-	267,546	267,546
2016	-	267,546	267,546
2017	-	267,546	267,546
2018	-	267,546	267,546
2019-2023	450,000	1,328,056	1,778,056
2024-2028	1,535,000	1,096,114	2,631,114
2029-2033	2,375,000	586,225	2,961,225
2034	595,000	33,469	628,469
Subtotal	<u>\$ 4,955,000</u>	<u>\$ 4,381,594</u>	<u>\$ 9,336,594</u>

**2008 Lemoore Series A, Capital Appreciation General Obligation Bonds**

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2014	\$ 135,000	\$ 135,000	\$ -
2015	145,000	129,137	15,863
2016	155,000	122,915	32,085
2017	165,000	116,523	48,477
2018	175,000	110,040	64,960
2019-2022	585,000	291,847	293,153
Total	<u>\$ 1,360,000</u>	<u>\$ 905,462</u>	<u>\$ 454,538</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

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

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2014	\$ -	\$ 603,600	\$ 603,600
2015	-	603,600	603,600
2016	-	603,600	603,600
2017	-	603,600	603,600
2018	-	603,600	603,600
2019-2023	-	3,018,000	3,018,000
2024-2028	1,065,000	3,439,300	4,504,300
2029-2033	738,304	5,457,046	6,195,350
2034-2038	2,260,872 <sup>1</sup>	7,930,898	10,191,770
2039-2042	8,262,984 <sup>1</sup>	1,998,811	10,261,795
Subtotal	<u>\$ 12,327,160</u>	<u>\$ 24,862,055</u>	<u>\$ 37,189,215</u>

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

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

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2014	\$ 10,000	\$ 10,000	\$ -
2015	40,000	35,600	4,400
2016	30,000	21,150	8,850
2017	65,000	40,781	24,219
2018	95,000	53,048	41,952
2019-2023	1,045,000	398,528	646,472
2024-2027	120,000	33,312	86,688
Total	<u>\$ 1,405,000</u>	<u>\$ 592,419</u>	<u>\$ 812,581</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

### 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, 2013, the principal balance outstanding was \$70,200,000. The interest rate as of June 30, 2013, was 0.26 percent and is based on the auction rate at the time of sale.

Year Ending June 30,	Principal	Interest	Total
2014	\$ -	\$ 1,053,000	\$ 1,053,000
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
2019-2023	14,300,000	4,416,750	18,716,750
2024-2028	19,600,000	3,153,000	22,753,000
2029-2033	25,800,000	1,458,000	27,258,000
2034	6,000,000	45,000	6,045,000
Total	<u>\$ 70,200,000</u>	<u>\$ 14,271,000</u>	<u>\$ 84,471,000</u>

### Capital Leases

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

Balance, July 1, 2012	\$ 1,011,422
Additions	2,232,000
Payments	129,472
Balance, June 30, 2013	<u>\$ 3,113,950</u>

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2014	\$ 653,584
2015	653,584
2016	653,584
2017	653,584
2018	653,584
2019	173,648
Total	<u>3,441,568</u>
Less: Amount Representing Interest	327,618
Present Value of Minimum Lease Payments	<u>\$ 3,113,950</u>

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2013 AND 2012**

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### **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
2014	\$ 42,000
2015	42,000
2016	42,000
2017	42,000
2018	42,000
Total	<u>\$ 210,000</u>

### **Supplemental Early Retirement Plan**

The District has approved a Supplemental Early Retirement Plan whereby the District is contributing to an annuity. The expected premium contribution total \$126,431 which commence on September 1, 2009, and conclude on September 1, 2013. The total outstanding obligation was \$126,431 as of June 30, 2013.

### ***NOTE 12 - 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 31 retirees and beneficiaries currently receiving benefits and over 300 active plan members.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013 AND 2012

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### 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 2013, the District contributed 100 percent of the required "pay as you go" portion of \$169,010 and has also contributed funds totaling \$508,935 towards the future obligations of the District. The annual required contribution (ARC) for the District as of July 1, 2012, was \$455,083. The net amount of the Trust's investment returns/losses and the cumulative balance of the ARC has left a Net Plan Asset totaling \$2,190,852 as of June 30, 2013.

### Annual OPEB Cost and Net OPEB Obligation

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	\$ (455,083)
Additional interest earned, net of expenses, on net plan assets	232,077
Adjustment to annual required contribution	<u>(306,893)</u>
Annual OPEB cost (expense)	(529,899)
Contributions made	<u>677,945</u>
Change in net OPEB asset	148,046
Net OPEB asset, beginning of year	<u>2,042,806</u>
Net OPEB asset, end of year	<u><u>\$ 2,190,852</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
2013	\$ 455,083	149%	\$ 2,190,852
2012	455,083	216%	2,042,806
2011	455,083	277%	1,699,110

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2013 AND 2012**

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**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)
11/1/11	\$ 2,734,825	\$ 7,259,572	\$ 4,524,747	37.67%	\$ 24,904,850	18.17%

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, 2010, 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, 2013, was 26 years. As of June 30, 2013, the Trust held assets with a value of \$4,664,013.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

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### *NOTE 13 - RISK MANAGEMENT*

#### **Joint Powers Authority Risk Pools**

During fiscal year ended June 30, 2013, 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 2012-2013, 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 14 - 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. 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, California 95605.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

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### Funding Policy

Active members are required to contribute 8.0 percent of their salary, and 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 2012-2013 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, 2013, 2012, and 2011, were \$1,028,107, \$1,152,657, and \$1,060,792, respectively, and equal 100 percent of the required contributions for each year.

### CalPERS

#### Plan Description

The District contributes to the School Employer Pool under 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. 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

Active plan members are required to contribute 7.0 percent of their salary, and 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 2012-2013 was 11.417 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, 2013, 2012, and 2011, were \$1,283,335, \$1,268,860, and \$1,289,847, respectively, and equal 100 percent of the required contributions for each year.

#### 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, 2013, 2012, and 2011, which amounted to \$665,534, \$678,320, and \$580,800, respectively, (5.176 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, 2013, 2012, and 2011. 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.



# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

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### 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, 2013, was \$86,480.

### ***NOTE 15 - 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, 2013, the District made payments of \$1,476,764, \$3,624,655, \$438,597, and \$258,276, to CVT, SISC, PIPS, and SWACC, respectively for health, worker's compensation, and property liability coverage.

### ***NOTE 16 - 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, 2013.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO FINANCIAL STATEMENTS

**JUNE 30, 2013 AND 2012**

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### Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2013.

### Construction Commitments

As of June 30, 2013, the District had the following commitments in excess of \$250,000 with respect to the unfinished capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
WHC PhotoVoltaic Project	\$ 3,585,145	December 30, 2013
WHC Workforce One Stop Relocation	87,555	June 30, 2014
NDC Mendota, Ph. 1	159,760	June 30, 2014
NDC Tranquility, Ph. 1	180,819	June 30, 2014
NDC Community Field Sports	32,527	June 30, 2014
NDC Riverwalk	100,780	June 30, 2014
NDC San Joaquin Center, Ph. 2	122,788	June 30, 2014
NDC Land Acquisition, Ph. 3	61,326	June 30, 2014
WHL Student Center Building	13,150,226	June 30, 2015
WHL Avenal Center, Ph. 1	148,929	June 30, 2014
WHL Riverdale-Science Bldg. Remodel	853,390	June 30, 2015
DO Relocatables Repair	9,493	December 30, 2013
Total	<u>\$ 18,492,738</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 17 – RESTATEMENT OF PRIOR YEAR BEGINNING STATEMENT OF NET POSITION***

The District's prior year beginning net position has been restated as of June 30, 2013, as follows:

Effective in fiscal year 2012-2013 with the implementation of GASB 62, the District was required to capitalize interest as part of the historical cost of constructing certain business-type activity assets. The implementation of this standard required a change in accounting principle and restatement of the beginning net position of the District by \$16,230,452. The restatement does not affect the fund financial statements.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)  
 FUNDING PROGRESS  
 FOR THE YEAR ENDED JUNE 30, 2013**

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<b>Actuarial Valuation Date</b>	<b>Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age Normal Method (b)</b>	<b>Unfunded AAL (UAAL) (b - a)</b>	<b>Funded Ratio (a / b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll ((b - a) / c)</b>
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%

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***SUPPLEMENTARY INFORMATION***

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# WEST HILLS COMMUNITY COLLEGE DISTRICT

## DISTRICT ORGANIZATION

**JUNE 30, 2013**

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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
Bill Henry	Vice President	November 2015
Nina Oxborrow	Clerk	November 2013
Jack Minnite	Member	November 2013
J.L. Levinson	Member	November 2013
Edna Ivans	Member	November 2015
Steve Cantu	Member	November 2015

### 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
Mr. Pedro Avila	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, 2013**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>		
Camp	84.149A	\$ 72,351
High School Equivalency Program	84.141A	485,609
Student Financial Assistance Cluster:		
Supplemental Educational Opportunity Grants	84.007	185,125
Direct Loans	84.268	2,630,684
Federal Workstudy	84.033	153,627
TANF 50% Federal/Calworks	84.033	242,838
Pell Grant	84.063	10,904,385
Subtotal - Student Financial Assistance Cluster		<u>14,116,659</u>
TRIO Cluster:		
Upward Bound	84.047A	683,306
Upward Bound - Math / Science	84.047M	316,059
Student Support Services/One Step Beyond	84.042A	254,054
Subtotal - TRIO Cluster		<u>1,253,419</u>
Vocational and Technical Education Act:		
VTEA - Leadership	84.048	128,000
VTEA - Tech Prep	84.048	98,778
VTEA IB	84.048	240,077
VTEA IB - Career & Technical Education	84.048	270,000
Subtotal - VTEA Programs		<u>736,855</u>
Title IV - 21st Century Learning Centers	84.287	447,890
Subtotal - U.S. Department of Education		<u>17,112,783</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
Community Food Projects	10.225	91,612
Child and Adult Care Food Program	10.558	370,978
Subtotal - U.S. Department of Agriculture		<u>462,590</u>
<b>U.S. DEPARTMENT OF LABOR</b>		
Community Based JTG	17.269	288,528
Trade Adjustment Assistance Community College & Career Training	17.282	5,975,653
WIA Cluster:		
Workforce Investment Act - Adult Program	17.258	905,097
ARRA: Youth Employment Program	17.259	349,198
Workforce Investment Act - National Emergency	17.277	3,346
Workforce Investment Act - Dislocated Worker	17.278	359,593
Subtotal - Workforce Investment Cluster		<u>1,617,234</u>
Subtotal U.S. Department of Labor		<u>7,881,415</u>
<b>NATIONAL SCIENCE FOUNDATION</b>		
Achieving Community College Excellence for Scholarship Success	47.076	<u>88,917</u>

See accompanying note to supplementary information.

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
FOR THE YEAR ENDED JUNE 30, 2013**

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		\$ 25,561,075

See accompanying note to supplementary information.



**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF EXPENDITURES OF STATE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

Program	Program Entitlements		
	Current Year	Prior Year	Total Entitlement
STATE			
After School Education & Safety	\$ 677,685	\$ 810,541	\$ 1,488,226
BFAP - Financial Aid Administration	290,197	290,197	580,394
Basic Skills/ Immigrant Edu. Supplement	-	173,978	173,978
Cal Works	279,076	279,076	558,152
CARE Grant	222,523	222,523	445,046
Career Technical Education Initiative	356,898	50,000	406,898
Child Care-State Preschool	2,296,417	2,296,417	4,592,834
Child Care-Food	-	22,753	22,753
Disability Support Programs and Services	702,164	702,164	1,404,328
Pre-Kindergarten Supplemental	10,000	10,000	20,000
ECE Consortium Grant	12,500	12,500	25,000
Extended Opportunity Program and Service	806,843	806,843	1,613,686
First Five			
Prop 10 - Fresno County	5,000	105,000	110,000
Prop 10 - Avenal	100,000	90,029	190,029
Prop 10 - San Joaquin	305,583	227,501	533,084
K-Camp	-	69,166	69,166
Demonstration Site	-	44,404	44,404
Health Care Career	-	80,270	80,270
Lottery			
Restricted	-	106,871	106,871
Matriculation	445,497	445,497	890,994
Staff Diversity	10,636	10,636	21,272
Teacher Prep Pipeline	-	111,520	111,520
Responsive Incumbent Workers	-	250,000	250,000
CCCCO/Nursing Education	233,424	237,887	471,311
Career Academy Grant: Coalinga	347,264	2,425,000	2,772,264
Middle College High	121,846	121,846	243,692
Total State Programs	<u>\$ 7,223,553</u>	<u>\$ 10,002,619</u>	<u>\$ 17,226,172</u>

See accompanying note to supplementary information.

	Program Revenues			Total
	Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue
\$ 794,500	\$ 15,000	\$ -	\$ 809,500	\$ 809,500
333,035	-	-	333,035	333,035
332,339	-	112,223	220,116	220,116
259,149	90	3,866	255,373	255,373
127,102	-	-	127,102	127,102
134,907	9,897	1,960	142,844	142,844
2,287,852	53,242	44,677	2,296,417	2,296,417
312,312	58,666	-	370,978	370,978
376,324	40	-	376,364	376,364
(7,440)	7,440	-	-	-
6,575	-	-	-	6,575
530,927	-	11,454	519,473	519,473
4,998	-	-	4,998	4,998
80,693	112	-	80,805	80,805
165,837	75,051	-	240,888	240,888
-	-	-	-	-
-	-	-	-	-
135,592	91,604	35,863	191,333	191,333
-	-	-	-	-
340,114	22,312	145,667	216,759	216,759
213,359	1,024	-	214,383	214,383
4,670	-	-	4,670	4,670
224,714	12,000	52,946	183,768	183,768
-	-	-	-	-
214,189	40,798	-	254,987	254,987
1,889,979	41,427	569,250	1,362,156	1,362,156
33,661	50,492	-	84,153	84,153
<u>\$ 8,795,388</u>	<u>\$ 479,195</u>	<u>\$ 977,906</u>	<u>\$ 8,290,102</u>	<u>\$ 8,296,677</u>

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL  
 APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE  
 FOR THE YEAR ENDED JUNE 30, 2013**

<b>CATEGORIES</b>	<u>Reported Data</u>	<u>Audit Adjustments</u>	<u>Audited Data</u>
<b>A. Summer Intersession (Summer 2012 only)</b>			
1. Noncredit	67.87	-	67.87
2. Credit	362.67	-	362.67
<b>B. Summer Intersession (Summer 2013 - Prior to July 1, 2013)</b>			
1. Noncredit	-	-	-
2. Credit	126.46	-	126.46
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,627.14	-	2,627.14
(b) Daily Census Contact Hours	549.36	-	549.36
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	300.65	-	300.65
(b) Credit	26.37	-	26.37
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	822.92	-	822.92
(b) Daily Census Contact Hours	117.57	-	117.57
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<u>5,001.01</u>	<u>-</u>	<u>5,001.01</u>
<b>SUPPLEMENTAL INFORMATION (Subset of Above Information)</b>			
<b>E. In-Service Training Courses (FTES)</b>			
<b>H. Basic Skills Courses and Immigrant Education</b>			
1. Noncredit	366.31	-	366.31
2. Credit	273.48	-	273.48
<b><u>CCFS-320 Addendum</u></b>			
CDCP Noncredit FTES	-	-	-
Centers FTES			
1. Noncredit	7.88	-	7.88
2. Credit	794.67	-	794.67

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, 2013

	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
<b><u>Academic Salaries</u></b>							
<b>Instructional Salaries</b>							
Contract or Regular	1100	\$ 6,133,991	\$ -	\$ 6,133,991	\$ 6,133,991	\$ -	\$ 6,133,991
Other	1300	2,831,388	-	2,831,388	2,831,388	-	2,831,388
<b>Total Instructional Salaries</b>		<b>8,965,379</b>	<b>-</b>	<b>8,965,379</b>	<b>8,965,379</b>	<b>-</b>	<b>8,965,379</b>
<b>Noninstructional Salaries</b>							
Contract or Regular	1200	-	-	-	2,523,314	-	2,523,314
Other	1400	-	-	-	234,162	-	234,162
<b>Total Noninstructional Salaries</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>2,757,476</b>	<b>-</b>	<b>2,757,476</b>
<b>Total Academic Salaries</b>		<b>8,965,379</b>	<b>-</b>	<b>8,965,379</b>	<b>11,722,855</b>	<b>-</b>	<b>11,722,855</b>
<b><u>Classified Salaries</u></b>							
<b>Noninstructional Salaries</b>							
Regular Status	2100	-	-	-	4,286,118	-	4,286,118
Other	2300	-	-	-	295,790	-	295,790
<b>Total Noninstructional Salaries</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>4,581,908</b>	<b>-</b>	<b>4,581,908</b>
<b>Instructional Aides</b>							
Regular Status	2200	105,473	-	105,473	105,473	-	105,473
Other	2400	737,201	-	737,201	737,201	-	737,201
<b>Total Instructional Aides</b>		<b>842,674</b>	<b>-</b>	<b>842,674</b>	<b>842,674</b>	<b>-</b>	<b>842,674</b>
<b>Total Classified Salaries</b>		<b>842,674</b>	<b>-</b>	<b>842,674</b>	<b>5,424,582</b>	<b>-</b>	<b>5,424,582</b>
Employee Benefits	3000	2,529,085	-	2,529,085	5,616,355	-	5,616,355
Supplies and Material	4000	-	-	-	468,220	-	468,220
Other Operating Expenses	5000	273,327	-	273,327	2,925,256	-	2,925,256
Equipment Replacement	6420	-	-	-	-	-	-
<b>Total Expenditures Prior to Exclusions</b>		<b>12,610,465</b>	<b>-</b>	<b>12,610,465</b>	<b>26,157,268</b>	<b>-</b>	<b>26,157,268</b>

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, 2013**

	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
<b><u>Exclusions</u></b>							
<b>Activities to Exclude</b>							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	\$ 131,401	\$ -	\$ 131,401	\$ 131,401	\$ -	\$ 131,401
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	190,532	-	190,532
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	163,423	-	163,423
<b>Objects to Exclude</b>							
Rents and Leases	5060	-	-	-	117,818	-	117,818
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	1,174	-	1,174
Instructional Supplies and Materials	4300	-	-	-	79,922	-	79,922
Noninstructional Supplies and Materials	4400	-	-	-	328,546	-	328,546
<b>Total Supplies and Materials</b>		-	-	-	409,642	-	409,642

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, 2013

	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	\$ -	\$ -	\$ -	\$ 207,944	\$ -	\$ 207,944
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6400	-	-	-	-	-	-
Equipment - Replacement	6410	-	-	-	-	-	-
<b>Total Equipment</b>		-	-	-	-	-	-
<b>Total Capital Outlay</b>							
Other Outgo	7000	-	-	-	-	-	-
<b>Total Exclusions</b>		131,401	-	131,401	1,220,760	-	1,220,760
<b>Total for ECS 84362, 50 Percent Law</b>		\$ 12,479,064	\$ -	\$ 12,479,064	\$ 24,936,508	\$ -	\$ 24,936,508
<b>Percent of CEE (Instructional Salary Cost/Total CEE)</b>		50.04%		50.04%	100.00%		100.00%
<b>50% of Current Expense of Education</b>					\$ 12,468,254		\$ 12,468,254

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, 2013**

<b>Activity Classification</b>	<b>Object Code</b>				<b>Unrestricted</b>
EPA Proceeds:	8630				\$ 4,629,266
<b>Activity Classification</b>	<b>Activity Code</b>	<b>Salaries and Benefits (Obj 1000-3000)</b>	<b>Operating Expenses (Obj 4000-5000)</b>	<b>Capital Outlay (Obj 6000)</b>	<b>Total</b>
Instructional Activities	1000-5900	\$ 4,629,266	-	-	\$ 4,629,266
<b>Total Expenditures for EPA</b>		\$ 4,629,266	-	-	\$ 4,629,266
<b>Revenues Less Expenditures</b>					\$ -

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, 2013**

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

	<u>Revenue Bond Construction Fund</u>
FUND BALANCE	
Balance, June 30, 2013, (CCFS-311)	\$ 82,327,225
Post closing adjustments	
Increase in:	
Cash with fiscal agent	<u>2,232,000</u>
Balance, June 30, 2013, Audited	<u><u>\$ 84,559,225</u></u>

See accompanying note to supplementary information.



# WEST HILLS COMMUNITY COLLEGE DISTRICT

## NOTES TO SUPPLEMENTARY INFORMATION JUNE 30, 2013

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### ***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.

#### **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.

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***INDEPENDENT AUDITORS' REPORTS***

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

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, 2013 and 2012, 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 24, 2014.

**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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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 24, 2014



**INDEPENDENT AUDITORS' 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, 2013. The District's major Federal programs are identified in the Summary of Auditors' 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.

**Auditors' 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, 2013.

## 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. Given these limitations, during our audit, 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 24, 2014



## INDEPENDENT AUDITORS' 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 April 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, 2013.

### 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 April 2013.

### Auditors' Responsibility

Our responsibility is to express an opinion on compliance of each of the District's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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

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, 2013.

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 431 Gann Limit Calculation
- Section 433 CalWORKS
- Section 435 Open Enrollment
- Section 437 Student Fees – Instructional and Other Materials
- Section 438 Student Fees – Health Fees and Use of Health Fee Funds
- 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

*Varrink, Trine, Day & Co., LLP*

Fresno, California  
January 24, 2014



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***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***

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**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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**FINANCIAL STATEMENTS**

Type of auditors' 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 programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u>No</u>
Identification of major 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 Aid Cluster</u>
<u>84.141A</u>	<u>High School Equivalency Program</u>
<u>84.287</u>	<u>Title IV - 21st Century Learning Centers</u>
<u>10.558</u>	<u>Child and Adult Care Food Program</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 343,332</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified?	<u>None reported</u>
Type of auditors' 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, 2013**

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None noted.

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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None noted.

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**STATE AWARDS FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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None noted.

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

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None reported.