# West Hills Community College District

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# Annual Financial Report

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## June 30, 2017

# WEST HILLS COMMUNITY COLLEGE DISTRICT

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# WEST HILLS COMMUNITY COLLEGE DISTRICT

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# *FINANCIAL SECTION*

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

VALUE THE *difference*

# INDEPENDENT AUDITOR'S REPORT

Board of Trustees
West Hills Community College District
Coalinga, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities, the aggregate discretely presented component unit (West Hills Community College Foundation), and the aggregate remaining fund information of West Hills Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2016-2017 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 to the financial statements, in 2017, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. 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, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 67, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 68, and the Schedule of District Contributions on page 69 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 audit 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 audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information 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 audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The accompanying unaudited supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2017, on our consideration of the District's 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 solely 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 effectiveness of the District's 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.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 29, 2017

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# 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.

### *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 2016-2017 fiscal year, the District's actual FTES were 5,500 while the actual FTES in the 2015-2016 fiscal year were 5,282. 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 $7.4 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 16 percent in reserves.
- The primary expenditure of the District is for the salaries and benefits of the Academic, Classified, and Administrative salaries of District employees. These costs increased from $41.7 million for the 2015-2016 fiscal year to $47.8 million during the 2016-2017 fiscal year. In addition to the costs for current employees' insurance coverage, the District provides insurance benefits to retirees meeting plan eligibility requirements.
- The District continues several construction and modernization projects throughout the District. These projects will be funded through various financial vehicles, including various maintenance and construction projects funded through the State Chancellor's Office.
- The District provides student financial aid to qualifying students of the District in the amount of approximately $15.5 million. This aid is provided through grants, and loans from the Federal government, State Chancellor's Office, and local funding.

Condensed financial information (in thousands) is as follows:

**NET POSITION**
**As of June 30, 2017 and 2016**

| | 2017 | 2016 | Change |
|---|---|---|---|
| ASSETS | | | |
| Current Assets | | | |
| Cash and investments | $ 45,068 | $ 50,453 | $ (5,385) |
| Accounts receivable | 6,662 | 7,391 | (729) |
| Due from fiduciary | 119 | 143 | (24) |
| Prepaid | 108 | 74 | 34 |
| Total Current Assets | 51,957 | 58,061 | (6,104) |
| Non-Current Assets | | | |
| Capital assets, net of depreciation | 133,010 | 129,901 | 3,109 |
| Net Plan Asset-GASB 45 | 3,133 | 2,492 | 641 |
| Total Non-Current Assets | 136,143 | 132,393 | 3,750 |
| Total Assets | 188,100 | 190,454 | (2,354) |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows related to pensions | 9,971 | 7,804 | 2,167 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable and accrued liabilities | 5,304 | 5,638 | (334) |
| Due to fiduciary funds | 111 | 133 | (22) |
| Unearned revenue | 15,625 | 11,362 | 4,263 |
| Long-term liabilites | 4,953 | 2,837 | 2,116 |
| Total Current Liabilites | 25,993 | 19,970 | 6,023 |
| Non-Current Liabilities | | | |
| Long-term liabilites | 117,742 | 109,643 | 8,099 |
| Total liabilities | 143,735 | 129,613 | 14,122 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferrred inflows related to pensions | 3,492 | 9,586 | (6,094) |
| NET POSITION | | | |
| Net investment in capital assets | 69,818 | 75,315 | (5,497) |
| Restricted for expendable purposes | 10,582 | 5,899 | 4,683 |
| Unrestricted | (29,556) | (22,155) | (7,401) |
| Total Net Position | $ 50,844 | $ 59,059 | $ (8,215) |

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

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

**Operating Results for the Years Ended June 30, 2017 and 2016**

| | 2017 | 2016 | Difference |
|---|---|---|---|
| OPERATING REVENUES | | | |
| Tuition and fees | $ 2,337 | $ 2,317 | $ 20 |
| Auxiliary sales and charges | 934 | 846 | 88 |
| Total Operating Revenues | 3,271 | 3,163 | 108 |
| OPERATING EXPENSES | | | |
| Salaries and benefits | 47,787 | 41,720 | 6,067 |
| Other expenses | 34,481 | 31,154 | 3,327 |
| Depreciation | 5,585 | 5,657 | (72) |
| Total Operating Expenses | 87,853 | 78,531 | 9,322 |
| NET LOSS ON OPERATIONS | (84,582) | (75,368) | (9,214) |
| NONOPERATING REVENUES AND (EXPENSES) | | | |
| State apportionments | 28,312 | 27,461 | 851 |
| Grants and contracts | 41,694 | 40,308 | 1,386 |
| Property taxes | 5,435 | 5,001 | 434 |
| State revenues | 1,183 | 791 | 392 |
| Interest income | 395 | 1,104 | (709) |
| Interest expense | (5,634) | (2,927) | (2,707) |
| Net transfers (to)/from trust and agency funds | (1,327) | (1,038) | (289) |
| Other non-operating revenues | 1,862 | (422) | 2,284 |
| Total Nonoperating Revenues | 71,920 | 70,278 | 1,642 |
| OTHER REVENUES | | | |
| Local revenues, capital | 4,447 | 5,506 | (1,059) |
| NET INCREASE (DECREASE) IN NET POSITION | $ (8,215) | $ 416 | $ (8,631) |

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

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 $84.6 million is mostly balanced by the other federal and state funding sources resulting in a decrease in the District's Net Position of $8.2 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 obligations which are 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 7.

**Statement of Cash Flows for the Years Ended June 30, 2017 and 2016**

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.

| | 2017 | 2016 | Difference |
|---|---|---|---|
| CASH PROVIDED BY (USED IN) | | | |
| Operating activities | $ (77,434) | $ (68,483) | $ (8,951) |
| Noncapital financing activities | 81,173 | 74,520 | 6,653 |
| Capital financing activities | (9,524) | 4,896 | (14,420) |
| Investing activities | 400 | 1,259 | (859) |
| Net change in Cash and Cash Equivalents | $ (5,385) | $ 12,192 | $ (17,577) |

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.

### 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, 2017:

| | Salaries | Employee Benefits | Supplies Material and Other Expenses and Services | Other Outgo | Depreciation | Total |
|---|---|---|---|---|---|---|
| Instructional activities | $ 13,370,043 | $ 4,636,612 | $ 2,748,944 | $ 785,112 | $ - | $ 21,540,711 |
| Academic support | 2,885,474 | 990,012 | 808,956 | - | - | 4,684,442 |
| Student services | 7,051,287 | 2,900,995 | 1,573,982 | 16,033,066 | - | 27,559,330 |
| Plant operations and maintenance | 1,360,513 | 753,583 | 1,689,105 | 1,356,575 | - | 5,159,776 |
| Instructional support services | 3,563,658 | 1,754,297 | 1,646,561 | 4,479,668 | - | 11,444,184 |
| Community services and economic development | 896,158 | 293,422 | 262,944 | - | - | 1,452,524 |
| CDC, Farm, Cafeteria,Parking, Athletics, RH | 4,558,916 | 1,798,313 | 1,131,185 | 394,183 | - | 7,882,597 |
| Contract Education | 258,615 | 53,572 | 273,045 | - | - | 585,232 |
| Other Auxillary Operations | 103,410 | 42,349 | 196,689 | - | - | 342,448 |
| Physical Prop & Acquisitions | 378,773 | 122,265 | 19,925 | 514,106 | - | 1,035,069 |
| Long-term Debt | - | - | - | 177,653 | - | 177,653 |
| Other financing | - | - | 173,027 | - | - | 173,027 |
| Student Aid (Scholarships) | - | - | - | 190,108 | - | 190,108 |
| Other Outgo (Accum Vac/Comp) and bad debt write-off | 14,533 | - | 26,649 | - | - | 41,182 |
| Depreciation expense-unallocated | - | - | - | - | 5,585,464 | 5,585,464 |
| Total | $ 34,441,380 | $ 13,345,420 | $ 10,551,012 | $ 23,930,471 | $ 5,585,464 | $ 87,853,747 |

Year ended June 30, 2016:

| | Salaries | Employee Benefits | Supplies Material and Other Expenses and Services | Other Outgo | Depreciation | Total |
|---|---|---|---|---|---|---|
| Instructional activities | $ 10,281,449 | $ 3,787,998 | $ 1,917,965 | $ 89,944 | $ - | $ 16,077,356 |
| Academic support | 3,082,685 | 1,009,783 | 692,474 | 138 | - | 4,785,080 |
| Student services | 6,036,378 | 2,406,197 | 1,606,884 | 16,754,457 | - | 26,803,916 |
| Plant operations and maintenance | 1,181,451 | 653,703 | 2,230,592 | 788,048 | - | 4,853,794 |
| Instructional support services | 3,462,448 | 1,588,879 | 582,723 | 3,949,114 | - | 9,583,164 |
| Community services and economic development | 819,805 | 255,090 | 352,126 | - | - | 1,427,021 |
| CDC, Farm, Cafeteria,Parking, Athletics, RH | 4,559,694 | 1,653,599 | 3,869,088 | 246,858 | - | 10,329,239 |
| Contract Education | 257,627 | 56,485 | 249,738 | - | - | 563,850 |
| Other Auxillary Operations | 103,011 | 39,995 | 246,865 | - | - | 389,871 |
| Physical Prop & Acquisitions | 362,851 | 115,937 | 90,028 | 173,648 | - | 742,464 |
| Long-term Debt | - | - | - | 177,653 | - | 177,653 |
| Other financing | - | - | (84,029) | - | - | (84,029) |
| Student Aid (Scholarships) | - | - | - | 147,374 | - | 147,374 |
| Other Outgo (Accum Vac/Comp) and bad debt write-off | 5,783 | - | (741) | - | - | 5,042 |
| Depreciation expense-unallocated | - | - | - | - | 5,657,060 | 5,657,060 |
| Total | $ 30,153,182 | $ 11,567,666 | $ 11,753,713 | $ 22,327,234 | $ 5,657,060 | $ 81,458,855 |

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

The 2016-2017 State Budget represents an increase in funding for both COLA and growth in the amount of 1.02 percent and 2 percent, respectively, which is an increase of 181 FTES. 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 couple fiscal years. In addition to these funds the State is now providing additional funding for areas of student access and student success. The funding for these two programs increased by about $1 million or 81 percent over the 2015-2016 FY. There is a primary focus on the achievements of our students that can be measured and thus will become the new platform from which additional funding will be provided beyond the COLA and growth funds. The overall revenues for the State continue to surpass the budget but the challenge will be to control the expenses. All the mandated costs have been fully funded and there are no longer any receivables for these mandates.

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 continues to benefit from funding received on our new market tax credit programs.

The State is in a much better position that it has been for several years. The tax increase voted for sales taxes and income taxes under Proposition 30 was designed to be phased out in 2018. With the passage of Proposition 55, the tax increases were approved to be extended for an additional 12 years. These taxes represent a funding source of several billion dollars. The economic engine for California will be the creation of jobs that will generate tax revenue from both income and sales taxes. The West Hills Community College District is well positioned to provide the necessary training and re-training required the workforce to meet the demands of the private sector. We continue to watch all expenses and consider every position that is vacated before replacing them.

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

## *CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT*

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

## WEST HILLS COMMUNITY COLLEGE DISTRICT

## STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
## JUNE 30, 2017

| | |
|---|---|
| **ASSETS** | |
| **Current Assets** | |
| Cash and investments | $ 23,491,634 |
| Restricted cash and investments | 21,576,601 |
| Accounts receivable | 3,314,207 |
| Student loans receivable, net | 3,347,055 |
| Due from fiduciary funds | 119,099 |
| Prepaid expenses - current portion | 108,108 |
| **Total Current Assets** | 51,956,704 |
| **Noncurrent Assets** | |
| Net plan asset-GASB 45 | 3,133,362 |
| Nondepreciable capital assets | 7,722,420 |
| Depreciable capital assets | 189,250,194 |
| Less: Accumulated depreciation | (63,962,454) |
| **Total Noncurrent Assets** | 136,143,522 |
| **TOTAL ASSETS** | 188,100,226 |
| **DEFERRED OUTFLOWS OF RESOURCES** | |
| Deferred outflows of resources related to pensions | 9,971,540 |
| **LIABILITIES** | |
| **Current Liabilities** | |
| Accounts payable | 5,304,032 |
| Due to fiduciary funds | 110,709 |
| Unearned revenue | 15,625,690 |
| Long-term liabilities | 4,953,353 |
| **Total Current Liabilities** | 25,993,784 |
| **Noncurrent Liabilities** | |
| Compensated absences payable | 1,173,833 |
| Aggregate net pension obligation | 41,908,676 |
| Long-term liabilities | 74,659,361 |
| **Total Noncurrent Liabilities** | 117,741,870 |
| **TOTAL LIABILITIES** | 143,735,654 |
| **DEFERRED INFLOWS OF RESOURCES** | |
| Deferred inflows of resources related to pensions | 3,491,941 |
| **NET POSITION** | |
| Net investment in capital assets | 69,818,263 |
| Restricted for: | |
| Debt service | 5,648,335 |
| Capital projects | 1,464,716 |
| Postemployment obligations | 3,133,362 |
| Other activities | 334,759 |
| Unrestricted | (29,555,264) |
| **TOTAL NET POSITION** | $ 50,844,171 |

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

## WEST HILLS COMMUNITY COLLEGE DISTRICT

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2017

| | |
|---|---|
| **OPERATING REVENUES** | |
| Tuition and Fees | $ 2,337,354 |
| Auxiliary Sales and Charges | |
| Cafeteria | 745,547 |
| Farm | 188,661 |
| **TOTAL OPERATING REVENUES** | 3,271,562 |
| **OPERATING EXPENSES** | |
| Salaries | 34,441,380 |
| Employee benefits | 13,345,420 |
| Supplies, materials, and other operating expenses and services | 34,481,483 |
| Depreciation | 5,585,464 |
| **TOTAL OPERATING EXPENSES** | 87,853,747 |
| **OPERATING LOSS** | (84,582,185) |
| **NON-OPERATING REVENUES (EXPENSES)** | |
| Grants and Contracts, noncapital: | |
| Federal | 19,980,580 |
| State | 19,912,832 |
| Local | 1,800,627 |
| State apportionments, noncapital | 28,312,379 |
| Local property taxes, levied for general purposes | 5,435,388 |
| State taxes and other revenues | 1,183,477 |
| Investment income, net | 394,760 |
| Interest and other expenses on debt | (5,634,016) |
| Net transfers (to)/from trust and agency funds | (1,327,223) |
| Other non-operating revenues | 1,862,178 |
| **TOTAL NON-OPERATING REVENUES (EXPENSES)** | 71,920,982 |
| **LOSS BEFORE OTHER REVENUES** | (12,661,203) |
| **OTHER REVENUES** | |
| Local revenues, capital | 4,446,798 |
| **TOTAL OTHER REVENUES** | 4,446,798 |
| **CHANGE IN NET POSITION** | (8,214,405) |
| **NET POSITION, BEGINNING OF YEAR** | 59,058,576 |
| **NET POSITION, END OF YEAR** | $ 50,844,171 |

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

## WEST HILLS COMMUNITY COLLEGE DISTRICT

## STATEMENT OF CASH FLOWS – DIRECT METHOD - PRIMARY GOVERNMENT
## FOR THE YEAR ENDED JUNE 30, 2017

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Tuition and fees | $ 2,369,071 |
| Payments to vendors for supplies and services | (35,214,704) |
| Auxiliary sales | 934,208 |
| Payments to or on behalf of employees | (47,555,238) |
| **Net Cash Flows Used By Operating Activities** | (79,466,663) |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | |
| State apportionments | 28,312,379 |
| Non-capital grants and contracts | 47,945,858 |
| Property taxes - nondebt related | 5,435,388 |
| State taxes and other apportionments | 1,397,282 |
| Other nonoperating | 115,075 |
| **Net Cash Flows From Noncapital Financing Activities** | 83,205,982 |
| **CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES** | |
| Purchase of capital assets | (8,742,797) |
| Proceeds from capital debt | 18,052,769 |
| State revenue, capital projects | 4,446,798 |
| Principal paid on capital debt | (17,102,202) |
| Interest and expenses paid on capital debt | (6,178,534) |
| **Net Cash Flows Used By Capital Financing Activities** | (9,523,966) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Interest received from investments | 399,873 |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | (5,384,774) |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 50,453,009 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 45,068,235 |

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

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## STATEMENT OF CASH FLOWS – DIRECT METHOD - PRIMARY GOVERNMENT, Continued
## FOR THE YEAR ENDED JUNE 30, 2017

| | |
|---|---|
| **RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Operating Loss | $ (84,582,185) |
| Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities: | |
| Depreciation expense | 5,585,464 |
| Changes in Assets, Deferred Outlfows, Liabilities and Deferred Inflows: | |
| Receivables, net | 65,532 |
| Prepaid expenses | (34,458) |
| Accounts payable and accrued liabilities | (286,098) |
| Unearned revenue | (105,345) |
| Current portion of long-term obligations | 8,152,027 |
| Deferred outflows of resources related to pensions | (2,167,971) |
| Deferred inflows of resources related to pensions | (6,093,629) |
| Total Adjustments | 5,115,522 |
| **Net Cash Flows Used by Operating Activities** | $ (79,466,663) |
| | |
| **NON CASH TRANSACTIONS** | |
| On behalf payments for benefits | $ 1,099,159 |

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

## STATEMENT OF FIDUCIARY NET POSITION
## JUNE 30, 2017

| | Trust Funds | Agency Funds [1] |
|---|---|---|
| **ASSETS** | | |
| Deposits and investments | $ 140,349 | $ 84,326 |
| Receivables | - | 21,524 |
| Due from other funds | 45,347 | 65,362 |
| **Total Assets** | 185,696 | 171,212 |
| **LIABILITIES** | | |
| Accounts payable | 2,976 | 3,112 |
| Due to other funds | 43,316 | 75,783 |
| Due to student groups | - | 74,745 |
| Unearned revenue | - | 17,572 |
| **Total Liabilities** | 46,292 | $ 171,212 |
| **NET POSITION** | | |
| Restricted | $ 139,404 | |

[1] Totals exclude Student Financial Aid Fiduciary Fund as its activity is included in the primary government totals.

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

## WEST HILLS COMMUNITY COLLEGE DISTRICT

## STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
## FOR THE YEAR ENDED JUNE 30, 2017

| | Trust Funds |
|---|---|
| **ADDITIONS** | |
| Local sources | $ 2,156 |
| Interdistrict transfers, net | 71,228 |
| **Total Additions** | 73,384 |
| **DEDUCTIONS** | |
| Other expenditures | 1,782 |
| Student financial aid | 79,310 |
| **Total Deductions** | 81,092 |
| **Change in Net Position** | (7,708) |
| **Net Position - Beginning of Year as Restated** | 147,112 |
| **Net Position - Ending of Year** | $ 139,404 |

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

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS COMMUNITY COLLEGE DISTRICT FOUNDATION**
**STATEMENT OF FINANCIAL POSITION**
**JUNE 30, 2017**

| | | |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ | 238,286 |
| Investments | | 3,157,384 |
| Accounts receivable | | 44,433 |
| **TOTAL ASSETS** | $ | 3,440,103 |
| **LIABILITIES AND NET ASSETS** | | |
| **CURRENT LIABILITIES** | | |
| Accounts payable | $ | 27,504 |
| **Total Current Liabilities** | | 27,504 |
| **NET ASSETS** | | |
| Unrestricted | | 1,240,071 |
| Temporarily restricted | | 849,719 |
| Permanently restricted | | 1,322,809 |
| **Total Net Assets** | | 3,412,599 |
| **Total Liabilities and Net Assets** | $ | 3,440,103 |

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

**DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS COMMUNITY COLLEGE DISTRICT FOUNDATION**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2017**

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Donations and special events | $ 418,787 | $ 149,736 | $ 93,530 | $ 662,053 |
| Donated salaries | 321,283 | - | - | 321,283 |
| Federal revenue | 29,011 | - | - | 29,011 |
| Program fees | 150,622 | - | - | 150,622 |
| Program contracts | 98,476 | - | - | 98,476 |
| Fundraisers | 140,014 | - | - | 140,014 |
| Investment income | 54,021 | 29,711 | 35,285 | 119,017 |
| Other | 9,731 | - | - | 9,731 |
| Transfers | (28,088) | (902) | 28,990 | - |
| Net assets released from restrictions | 435,173 | (223,745) | (211,428) | - |
| **Total Revenues** | 1,629,030 | (45,200) | (53,623) | 1,530,207 |
| **EXPENSES** | | | | |
| Program services: | | | | |
| Scholarship | 318,378 | - | - | 318,378 |
| College Enhancement | 254,087 | - | - | 254,087 |
| Athletic Programs | 123,592 | - | - | 123,592 |
| Educational Programs | 166,314 | - | - | 166,314 |
| Support services: | | | | |
| General Administrative | 129,947 | - | - | 129,947 |
| Fundraisers | 65,195 | - | - | 65,195 |
| **Total Expenses** | 1,057,513 | - | - | 1,057,513 |
| **CHANGE IN NET ASSETS** | 571,517 | (45,200) | (53,623) | 472,694 |
| **NET ASSETS, BEGINNING OF YEAR** | 668,554 | 894,919 | 1,376,432 | 2,939,905 |
| **NET ASSETS, END OF YEAR** | $ 1,240,071 | $ 849,719 | $ 1,322,809 | $ 3,412,599 |

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

## WEST HILLS COMMUNITY COLLEGE DISTRICT

## DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS COMMUNITY COLLEGE DISTRICT FOUNDATION
## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED JUNE 30, 2017

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Change in net assets | $ 472,694 |
| Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities | |
| Decrease in accounts receivable | 149,475 |
| Increase in accounts payable | (86,233) |
| Decrease in funds held for others | (10,000) |
| **Net Cash Flows Provided By Operating Activities** | 525,936 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Purchase of investments | (753,207) |
| **Net Cash Flows Used By Investing Activities** | (753,207) |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | (227,271) |
| **CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR** | 465,557 |
| **CASH AND CASH EQUIVALENTS, END OF YEAR** | $ 238,286 |

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

## *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. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

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 Foundation**

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

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

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

- **West Hills Financing Corporation**

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. 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. Fiduciary activities, with the exception of the Student Financial Aid Fund, are excluded from the basic financial statements. 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.

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 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, No. 38, and No. 39. 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.

**Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2017, 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.

### Accrued Liabilities and Long-Term Obligations

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

### Debt Premiums

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

### Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for pension related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

### Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

**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 current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid within 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. The liability for this benefit is reported on the entity-wide financial statements.

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. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. 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.

**Administrative/Classified Management/Confidential Staff**
- Entitled to twenty-one (21) days of sick leave per year to be posted at the rate of 1.75 days per month.

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

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

**Unearned Revenue**

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

**Noncurrent Liabilities**

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

**Net Position**

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

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

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

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

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. The financial statements report $10,581,172 of restricted net position.

**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.

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.

**Scholarships, Discounts, and Allowances**

Student tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the Board of Governors are included within the scholarships, discounts, and allowances 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.

**Federal Financial Assistance Programs**

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study 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. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

**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 Primary Government and Fiduciary Funds' financial statements, respectively.

**Reclassification**

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

**Foundation Financial Statement Presentation**

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

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

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

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

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

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

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

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

**Change in Accounting Principles**

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, No. 43, and No. 50, *Pension Disclosures*.

The District has implemented the provisions of this Statement as of June 30, 2017.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures.* This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;

- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The District has implemented the provisions of this Statement as of June 30, 2017.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to State or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of GASB Statement No. 68 applied to the financial statements of all State and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of State or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a State or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of State or local governmental employers and to employees of employers that are not State or local governmental employers; and (3) has no predominant State or local governmental employer (either individually or collectively with other State or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The District has implemented the provisions of this Statement as of June 30, 2017.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment to GASB Statement No. 14.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of GASB Statement No. 14, *The Financial Reporting Entity*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment to GASB Statement No. 14*.

The District has implemented the provisions of this Statement as of June 30, 2017.

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*, and GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The District has implemented the provisions of this Statement as of June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

**New Accounting Pronouncements**

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB 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 all postemployment benefits (pensions and OPEB) 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 GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The requirements of this Statement are effective for financial statements for periods beginning after June 30, 2017. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements.* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB;
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

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

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

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

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

*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.

**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, 2017, are classified in the accompanying financial statements as follows:

| | |
|---|---|
| Primary government | $ 45,068,235 |
| Fiduciary funds | 224,675 |
| Total Deposits and Investments | $ 45,292,910 |

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

| | |
|---|---|
| Cash on hand and in banks | $ 5,029,094 |
| Cash in revolving | 393 |
| Investments | 40,263,423 |
| Total Deposits and Investments | $ 45,292,910 |

**Interest Rate Risk**

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

**Segmented Time Distribution**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations as of June 30, 2017, 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 |
|---|---|---|---|---|---|
| Fresno County Pool | $ 40,209,576 | $ - | $ - | $ 40,209,576 | $ - |

**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, 2017, the District's bank balance of $2,665,390 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.

## *NOTE 4 - FAIR VALUE MEASUREMENTS*

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized - Investments in the Fresno County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

***NOTE 5 - ACCOUNTS RECEIVABLE***

Accounts receivable at June 30, 2017, consist of intergovernmental grants, entitlements, interest, and other local sources.

| | Primary Government | Fiduciary Funds | Total |
|---|---|---|---|
| Federal Government | | | |
| Categorical aid | $ 1,145,534 | $ - | $ 1,145,534 |
| State Government | | | |
| Categorical aid | 5,916 | - | 5,916 |
| Other state sources | 1,112,914 | - | 1,112,914 |
| Local Sources | | | |
| Interest | 154,473 | - | 154,473 |
| Taxes | 183,143 | - | 183,143 |
| Other local sources | 712,227 | 21,524 | 733,751 |
| Total | $ 3,314,207 | $ 21,524 | $ 3,335,731 |
| Student loan receivables | $ 3,347,055 | $ - | $ 3,347,055 |

**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 6 - PREPAID EXPENDITURES***

Prepaid expenditures at June 30, 2017, consist of the following:

| | Primary Government |
|---|---|
| Outside services | $ 108,108 |

***NOTE 7 - CAPITAL ASSETS***

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

| | Balance Beginning of Year | Additions | Deductions | Balance End of Year |
|---|---|---|---|---|
| Capital Assets Not Being Depreciated | | | | |
| Land | $ 7,637,057 | $ - | $ - | $ 7,637,057 |
| Construction in progress | 10,149,272 | 7,167,448 | 17,231,357 | 85,363 |
| Total Capital Assets Not Being Depreciated | 17,786,329 | 7,167,448 | 17,231,357 | 7,722,420 |
| Capital Assets Being Depreciated | | | | |
| Land improvements | 37,244,714 | 1,222,195 | - | 38,466,909 |
| Buildings and improvements | 127,612,451 | 17,220,047 | - | 144,832,498 |
| Furniture and equipment | 5,634,398 | 316,389 | - | 5,950,787 |
| Total Capital Assets Being Depreciated | 170,491,563 | 18,758,631 | - | 189,250,194 |
| Total Capital Assets | 188,277,892 | 25,926,079 | 17,231,357 | 196,972,614 |
| Less Accumulated Depreciation | | | | |
| Land improvements | 10,758,485 | 1,367,641 | - | 12,126,126 |
| Buildings and improvements | 43,498,207 | 3,843,903 | - | 47,342,110 |
| Furniture and equipment | 4,120,298 | 373,920 | - | 4,494,218 |
| Total Accumulated Depreciation | 58,376,990 | 5,585,464 | - | 63,962,454 |
| Net Capital Assests | $ 129,900,902 | $ 20,340,615 | $ 17,231,357 | $ 133,010,160 |

Depreciation expense for the year was $5,585,464. Interest expense on capital related debt for the year ended June 30, 2017, was $2,577,173. Of this amount, $685,356 was capitalized.

***NOTE 8 - ACCOUNTS PAYABLE***

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

| | Primary Government | Fiduciary Funds | Total |
|---|---|---|---|
| Vendor invoices | $ 3,045,125 | $ 4,102 | $ 3,049,227 |
| Salaries and wages payable | 1,856,993 | 1,986 | 1,858,979 |
| Payable to students | 401,914 | - | 401,914 |
| Total | $ 5,304,032 | $ 6,088 | $ 5,310,120 |

**Discretely Presented Component Unit**

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

## *NOTE 9 - UNEARNED REVENUE*

Unearned revenue at June 30, 2017, consists of the following:

| | Primary Government | Fiduciary Funds | Total |
|---|---|---|---|
| Student financial assistance | $ 24,637 | $ - | $ 24,637 |
| State categorical aid | 9,338,056 | - | 9,338,056 |
| Other state | 1,725,754 | - | 1,725,754 |
| Enrollment fees | 4,484,420 | - | 4,484,420 |
| Other local | 52,823 | 17,572 | 70,395 |
| Total | $ 15,625,690 | $ 17,572 | $ 15,643,262 |

## *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 primary government has been eliminated in the consolidation process of the basic financial statements.

**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 primary government have been eliminated in the consolidation process.

## *NOTE 11 - LONG-TERM OBLIGATIONS*

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

| | Balance Beginning of Year | Additions | Deductions | Balance End of Year | Current Portion |
|---|---|---|---|---|---|
| General obligation refunding bonds - 2012 | $ 2,600,000 | $ - | $ 150,000 | $ 2,450,000 | $ 155,000 |
| Bond premium (18 year amortization) | 55,082 | - | 3,936 | 51,146 | - |
| General obligation bonds - 2008 (Northern) | | | | | |
| Current interest | 635,000 | - | - | 635,000 | - |
| Capital appreciation | 1,119,075 | 69,207 | 105,000 | 1,083,282 | 120,000 |
| Bond premium (25 year amortization) | 263,056 | - | 14,618 | 248,438 | - |
| General obligation bonds - 2008, B (Northern) | | | | | |
| Current interest | 7,670,000 | - | 90,000 | 7,580,000 | 100,000 |
| Capital appreciation | 215,196 | 17,778 | - | 232,974 | - |
| Bond premium (25 year amortization) | 244,415 | - | 11,638 | 232,777 | - |
| General obligation bonds - 2015 Refunding (Northern), Series A | 2,270,000 | - | - | 2,270,000 | - |
| General obligation bonds - 2015 Refunding (Northern), Series A Premium (14 year amortization) | 201,748 | - | 15,519 | 186,229 | - |
| General obligation bonds - 2008 (Coalinga) | | | | | |
| Current interest | 2,380,000 | - | 2,075,000 | 305,000 | - |
| Capital appreciation | 344,880 | 26,640 | 100,000 | 271,520 | 100,000 |
| Bond premium (25 year amortization) | 228,802 | - | 12,715 | 216,087 | - |
| General obligation bonds - 2008, B (Coalinga) | | | | | |
| Current interest | 6,420,000 | - | - | 6,420,000 | - |
| Capital appreciation | 2,698,903 | 192,607 | 140,000 | 2,751,510 | 160,000 |
| Bond premium (25 year amortization) | 306,994 | - | 14,618 | 292,376 | - |
| General obligation bonds - 2008 (Lemoore) | | | | | |
| Current interest | 4,955,000 | - | 4,250,000 | 705,000 | - |
| Capital appreciation | 734,173 | 69,994 | 165,000 | 639,167 | 1,750,000 |
| Bond premium (25 year amortization) | 318,699 | - | 17,697 | 301,002 | - |
| General obligation bonds - 2008 A,(Lemoore) Reauthorized, Issued 2016 | | | | | |
| Current interest | 12,655,000 | - | - | 12,655,000 | 45,000 |
| Bond premium (30 year amortization) | 833,766 | - | 27,792 | 805,974 | - |
| General obligation bonds - 2008, B (Lemoore) | | | | | |
| Current interest | 9,625,000 | - | 7,950,000 | 1,675,000 | - |
| Capital appreciation | 4,136,610 | 345,185 | 30,000 | 4,451,795 | 65,000 |
| Bond premium (30 year amortization) | 616,011 | - | 24,651 | 591,360 | - |
| General obligation bonds - 2015 Refunding, Series C | 10,395,000 | - | 445,000 | 9,950,000 | 515,000 |
| General obligation bonds - 2015 Refunding, Series C Premium (16 year amortization) | 789,042 | - | 52,603 | 736,439 | - |
| General obligation bonds - 2017 Refunding, Series A | - | 2,195,000 | - | 2,195,000 | 55,000 |
| General obligation bonds - 2017 Refunding, Series A Premium (17 year amortization) | - | 206,462 | 12,145 | 194,317 | - |
| General obligation bonds - 2017 Refunding, Series B | - | 14,455,000 | - | 14,455,000 | 365,000 |
| General obligation bonds - 2017 Refunding, Series B Premium (25 year amortization) | - | 504,896 | 20,196 | 484,700 | - |
| General obligation bonds - 2014, Series A Ed Tech | 4,015,000 | - | 850,000 | 3,165,000 | 1,005,000 |
| Capital leases | 1,421,938 | 1,016,275 | 1,098,592 | 1,339,621 | 476,353 |
| CDE-Child Care Revolving Loan | 84,000 | - | 42,000 | 42,000 | 42,000 |
| Total Long-Term Obligations | $ 78,232,390 | $ 19,099,044 | $ 17,718,720 | $ 79,612,714 | $ 4,953,353 |
| Compensated absences, long term portion | $ 1,126,810 | $ 47,023 | $ - | $ 1,173,833 | |

**Description of Debt**

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

The District has utilized capital lease agreements to purchase land, buildings, and equipment. The current lease purchase agreements in the amount of $897,864 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 Year | Maturity Year | Interest Rate | Original Issue | Bonds Outstanding July 1, 2016 | Accreted/ Issued | Defeased/ Redeemed | Bonds Outstanding June 30, 2017 |
|---|---|---|---|---|---|---|---|
| 2012 | 2030 | 2.0-3.5% | $ 3,080,000 | $ 2,600,000 | $ - | $ 150,000 | $ 2,450,000 |
| 2015 | 2031 | 0.59-3.72% | 10,395,000 | 10,395,000 | - | 445,000 | 9,950,000 |
| 2015 | 2020 | 1.4% | 4,015,000 | 4,015,000 | - | 850,000 | 3,165,000 |
| Northern: | | | | | | | |
| 2008 | 2034 | 3.41-4.950% | 3,839,677 | 1,754,075 | 69,207 | 105,000 | 1,718,282 |
| 2012 | 2038 | 2.0-4.23% | 7,957,059 | 7,885,196 | 17,778 | 90,000 | 7,812,974 |
| 2015 | 2029 | 2.42-3.56% | 2,270,000 | 2,270,000 | - | - | 2,270,000 |
| Coalinga: | | | | | | | |
| 2009 | 2033 | 2.62-5.08% | 2,998,815 | 2,724,880 | 26,640 | 2,175,000 | 576,520 |
| 2012 | 2039 | 2.0-4.21% | 4,498,812 | 9,118,903 | 192,607 | 140,000 | 9,171,510 |
| 2017 | 2034 | 1.04-3.84% | 2,195,000 | - | 2,195,000 | - | 2,195,000 |
| Lemoore: | | | | | | | |
| 2009 | 2034 | 2.62-5.42% | 5,999,837 | 5,689,173 | 69,994 | 4,415,000 | 1,344,167 |
| 2011 | 2042 | 2.56-7.40% | 12,343,909 | 13,761,610 | 345,185 | 7,980,000 | 6,126,795 |
| 2016 | 2046 | 2.00-5.50% | 12,655,000 | 12,655,000 | - | - | 12,655,000 |
| 2017 | 2042 | 1.04-3.84% | 14,455,000 | - | 14,455,000 | - | 14,455,000 |
| Total | | | | $ 72,868,837 | $ 17,371,411 | $ 16,350,000 | $ 73,890,248 |

**Debt Service Requirements to Maturity**

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

| Fiscal Year | Principal | Interest to Maturity | Total |
|---|---|---|---|
| 2018 | $ 155,000 | $ 80,000 | $ 235,000 |
| 2019 | 160,000 | 76,900 | 236,900 |
| 2020 | 160,000 | 72,900 | 232,900 |
| 2021 | 170,000 | 68,100 | 238,100 |
| 2022 | 175,000 | 61,300 | 236,300 |
| 2023-2027 | 965,000 | 208,100 | 1,173,100 |
| 2028-2030 | 665,000 | 46,538 | 711,538 |
| Total | $ 2,450,000 | $ 613,838 | $ 3,063,838 |

**2015, Series C Issue - General Obligation Bonds - Refunding**

| Fiscal Year | Principal | Interest to Maturity | Total |
|---|---|---|---|
| 2018 | $ 515,000 | $ 429,538 | $ 944,538 |
| 2019 | 540,000 | 403,787 | 943,787 |
| 2020 | 570,000 | 376,788 | 946,788 |
| 2021 | 595,000 | 353,987 | 948,987 |
| 2022 | 620,000 | 324,238 | 944,238 |
| 2023-2027 | 3,600,000 | 1,122,937 | 4,722,937 |
| 2028-2031 | 3,510,000 | 295,862 | 3,805,862 |
| Total | $ 9,950,000 | $ 3,307,137 | $ 13,257,137 |

**2015 Issue - General Obligation Bonds - Ed Tech**

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

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

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

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

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

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

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

**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 | $ 232,974 | $ 72,026 |

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

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

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

| Fiscal Year | Principal | Interest to Maturity | Total |
|---|---|---|---|
| 2018 | $ - | $ 9,870 | $ 9,870 |
| 2019 | - | 15,250 | 15,250 |
| 2020 | - | 15,250 | 15,250 |
| 2021 | 100,000 | 15,250 | 115,250 |
| 2022 | 100,000 | 10,250 | 110,250 |
| 2023-2027 | 105,000 | 5,250 | 110,250 |
| Subtotal | $ 305,000 | $ 71,120 | $ 376,120 |

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

| Year Ending June 30, | Value at Maturity | Accreted Obligation | Interest to Accrete |
|---|---|---|---|
| 2018 | $ 100,000 | $ 100,000 | $ - |
| 2019 | 100,000 | 90,180 | 9,820 |
| 2020 | 100,000 | 81,340 | 18,660 |
| Total | $ 300,000 | $ 271,520 | $ 28,480 |

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

| Fiscal Year | Principal | Interest to Maturity | Total |
|---|---|---|---|
| 2018 | $ - | $ 245,075 | $ 245,075 |
| 2019 | - | 245,075 | 245,075 |
| 2020 | - | 245,075 | 245,075 |
| 2021 | - | 245,075 | 245,075 |
| 2022 | - | 245,075 | 245,075 |
| 2023-2027 | 850,000 | 1,191,044 | 2,041,044 |
| 2028-2032 | 1,765,000 | 975,857 | 2,740,857 |
| 2033-2037 | 1,500,000 | 685,988 | 2,185,988 |
| 2038-2039 | 2,305,000 | 140,000 | 2,445,000 |
| Subtotal | $ 6,420,000 | $ 4,218,264 | $ 10,638,264 |

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

| Year Ending June 30, | Value at Maturity | Accreted Obligation | Interest to Accrete |
|---|---|---|---|
| 2018 | $ 160,000 | $ 160,000 | $ - |
| 2019 | 180,000 | 160,200 | 19,800 |
| 2020 | 200,000 | 158,400 | 41,600 |
| 2021 | 220,000 | 155,100 | 64,900 |
| 2022 | 250,000 | 156,850 | 93,150 |
| 2023 | 275,000 | 153,505 | 121,495 |
| Total | $ 1,285,000 | $ 944,055 | $ 340,945 |

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

Capital Appreciation Term Bonds:

| Year Ending June 30, | Value at Maturity | Accreted Obligation | Interest to Accrete |
|---|---|---|---|
| 2023 | $ 2,325,000 | $ 1,807,455 | $ 517,545 |

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

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

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

| Fiscal Year | Principal | Interest to Maturity | Total |
|---|---|---|---|
| 2018 | $ - | $ 20,739 | $ 20,739 |
| 2019 | - | 32,044 | 32,044 |
| 2020 | - | 32,044 | 32,044 |
| 2021 | - | 32,044 | 32,044 |
| 2022 | 215,000 | 32,044 | 247,044 |
| 2023-2027 | 490,000 | 34,163 | 524,163 |
| Subtotal | $ 705,000 | $ 183,078 | $ 888,078 |

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

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

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

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

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

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

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

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

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

**2017 Refunding Series A, Coalinga**

| Fiscal Year | Principal | Interest to Maturity | Total |
|---|---|---|---|
| 2018 | $ 55,000 | $ 62,036 | $ 117,036 |
| 2019 | - | 94,750 | 94,750 |
| 2020 | - | 94,750 | 94,750 |
| 2021 | - | 94,750 | 94,750 |
| 2022 | - | 94,750 | 94,750 |
| 2023-2027 | 575,000 | 438,650 | 1,013,650 |
| 2028-2032 | 1,030,000 | 257,200 | 1,287,200 |
| 2033-2037 | 535,000 | 32,400 | 567,400 |
| Subtotal | $ 2,195,000 | $ 1,169,286 | $ 3,364,286 |

**2017 Refunding Series B, Lemoore**

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

**Capital Leases**

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

| | |
|---|---|
| Balance, July 1, 2016 | $ 1,421,938 |
| Additions | 1,016,275 |
| Payments | 1,098,592 |
| Balance, June 30, 2017 | $ 1,339,621 |

The capital leases have minimum lease payments as follows:

| Year Ending June 30, | Lease Payment |
|---|---|
| 2018 | $ 507,710 |
| 2019 | 507,195 |
| 2020 | 381,421 |
| Total | 1,396,326 |
| Less: Amount Representing Interest | 56,705 |
| Present Value of Minimum Lease Payments | $ 1,339,621 |

**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 |
|---|---|
| 2018 | $ 42,000 |

**Compensated Absences**

At June 30, 2017, the liability for compensated absences was $1,173,833.

***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 approximately 50 retirees and beneficiaries currently receiving benefits and over 305 active plan members.

**Contribution Information**

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 2017, the District contributed 100 percent of the required "pay as you go" portion of $651,503 and has also contributed funds totaling $739,458 towards the future obligations of the District. The annual required contribution (ARC) for the District was $1,086,334. The net amount of the Trust's investment returns/losses and the cumulative balance of the ARC has left a Net Plan Asset totaling $3,133,362 as of June 30, 2017.

### Annual OPEB Cost and Net OPEB Asset

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

| | |
|---|---|
| Annual required contribution | $ (1,086,334) |
| Excess of investment earnings, net of expenses, on net plan assets | 551,075 |
| Adjustment to annual required contribution | (214,607) |
| Annual OPEB cost (expense) | (749,866) |
| Contributions made | 1,390,961 |
| Change in net OPEB asset | 641,095 |
| Net OPEB asset, beginning of year | 2,492,267 |
| Net OPEB asset, end of year | $ 3,133,362 |

### 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 |
|---|---|---|---|
| 2017 | $ 1,086,334 | 166% | $ 3,133,362 |
| 2016 | 837,975 | 187% | 2,492,267 |
| 2015 | 837,975 | 159% | 2,662,793 |

### 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 Accrued Liability (AAL) - Actual Cost Method (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ([b - a] / c) |
|---|---|---|---|---|---|---|
| November 1, 2016 | $ 7,311,763 | $ 10,670,120 | $ 7,044,098 | 68.53% | $ 23,836,774 | 29.55% |

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, 2016, actuarial valuation, the actual cost method was used. The actuarial assumptions included a 6.5 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, 2017, was 18 years. As of June 30, 2017, the Trust held assets with a value of $8,607,110.

## *NOTE 13 - RISK MANAGEMENT*

**Joint Powers Authority Risk Pools**

During fiscal year ended June 30, 2017, 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 2016-2017, 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 defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2017, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

| Pension Plan | Collective Net Pension Liability | Collective Deferred Outflows of Resources | Collective Deferred Inflows of Resources | Collective Pension Expense |
|---|---|---|---|---|
| CalSTRS | $ 20,326,089 | $ 3,383,592 | $ 2,518,004 | $ 1,619,701 |
| CalPERS | 21,582,587 | 6,587,948 | 973,937 | 2,711,152 |
| Total | $ 41,908,676 | $ 9,971,540 | $ 3,491,941 | $ 4,330,853 |

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The District contributes to the State Teachers' Retirement Plan (STRP) administered by CalSTRS. STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

**Benefits Provided**

The STRP provides retirement, disability, and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and nonemployer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2017, are summarized as follows:

| | STRP Defined Benefit Program | |
|---|---|---|
| | On or before | On or after |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 60 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 60 | 62 |
| Monthly benefits as a precentage of eligible compensation | 2.0% - 2.4% | 2.0% - 2.4% |
| Required employee contribution rate | 10.25% | 9.205% |
| Required employer contribution rate | 12.58% | 12.58% |
| Required state contribution rate | 8.828% | 8.828% |

**Contributions**

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2017, are presented above, and the District's total contributions were $1,767,677.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:

| | |
|---|---|
| District's proportionate share of net pension liability | $ 20,326,089 |
| State's proportionate share of the net pension liability associated with the District | 11,571,280 |
| Total | $ 31,897,369 |

The net pension liability was measured as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2016 and June 30, 2015, was 0.0251 percent and 0.0258 percent, respectively, resulting in a net decrease in the proportionate share of 0.0007 percent.

For the year ended June 30, 2017, the District recognized pension expense of $1,619,701. In addition, the District recognized pension expense and revenue of $1,118,486 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 1,767,677 | $ - |
| Net change in proportionate share of net pension liability | - | 2,022,172 |
| Difference between projected and actual earnings on pension plan investments | 1,615,915 | - |
| Differences between expected and actual experience in the measurement of the total pension liability | - | 495,832 |
| Total | $ 3,383,592 | $ 2,518,004 |

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows of resources related to the difference between projected and actual earning on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows of Resources |
|---|---|
| 2018 | $ 35,254 |
| 2019 | 35,255 |
| 2020 | 939,336 |
| 2021 | 606,070 |
| Total | $ 1,615,915 |

The deferred inflows of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Inflows of Resources |
|---|---|
| 2018 | $ (480,849) |
| 2019 | (480,849) |
| 2020 | (480,849) |
| 2021 | (480,849) |
| 2022 | (480,853) |
| Thereafter | (113,755) |
| Total | $ (2,518,004) |

**Actuarial Methods and Assumptions**

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|---|---|
| Valuation date | June 30, 2015 |
| Measurement date | June 30, 2016 |
| Experience study | July 1, 2006 through June 30, 2010 |
| Actuarial cost method | Entry age normal |
| Discount rate | 7.60% |
| Investment rate of return | 7.60% |
| Consumer price inflation | 3.00% |
| Wage growth | 3.75% |

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on the Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of ten-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global equity | 47% | 6.30% |
| Fixed income | 12% | 0.30% |
| Real estate | 13% | 5.20% |
| Private equity | 13% | 9.30% |
| Absolute Return/Risk Mitigating Strategies | 9% | 2.90% |
| Inflation sensitive | 4% | 3.80% |
| Cash/liquidity | 2% | -1.00% |

**Discount Rate**

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

| Discount Rate | Net Pension Liability |
|---|---|
| 1% decrease (6.60%) | $ 29,253,826 |
| Current discount rate (7.60%) | 20,326,089 |
| 1% increase (8.60%) | 12,911,229 |

**California Public Employees' Retirement System (CalPERS)**

**Plan Description**

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or age 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2017, are summarized as follows:

| | School Employer Pool (CalPERS) | |
|---|---|---|
| | On or before | On or after |
| Hire date | December 31, 2012 | January 1, 2013 |
| Benefit formula | 2% at 55 | 2% at 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 55 | 62 |
| Monthly benefits as a precentage of eligible compensation | 1.1% - 2.5% | 1.0% - 2.5% |
| Required employee contribution rate | 7.00% | 6.00% |
| Required employer contribution rate | 13.888% | 13.888% |

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2017, are presented above, and the total District contributions were $2,036,677.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $21,582,587. The net pension liability was measured as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2016 and June 30, 2015, was 0.1093 percent and 0.1069 percent, respectively, resulting in a net increase in the proportionate share of 0.0024 percent.

For the year ended June 30, 2017, the District recognized pension expense of $2,711,152. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 2,036,677 | $ - |
| Net change in proportionate share of net pension liability | 274,089 | 325,509 |
| Difference between projected and actual earnings on pension plan investments | 3,348,924 | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 928,258 | |
| Changes of assumptions | - | 648,428 |
| Total | $ 6,587,948 | $ 973,937 |

The deferred outflow of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows of Resources |
|---|---|
| 2018 | $ 469,731 |
| 2019 | 469,731 |
| 2020 | 1,535,423 |
| 2021 | 874,039 |
| Total | $ 3,348,924 |

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the EARSL of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

| Year Ended June 30, | Deferred Outflows/(Inflows) of Resources |
|---|---|
| 2018 | $ 11,467 |
| 2019 | 30,982 |
| 2020 | 185,961 |
| Total | $ 228,410 |

**Actuarial Methods and Assumptions**

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

| | |
|---|---|
| Valuation date | June 30, 2015 |
| Measurement date | June 30, 2016 |
| Experience study | July 1, 1997 through June 30, 2011 |
| Actuarial cost method | Entry age normal |
| Discount rate | 7.65% |
| Investment rate of return | 7.65% |
| Consumer price inflation | 2.75% |
| Wage growth | Varies by entry age and services |

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| Asset Class | Assumed Asset Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global equity | 51% | 5.71% |
| Global debt securities | 20% | 2.43% |
| Inflation assets | 6% | 3.36% |
| Private equity | 10% | 6.95% |
| Real estate | 10% | 5.13% |
| Infrastructure and Forestland | 2% | 5.09% |
| Liquidity | 1% | -1.05% |

**Discount Rate**

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

| Discount rate | Net Pension Liability |
|---|---|
| 1% decrease (6.65%) | $ 32,201,340 |
| Current discount rate (7.65%) | 21,582,587 |
| 1% increase (8.65%) | 12,740,386 |

**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 year ended June 30, 2017, which amounted to $1,099,159 (8.828 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 year ended June 30, 2017. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

**APPLE**

**Plan Description**

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

**Funding Policy**

Active plan members and the District are each required to contribute 3.75 percent of an individual's salary to the plan, for a total of 7.5 percent of an individual's salary. Individuals enrolled in the plan are 100 percent vested in the contributions made to it. The District's contribution to the plan for the fiscal year ending June 30, 2017, was $114,265.

## *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, 2017, the District made payments of $1,872,846, $4,818,906, $496,550, and $244,008, 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, 2017.

### 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, 2017.

## *NOTE 17 - RESTATEMENT OF PRIOR YEAR FIDUCIARY NET POSITION*

The District's beginning fiduciary net position has been restated as of July 1, 2016.

The District adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in the current year. The implementation of this standard required a change in accounting principle and restatement of the beginning net position for the fiduciary funds by $(7,171,420) to reflect the OPEB Trust as only an offset to the Net Plan Asset-GASB 45.

| Primary Government | |
|---|---|
| Net Position - Beginning | $ 7,318,532 |
| Restatement to exclude OPEB Trust from fiduciary balances | (7,171,420) |
| Net Position - Beginning as Restated | $ 147,112 |

# *REQUIRED SUPPLEMENTARY INFORMATION*

## WEST HILLS COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
## FOR THE YEAR ENDED JUNE 30, 2017

| Actuarial Valuation Date | Value of Assets (a) | Actuarial Accrued Liability (AAL) - Actual Cost Method (b) | Unfunded AAL (UAAL) (b - a) | Funded Ratio (a / b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ([b - a] / c) |
|---|---|---|---|---|---|---|
| November 1, 2016 | $ 7,311,763 | $ 10,670,120 | $ 7,044,098 | 68.53% | $ 23,836,774 | 29.55% |
| November 1, 2014 | $ 6,040,662 | $ 10,670,120 | $ 4,629,458 | 56.61% | $ 23,836,774 | 19.42% |
| November 1, 2012 | $ 3,892,368 | $ 7,180,848 | $ 3,288,480 | 54.20% | $ 23,702,465 | 13.87% |

See accompanying note to required supplementary information.

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2017**

| | 2017 | 2016 |
|---|---|---|
| **CalSTRS** | | |
| District's proportion of the net pension liability (asset) | 0.0251% | 0.0258% |
| District's proportionate share of the net pension liability (asset) | $ 20,326,089 | $ 17,367,732 |
| State's proportionate share of the net pension liability (asset) associated with the District | 11,571,280 | 9,185,616 |
| Total | $ 31,897,369 | $ 26,553,348 |
| District's covered - employee payroll | $ 12,908,248 | $ 12,056,059 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll | 157.47% | 144.06% |
| Plan fiduciary net position as a percentage of the total pension liability | 70% | 74% |
| **CalPERS** | | |
| District's proportion of the net pension liability (asset) | 0.0109% | 0.0107% |
| District's proportionate share of the net pension liability (asset) | $ 21,582,587 | $ 15,752,845 |
| District's covered - employee payroll | $ 13,189,533 | $ 11,780,715 |
| District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll | 163.63% | 133.72% |
| Plan fiduciary net position as a percentage of the total pension liability | 74% | 79% |

*Note* : In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

| 2015 |
|---|
| 0.0289% |
| $ 16,872,365 |
| 10,188,262 |
| $ 27,060,627 |
| $ 13,313,333 |
| 126.73% |
| 77% |
| 0.1113% |
| $ 12,629,704 |
| $ 11,462,620 |
| 110.18% |
| 83% |

## WEST HILLS COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF THE DISTRICT CONTRIBUTIONS
## FOR THE YEAR ENDED JUNE 30, 2017

| | 2017 | 2016 |
|---|---|---|
| **CalSTRS** | | |
| Contractually required contribution | $ 1,767,677 | $ 1,385,055 |
| Contributions in relation to the contractually required contribution | 1,767,677 | 1,385,055 |
| Contribution deficiency (excess) | $ - | $ - |
| District's covered - employee payroll | $ 14,051,486 | $ 12,908,248 |
| Contributions as a percentage of covered - employee payroll | 12.58% | 10.73% |
| **CalPERS** | | |
| Contractually required contribution | $ 2,036,677 | $ 1,562,564 |
| Contributions in relation to the contractually required contribution | 2,036,677 | 1,562,564 |
| Contribution deficiency (excess) | $ - | $ - |
| District's covered - employee payroll | $ 14,665,013 | $ 13,189,533 |
| Contributions as a percentage of covered - employee payroll | 13.888% | 11.847% |

*Note* : In the future, as data become available, ten years of information will be presented.

See accompanying note to required supplementary information.

| 2015 |
| --- |
| |
| $ 1,070,578 |
| 1,070,578 |
| $ - |
| |
| $ 12,056,059 |
| |
| 8.88% |
| |
| |
| $ 1,386,708 |
| 1,386,708 |
| $ - |
| |
| $ 11,780,715 |
| |
| 11.771% |

# NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
# JUNE 30, 2017

## *NOTE 1 - PURPOSE OF SCHEDULES*

### Schedule of Other Postemployment Benefits (OPEB) Funding Progress

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

### Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

***Changes in Benefit Terms*** – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

***Changes in Assumptions*** – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

### Schedule of District Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

# *SUPPLEMENTARY INFORMATION*

## DISTRICT ORGANIZATION
## JUNE 30, 2017

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

| MEMBER | OFFICE | TERM EXPIRES |
|---|---|---|
| Mark McKean | President | December 2020 |
| Nina Oxborrow | Vice President | December 2018 |
| Jack Minnite | Clerk | December 2018 |
| Steve Cantu | Member | December 2020 |
| Bobby Lee | Member | December 2020 |
| Martin Maldonado | Member | December 2020 |
| J. L. Levinson | Member | December 2018 |

### ADMINISTRATION

| | |
|---|---|
| Dr. Frank P. Gornick | Chancellor |
| Mr. Ken Stoppenbrink | Deputy Chancellor, Business Services |
| Ms. Kristin Clark | President, West Hills College Lemoore |
| Ms. Brenda Thames | President, West Hills College Coalinga |
| Dr. Stu Van Horn | Vice Chancellor, Educational Services and Workforce Development |
| Mr. James Preston | Vice President, Educational Services, West Hills College Lemoore |
| Mr. Larry Buckley | Vice President, Educational Services, West Hills College Coalinga |
| Ms. Sylvia Dorsey-Robinson | Vice President, Student Services, West Hills College Lemoore |
| Ms. Sandy McGlothlin | Vice President, Student Services, West Hills College Coalinga |

See accompanying note to supplementary information.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
## FOR THE YEAR ENDED JUNE 30, 2017

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Total Program Expenditures |
|---|---|---|
| U.S. DEPARTMENT OF EDUCATION | | |
| Camp Services | 84.149A | $ 280,984 |
| High School Equivalency Program | 84.141A | 461,104 |
| Student Financial Assistance Cluster: | | |
| Supplemental Educational Opportunity Grants | 84.007 | 222,644 |
| Direct Loans | 84.268 | 2,315,830 |
| Federal Workstudy | 84.033 | 202,474 |
| TANF 50% Federal/Calworks | 84.033 | 251,760 |
| Pell Grant | 84.063 | 11,246,621 |
| Subtotal - Student Financial Assistance Cluster | | 14,239,329 |
| Title V - Higher Education - Institutional Aid | 84.031S | 1,207,966 |
| TRIO Cluster: | | |
| Upward Bound | 84.047A | 811,597 |
| Upward Bound - Math / Science | 84.047M | 262,764 |
| Student Support Services | 84.042A | 266,723 |
| Subtotal - TRIO Cluster | | 1,341,084 |
| Vocational and Technical Education Act: | | |
| VTEA - Leadership | 84.048 | 100,000 |
| VTEA - Tech Prep | 84.048 | 87,496 |
| VTEA IB | 84.048 | 189,358 |
| Subtotal - VTEA Programs | | 376,854 |
| Subtotal - U.S. Department of Education | | 17,907,321 |
| U.S. DEPARTMENT OF AGRICULTURE | | |
| Child and Adult Care Food Program | 10.558 | 412,105 |
| Mendota Agricultural Pathways | 10.226 | 36,306 |
| Subtotal - U.S. Department of Agriculture | | 448,411 |
| U.S. DEPARTMENT OF VETERAN AFFAIRS | | |
| Veterans' Education | 64.112 | 1,049 |
| Subtotal U.S. Department of Veteran Affairs | | 1,049 |
| U.S. DEPARTMENT OF LABOR | | |
| WIA Cluster: | | |
| Workforce Investment Act - Adult Program | 17.258 | 683,161 |
| Workforce Investment Act - Dislocated Worker | 17.278 | 269,286 |
| Workforce Investment Act - Youth Employment Program | 17.259 | 390,547 |
| Passed Through Fresno Regional Workforce Development Board: | | |
| Workforce Investment Act | 17.258 | 125,000 |
| Subtotal - Workforce Investment Cluster | | 1,467,994 |
| Subtotal U.S. Department of Labor | | 1,467,994 |

See accompanying note to supplementary information.

## WEST HILLS COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
## FOR THE YEAR ENDED JUNE 30, 2017

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal CFDA Number | Total Program Expenditures |
|---|---|---|
| U.S. DEPARTMENT OF TRANSPORTATION | | |
| Commercial Motor Vehicle Operators | 20.235 | $ 83,300 |
| Subtotal U.S. Department of Transportation | | 83,300 |
| NATIONAL SCIENCE FOUNDATION | | |
| Achieving Community Colege Excellence for Scholarship Success | 47.076 | 72,505 |
| Total Federal Programs | | $ 19,980,580 |

See accompanying note to supplementary information.

# WEST HILLS COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF EXPENDITURES OF STATE AWARDS
## FOR THE YEAR ENDED JUNE 30, 2017

| | Program Entitlements | | |
|---|---|---|---|
| Program | Current Year | Prior Year | Total Entitlement |
| STATE | | | |
| After School Education & Safety | $ 740,099 | $ 740,099 | $ 1,480,198 |
| Award for Innovation | 4,954,225 | 537,988 | 5,492,213 |
| BFAP - Financial Aid Administration | 312,202 | 356,792 | 668,994 |
| Basic Skills/ Immigrant Edu. Supplement | 211,302 | 285,050 | 496,352 |
| California Drought Relief | 41,596 | 45,891 | 87,487 |
| Cal Works | 355,539 | 317,949 | 673,488 |
| CARE Grant | 201,965 | 225,095 | 427,060 |
| Career Pathways Trust | 7,203,140 | 1,936,507 | 9,139,647 |
| Child Care-State Preschool | 2,504,741 | 2,486,953 | 4,991,694 |
| Child Care-Food | 22,890 | 24,779 | 47,669 |
| CTE Enhancement | 180,469 | 297,095 | 477,564 |
| Disability Support Programs and Services | 511,599 | 501,848 | 1,013,447 |
| Pre-Kindergarten Supplemental | 9,249 | 10,000 | 19,249 |
| ECE Consortium Grant | 7,600 | 10,000 | 17,600 |
| Extended Opportunity Program and Service | 823,818 | 867,177 | 1,690,995 |
| First Five | | | |
| Prop 10 - Avenal | 90,000 | 88,381 | 178,381 |
| Instructional Equipment | 11,582 | 18,232 | 29,814 |
| IRDC/Merced CCD | 371,306 | 175,694 | 547,000 |
| FRCCD/IDRC/21st Century Skills | - | 10,421 | 10,421 |
| OSHPH/HCTP | - | 4,258 | 4,258 |
| Lottery | | | |
| Restricted | 188,463 | 734,840 | 923,303 |
| Physical Plant and Instructional Support | 850,784 | 660,956 | 1,511,740 |
| Staff Diversity | 60,000 | 4,264 | 64,264 |
| Strong Workforce | 463,236 | - | 463,236 |
| Student Success and Support Program (Matriculation) | 2,243,092 | 1,723,113 | 3,966,205 |
| Student Success and Support Program Student Equity | 905,587 | 1,044,974 | 1,950,561 |
| Teacher Prep Pipeline | 162,549 | 131,502 | 294,051 |
| CCCCO/Nursing Education | 114,100 | 192,287 | 306,387 |
| CCCCO/Adult | 1,051,290 | 955,412 | 2,006,702 |
| CCCCO/Zero Textbook Course Degree | 40,361 | - | 40,361 |
| Career Academy Grant: Coalinga | 300,000 | 142,057 | 442,057 |
| SB1133 | - | 1,960 | 1,960 |
| Song Brown Capitation | 20,000 | 20,000 | 40,000 |
| Song Brown | 63,467 | 40,415 | 103,882 |
| Prop 39/KCCD | 52,147 | 3,097 | 55,244 |
| Prop 39/5CoCraft Path | 3,555 | 5,000 | 8,555 |
| CDCR - Institutional Transition Program | - | 53,670 | 53,670 |
| Middle College High | 109,000 | 99,000 | 208,000 |
| Total State Programs | $ 25,180,953 | $ 14,752,756 | $ 39,933,709 |

See accompanying note to supplementary information.

| Program Revenues | | | | Total |
|---|---|---|---|---|
| Cash Received | Accounts Receivable | Unearned Revenue | Total Revenue | Program Expenditures |
| $ 740,099 | $ - | $ - | $ 740,099 | $ 740,099 |
| 4,954,225 | - | 4,093,417 | 860,808 | 860,808 |
| - | - | - | - | 312,202 |
| 211,302 | - | - | 211,302 | 211,302 |
| 90,005 | - | 48,408 | 41,597 | 41,597 |
| 355,539 | - | - | 355,539 | 355,539 |
| 201,965 | - | - | 201,965 | 201,965 |
| 7,203,140 | - | 4,441,477 | 2,761,663 | 2,761,663 |
| 2,504,741 | - | - | 2,504,741 | 2,701,684 |
| 22,890 | - | - | 22,890 | 22,890 |
| 180,469 | - | - | 180,469 | 180,469 |
| 511,599 | - | - | 511,599 | 511,599 |
| 3,333 | 5,916 | - | 9,249 | 9,249 |
| 7,600 | - | - | 7,600 | 7,600 |
| 823,818 | - | - | 823,818 | 823,818 |
| | | | | |
| 90,000 | - | - | 90,000 | 90,000 |
| 11,582 | - | - | 11,582 | 11,582 |
| 371,306 | - | - | 371,306 | 371,306 |
| - | - | - | - | - |
| - | - | - | - | - |
| | | | | |
| 188,463 | - | - | 188,463 | 188,463 |
| 850,784 | - | - | 850,784 | 850,784 |
| 60,000 | - | 28,463 | 31,537 | 31,537 |
| 463,236 | - | 360,510 | 102,726 | 102,726 |
| 2,243,092 | - | 216,558 | 2,026,534 | 2,026,534 |
| 905,587 | - | 98,028 | 807,559 | 807,559 |
| 162,549 | - | - | 162,549 | 162,549 |
| 114,100 | - | - | 114,100 | 114,100 |
| 1,051,290 | - | - | 1,051,290 | 1,051,290 |
| 40,361 | - | - | 40,361 | 40,361 |
| 300,000 | - | 51,195 | 248,805 | 248,805 |
| - | - | - | - | - |
| 20,000 | - | - | 20,000 | 20,000 |
| 63,467 | - | - | 63,467 | 63,467 |
| 52,147 | - | - | 52,147 | 52,147 |
| 3,555 | - | - | 3,555 | 3,555 |
| - | - | - | - | - |
| 109,000 | - | - | 109,000 | 109,000 |
| $ 24,911,244 | $ 5,916 | $ 9,338,056 | $ 15,579,104 | $ 16,088,249 |

## WEST HILLS COMMUNITY COLLEGE DISTRICT

## SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
## FOR THE YEAR ENDED JUNE 30, 2017

| CATEGORIES | Reported Data | Audit Adjustments | Audited Data |
|---|---|---|---|
| **A. Summer Intersession (Summer 2016 only)** | | | |
| 1. Noncredit | 74.58 | - | 74.58 |
| 2. Credit | 503.85 | - | 503.85 |
| **B. Summer Intersession (Summer 2017 - Prior to July 1, 2017)** | | | |
| 1. Noncredit | 1.05 | - | 1.05 |
| 2. Credit | 117.53 | - | 117.53 |
| **C. Primary Terms (Exclusive of Summer Intersession)** | | | |
| 1. Census Procedure Courses | | | |
| (a) Weekly Census Contact Hours | 2,229.08 | - | 2,229.08 |
| (b) Daily Census Contact Hours | 573.78 | - | 573.78 |
| 2. Actual Hours of Attendance Procedure Courses | | | |
| (a) Noncredit | 278.15 | - | 278.15 |
| (b) Credit | 75.69 | - | 75.69 |
| 3. Alternative Attendance Accounting Procedure Courses | | | |
| (a) Weekly Census Contact Hours | 1,466.60 | - | 1,466.60 |
| (b) Daily Census Contact Hours | 404.90 | - | 404.90 |
| (c) Noncredit Independent Study/Distance Education Courses | - | - | - |
| **D. Total FTES** | 5,725.21 | - | 5,725.21 |
| **SUPPLEMENTAL INFORMATION (Subset of Above Information)** | | | |
| **E. In-Service Training Courses (FTES)** | | | |
| **F. Basic Skills Courses and Immigrant Education** | | | |
| 1. Noncredit | 348.08 | - | 348.08 |
| 2. Credit | 115.39 | - | 115.39 |
| **CCFS-320 Addendum** | | | |
| CDCP Noncredit FTES | - | - | - |
| Centers FTES | | | |
| 1. Noncredit | 4.26 | - | 4.26 |
| 2. Credit | 1,085.51 | - | 1,085.51 |

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, 2017

| | | ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 | | | ECS 84362 B Total CEE AC 0100 - 6799 | | |
|---|---|---|---|---|---|---|---|
| | Object/TOP Codes | Reported Data | Audit Adjustments | Revised Data | Reported Data | Audit Adjustments | Revised Data |
| **Academic Salaries** | | | | | | | |
| **Instructional Salaries** | | | | | | | |
| Contract or Regular | 1100 | $ 6,626,611 | $ - | $ 6,626,611 | $ 6,626,611 | $ - | $ 6,626,611 |
| Other | 1300 | 4,498,366 | - | 4,498,366 | 4,498,366 | - | 4,498,366 |
| **Total Instructional Salaries** | | 11,124,977 | - | 11,124,977 | 11,124,977 | - | 11,124,977 |
| **Noninstructional Salaries** | | | | | | | |
| Contract or Regular | 1200 | - | - | - | 2,975,484 | - | 2,975,484 |
| Other | 1400 | - | - | - | 294,485 | - | 294,485 |
| **Total Noninstructional Salaries** | | - | - | - | 3,269,969 | - | 3,269,969 |
| **Total Academic Salaries** | | 11,124,977 | - | 11,124,977 | 14,394,946 | - | 14,394,946 |
| **Classified Salaries** | | | | | | | |
| **Noninstructional Salaries** | | | | | | | |
| Regular Status | 2100 | - | - | - | 5,282,983 | - | 5,282,983 |
| Other | 2300 | - | - | - | 204,363 | - | 204,363 |
| **Total Noninstructional Salaries** | | - | - | - | 5,487,346 | - | 5,487,346 |
| **Instructional Aides** | | | | | | | |
| Regular Status | 2200 | 115,700 | - | 115,700 | 115,700 | - | 115,700 |
| Other | 2400 | 175,311 | - | 175,311 | 175,311 | - | 175,311 |
| **Total Instructional Aides** | | 291,011 | - | 291,011 | 291,011 | - | 291,011 |
| **Total Classified Salaries** | | 291,011 | - | 291,011 | 5,778,357 | - | 5,778,357 |
| Employee Benefits | 3000 | 3,148,017 | - | 3,148,017 | 7,170,318 | - | 7,170,318 |
| Supplies and Material | 4000 | - | - | - | 675,194 | - | 675,194 |
| Other Operating Expenses | 5000 | 256,730 | - | 256,730 | 2,500,552 | - | 2,500,552 |
| Equipment Replacement | 6420 | - | - | - | - | - | - |
| **Total Expenditures Prior to Exclusions** | | 14,820,735 | - | 14,820,735 | 30,519,367 | - | 30,519,367 |

See accompanying note to supplementary information.

## RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
## FOR THE YEAR ENDED JUNE 30, 2017

| | | ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 | | | ECS 84362 B Total CEE AC 0100 - 6799 | | |
|---|---|---|---|---|---|---|---|
| | Object/TOP Codes | Reported Data | Audit Adjustments | Revised Data | Reported Data | Audit Adjustments | Revised Data |
| **Exclusions** | | | | | | | |
| **Activities to Exclude** | | | | | | | |
| Instructional Staff - Retirees' Benefits and Retirement Incentives | 5900 | $ 217,444 | $ - | $ 217,444 | $ 217,444 | $ - | $ 217,444 |
| Student Health Services Above Amount Collected | 6441 | - | - | - | - | - | - |
| Student Transportation | 6491 | - | - | - | 54,055 | - | 54,055 |
| Noninstructional Staff - Retirees' Benefits and Retirement Incentives | 6740 | - | - | - | 253,153 | - | 253,153 |
| **Objects to Exclude** | | | | | | | |
| Rents and Leases | 5060 | - | - | - | 311,085 | - | 311,085 |
| Lottery Expenditures | | | | | | | - |
| Academic Salaries | 1000 | - | - | - | - | - | - |
| Classified Salaries | 2000 | - | - | - | - | - | - |
| Employee Benefits | 3000 | - | - | - | - | - | - |
| Supplies and Materials | 4000 | - | - | - | - | - | - |
| Software | 4100 | - | - | - | - | - | - |
| Books, Magazines, and Periodicals | 4200 | - | - | - | - | - | - |
| Instructional Supplies and Materials | 4300 | - | - | - | 58,742 | - | 58,742 |
| Noninstructional Supplies and Materials | 4400 | - | - | - | 616,757 | - | 616,757 |
| **Total Supplies and Materials** | | - | - | - | 675,499 | - | 675,499 |

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, 2017

| | | ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 | | | ECS 84362 B Total CEE AC 0100 - 6799 | | |
|---|---|---|---|---|---|---|---|
| | Object/TOP Codes | Reported Data | Audit Adjustments | Revised Data | Reported Data | Audit Adjustments | Revised Data |
| Other Operating Expenses and Services | 5000 | $ - | $ - | $ - | $ - | $ - | $ - |
| Capital Outlay | 6000 | | | | | | |
| Library Books | 6300 | - | - | - | - | - | - |
| Equipment | 6400 | - | - | - | - | - | - |
| Equipment - Additional | 6410 | - | - | - | - | - | - |
| Equipment - Replacement | 6420 | - | - | - | - | - | - |
| **Total Equipment** | | - | - | - | - | - | - |
| **Total Capital Outlay** | | | | | | | |
| Other Outgo | 7000 | - | - | - | - | - | - |
| **Total Exclusions** | | 217,444 | - | 217,444 | 1,511,236 | - | 1,511,236 |
| **Total for ECS 84362, 50 Percent Law** | | $ 14,603,291 | $ - | $ 14,603,291 | $ 29,008,131 | $ - | $ 29,008,131 |
| **Percent of CEE (Instructional Salary Cost/Total CEE)** | | 50.34% | | 50.34% | 100.00% | | 100.00% |
| **50% of Current Expense of Education** | | | | | $ 14,504,066 | | $ 14,504,066 |

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, 2017

| **Activity Classification** | **Object Code** | | | **Unrestricted** | |
|---|---|---|---|---|---|
| EPA Proceeds: | 8630 | | | | $ 5,134,403 |
| **Activity Classification** | **Activity Code** | **Salaries and Benefits (Obj 1000-3000)** | **Operating Expenses (Obj 4000-5000)** | **Capital Outlay (Obj 6000)** | **Total** |
| Instructional Activities | 1000-5900 | $ 5,134,403 | $ - | $ - | $ 5,134,403 |
| **Total Expenditures for EPA** | | $ 5,134,403 | $ - | $ - | $ 5,134,403 |
| **Revenues Less Expenditures** | | | | | $ - |

See accompanying note to supplementary information.

## RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS
## FOR THE YEAR ENDED JUNE 30, 2017

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2017.

See accompanying note to supplementary information.

## WEST HILLS COMMUNITY COLLEGE DISTRICT

## RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
## JUNE 30, 2017

| | | |
|---|---|---|
| **Amounts Reported in the Statement of Net Position are Different Because:** | | |
| **Total Fund Balance - All District Funds** | | **$ 30,843,326** |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. | | |
| The cost of capital assets is | $ 196,972,614 | |
| Accumulated depreciation is | (63,962,454) | 133,010,160 |
| The Retiree Benefit Trust (GASB 45) is reported in the entity-wide statements as a Net Plan Asset or an OPEB obligation and not at it's full value. This is the difference between the Trust value and the Net Plan Asset. | | 3,133,362 |
| Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis. | | 3,804,354 |
| The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accural basis over the expected average remaining service life of members receiving pension benefits. | | (2,073,592) |
| The difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense. | | 4,964,839 |
| The differences between expected and actual experience in the measurement of the total pension liability are not recognized on the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits. | | 432,426 |
| The changes of assumptions are not recognized as an expenditure under the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits. | | (648,428) |
| Net pension liability is not due and payable in the current period and is not reported as a liability in the funds. | | (41,908,676) |
| The activity of the Student Financial Aid Trust Fund is included in the total governmental activities financial statements unlike the other fiduciary funds. | | 72,947 |

See accompanying note to supplementary information.

## RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION, Continued
## JUNE 30, 2017

| | | |
|---|---|---|
| Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. | | |
| Bonds payable | $ 78,231,093 | |
| Capital leases payable | 1,339,621 | |
| CDE-Child Care revolving loan | 42,000 | |
| Compensated absences (vacations) | 1,173,833 | $ (80,786,547) |
| **Total Net Position** | | **$ 50,844,171** |

See accompanying note to supplementary information.

## *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 Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

### 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

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.

**Reconciliation of Governmental Funds to the Statement of Net Position**

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

***INDEPENDENT AUDITOR'S REPORTS***

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

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

Board of Trustees
West Hills Community College District
Coalinga, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of West Hills Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 29, 2017.

**Emphasis of Matter - Change in Accounting Principles**

As discussed in Note 2 to the financial statements, in 2017, the District adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinion is not modified with respect to this matter.

**Internal Control Over Financial Reporting**

In planning and performing our audit 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 a 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.



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

**Compliance and Other Matters**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 29, 2017

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

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# INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 the *OMB 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, 2017. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with the Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 considered 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.



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**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, 2017.

**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 the Uniform Guidance, 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 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 in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 29, 2017

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

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**NDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

Board of Trustees
West Hills Community College District
Coalinga, California

**Report on State Compliance**

We have audited West Hills Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in March 2017 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2017.

**Management's Responsibility**

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in March 2017.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in March 2017. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

**Unmodified Opinion for Each of the Programs**

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2017.



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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 | Dual Enrollment of K-12 Students in Community College Credit Courses |
| Section 428 | Student Equity |
| Section 429 | Student Success and Support Program (SSSP) |
| Section 430 | Schedule Maintenance Program |
| Section 431 | Gann Limit Calculation |
| Section 435 | Open Enrollment |
| Section 439 | Proposition 39 Clean Energy |
| Section 440 | Intersession Extension Programs |
| Section 475 | Disabled Student Programs and Services (DSPS) |
| Section 479 | To Be Arranged Hours (TBA) |
| Section 490 | Proposition 1D and 51 State Bond Funded Projects |
| Section 491 | Proposition55 Education Protection Account Funds |

The District did not participate in any Intersession Extension Programs; therefore, the compliance tests within this section were not applicable.

The District did not have any Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 29, 2017

# *SCHEDULE OF FINDINGS AND QUESTIONED COSTS*

## SUMMARY OF AUDITOR'S RESULTS
## FOR THE YEAR ENDED JUNE 30, 2017

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

| | |
|---|---|
| Internal control over major Federal programs: | |
| Material weaknesses identified? | No |
| Significant deficiencies identified? | None reported |
| Type of auditor's report issued on compliance for major Federal programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance? | No |
| Identification of major Federal programs: | |

| CFDA Numbers | Name of Federal Program or Cluster |
|---|---|
| 84.007, 84.033, 84.063, 84.268 | Student Financial Assistance Cluster |
| 17.258, 17.259, 17.278 | Workforce Investment Act Cluster |
| 84.042A, 84.047A, 84.047M | TRIO Cluster |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $ 750,000 |
| Auditee qualified as low-risk auditee? | Yes |

**STATE AWARDS**

| | |
|---|---|
| Type of auditor's report issued on compliance for State programs: | Unmodified |

## FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
## FOR THE YEAR ENDED JUNE 30, 2017

None reported.

## FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED JUNE 30, 2017

None reported.

## STATE AWARDS FINDINGS AND QUESTIONED COSTS
## FOR THE YEAR ENDED JUNE 30, 2017

None reported.

**WEST HILLS COMMUNITY COLLEGE DISTRICT**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**
**FOR THE YEAR ENDED JUNE 30, 2017**

None reported.

## *UNAUDITED SUPPLEMENTARY INFORMATION*

## WEST HILLS COMMUNITY COLLEGE DISTRICT

## GOVERNMENTAL FUNDS
## BALANCE SHEETS
## JUNE 30, 2017

| | General Unrestricted | General Restricted | Cafeteria |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 19,669,654 | $ 1,057,264 | $ 3,172 |
| Investments | - | - | - |
| Accounts receivable | 933,116 | 1,597,166 | - |
| Student loans receivable | 3,330,362 | - | 9,800 |
| Due from other funds | 1,092,123 | 9,624,840 | 21,878 |
| Prepaid expenses | 35,165 | 15,009 | - |
| **Total Assets** | $ 25,060,420 | $ 12,294,279 | $ 34,850 |
| **LIABILITIES AND FUND EQUITY** | | | |
| **LIABILITIES** | | | |
| Accounts payable | $ 2,796,576 | $ 1,348,020 | $ 19,472 |
| Due to other funds | 10,377,946 | - | - |
| Unearned revenue | 4,484,820 | 10,946,259 | - |
| **Total Liabilities** | 17,659,342 | 12,294,279 | 19,472 |
| **FUND EQUITY** | | | |
| Fund Balances | | | |
| Restricted | - | - | - |
| Nonspendable | 35,165 | 15,009 | - |
| Uncommitted | 7,365,913 | (15,009) | 15,378 |
| **Total Fund Equity** | 7,401,078 | - | 15,378 |
| **Total Liabilities and Fund Equity** | $ 25,060,420 | $ 12,294,279 | $ 34,850 |

See accompanying note to unaudited supplementary information.

| Child Development | Farm Operations | Residence Living | Revenue Bond Interest and Redemption | MUSC New Market Tax Credit | FOF1 New Market Tax Credit |
|---|---|---|---|---|---|
| $ 1,226,375 | $ 8,232 | $ 911 | $ 5,554,369 | $ 499,502 | $ 960,415 |
| - | - | - | - | - | - |
| 384,748 | 14,360 | 85 | 93,966 | 5,692 | - |
| - | - | - | - | - | - |
| - | 62,823 | 39,134 | - | - | - |
| 3,157 | - | - | - | - | - |
| $ 1,614,280 | $ 85,415 | $ 40,130 | $ 5,648,335 | $ 505,194 | $ 960,415 |
| | | | | | |
| $ 216,140 | $ 85,415 | $ 34,964 | $ - | $ - | $ - |
| 960,681 | - | 5,166 | - | 893 | - |
| 102,700 | - | - | - | - | - |
| 1,279,521 | 85,415 | 40,130 | - | 893 | - |
| | | | | | |
| - | - | - | - | 504,301 | 960,415 |
| - | - | - | - | - | - |
| 334,759 | - | - | 5,648,335 | | - |
| 334,759 | - | - | 5,648,335 | 504,301 | 960,415 |
| $ 1,614,280 | $ 85,415 | $ 40,130 | $ 5,648,335 | $ 505,194 | $ 960,415 |

## GOVERNMENTAL FUNDS
## BALANCE SHEETS, Continued
## JUNE 30, 2017

| | Capital Outlay Projects | Revenue Bond Construction | Total Governmental Fund (Memorandum Only) |
|---|---|---|---|
| **ASSETS** | | | |
| Cash and cash equivalents | $ 6,798,378 | $ 7,651,539 | $ 43,429,811 |
| Investments | 1,123,373 | - | 1,123,373 |
| Accounts receivable | 25,552 | 31,551 | 3,086,236 |
| Student loans receivable | - | - | 3,340,162 |
| Due from other funds | 921,550 | - | 11,762,348 |
| Prepaid expenses | - | - | 53,331 |
| **Total Assets** | $ 8,868,853 | $ 7,683,090 | $ 62,795,261 |
| **LIABILITIES AND FUND EQUITY** | | | |
| **LIABILITIES** | | | |
| Accounts payable | $ 346,973 | $ - | $ 4,847,560 |
| Due to other funds | - | 225,910 | 11,570,596 |
| Unearned revenue | - | - | 15,533,779 |
| **Total Liabilities** | 346,973 | 225,910 | 31,951,935 |
| **FUND EQUITY** | | | |
| Fund Balances | | | |
| Restricted | - | - | 1,464,716 |
| Nonspendable | - | - | 50,174 |
| Uncommitted | 8,521,880 | 7,457,180 | 29,328,436 |
| **Total Fund Equity** | 8,521,880 | 7,457,180 | 30,843,326 |
| **Total Liabilities and Fund Equity** | $ 8,868,853 | $ 7,683,090 | $ 62,795,261 |

See accompanying note to unaudited supplementary information.

## WEST HILLS COMMUNITY COLLEGE DISTRICT

## GOVERNMENTAL FUNDS
## STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
## FOR THE YEAR ENDED JUNE 30, 2017

| | General Unrestricted | General Restricted | Cafeteria |
|---|---|---|---|
| **REVENUES** | | | |
| Federal revenues | $ 1,050 | $ 5,782,330 | $ - |
| State revenues | 30,918,750 | 12,547,841 | - |
| Local revenues | 8,732,018 | 103,570 | 745,548 |
| **Total Revenues** | 39,651,818 | 18,433,741 | 745,548 |
| **EXPENDITURES** | | | |
| Current Expenditures | | | |
| Academic salaries | 15,395,516 | 3,167,888 | - |
| Classified salaries | 6,718,636 | 5,388,026 | 297,612 |
| Employee benefits | 8,910,544 | 2,974,237 | 140,231 |
| Books and supplies | 903,509 | 599,583 | 417,753 |
| Services and operating expenditures | 3,734,063 | 4,233,742 | 286,714 |
| Student financial aid | 431 | 374,867 | - |
| Capital outlay | 448,210 | 857,911 | 5,471 |
| Debt service - principal | 473,068 | - | - |
| Debt service - interest and other | 58,802 | - | - |
| **Total Expenditures** | 36,642,779 | 17,596,254 | 1,147,781 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | 3,009,039 | 837,487 | (402,233) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Operating transfers in | 340,468 | 208,781 | 415,206 |
| Operating transfers out | (4,479,668) | (1,046,268) | - |
| Other sources | - | 671,647 | - |
| Other uses | - | (671,647) | - |
| **Total Other Financing Sources (Uses)** | (4,139,200) | (837,487) | 415,206 |
| **EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES** | (1,130,161) | - | 12,973 |
| **FUND BALANCE, BEGINNING OF YEAR** | 8,531,239 | - | 2,405 |
| **FUND BALANCE, END OF YEAR** | $ 7,401,078 | $ - | $ 15,378 |

See accompanying note to unaudited supplementary information.

| Child Development | Farm Operations | Residence Living | Revenue Bond Interest and Redemption | MUSC New Market Tax Credit | FOF1 New Market Tax Credit |
|---|---|---|---|---|---|
| $ 412,105 | $ - | $ - | $ - | $ - | $ - |
| 4,252,575 | - | - | 22,850 | - | - |
| 210,820 | 188,660 | 389,669 | 4,503,899 | 86,701 | 119,661 |
| 4,875,500 | 188,660 | 389,669 | 4,526,749 | 86,701 | 119,661 |
| | | | | | |
| - | 125,985 | - | - | - | - |
| 3,034,573 | 79,515 | 186,606 | - | - | - |
| 1,181,721 | 87,443 | 146,513 | - | - | - |
| 303,677 | 59,444 | 15,461 | - | - | - |
| 1,420,372 | 496,044 | 245,023 | - | 168,952 | 4,075 |
| - | - | - | - | - | - |
| 24,171 | 50,202 | - | - | - | - |
| 42,000 | - | - | 2,075,000 | - | - |
| - | - | - | 2,445,071 | 84,068 | 105,711 |
| 6,006,514 | 898,633 | 593,603 | 4,520,071 | 253,020 | 109,786 |
| (1,131,014) | (709,973) | (203,934) | 6,678 | (166,319) | 9,875 |
| 1,554,719 | 637,149 | 203,934 | - | - | - |
| (346,231) | - | - | - | (984,261) | (170,234) |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 1,208,488 | 637,149 | 203,934 | - | (984,261) | (170,234) |
| | | | | | |
| 77,474 | (72,824) | - | 6,678 | (1,150,580) | (160,359) |
| 257,285 | 72,824 | - | 5,641,657 | 1,654,881 | 1,120,774 |
| $ 334,759 | $ - | $ - | $ 5,648,335 | $ 504,301 | $ 960,415 |

WEST HILLS COMMUNITY COLLEGE DISTRICT

## GOVERNMENTAL FUNDS
## STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, Continued
## FOR THE YEAR ENDED JUNE 30, 2017

| | Capital Outlay Projects | Revenue Bond Construction | Total Governmental Fund (Memorandum Only) |
|---|---|---|---|
| **REVENUES** | | | |
| Federal revenues | $ - | $ - | $ 6,195,485 |
| State revenues | - | - | 47,742,016 |
| Local revenues | 311,259 | (42,670) | 15,349,135 |
| **Total Revenues** | 311,259 | (42,670) | 69,286,636 |
| **EXPENDITURES** | | | |
| Current Expenditures | | | |
| Academic salaries | - | - | 18,689,389 |
| Classified salaries | - | - | 15,704,968 |
| Employee benefits | - | - | 13,440,689 |
| Books and supplies | 25,689 | - | 2,325,116 |
| Services and operating expenditures | 1,329,775 | - | 11,918,760 |
| Student financial aid | - | - | 375,298 |
| Capital outlay | 9,091,433 | - | 10,477,398 |
| Debt service - principal | 603,125 | 14,275,000 | 17,468,193 |
| Debt service - interest and other | 68,508 | 3,086,358 | 5,848,518 |
| **Total Expenditures** | 11,118,530 | 17,361,358 | 96,248,329 |
| **EXCESS OF REVENUES OVER (UNDER) EXPENDITURES** | (10,807,271) | (17,404,028) | (26,961,693) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Operating transfers in | 10,527,091 | - | 13,887,348 |
| Operating transfers out | - | (8,360,485) | (15,387,147) |
| Other sources | 1,016,275 | 17,361,358 | 19,049,280 |
| Other uses | - | - | (671,647) |
| **Total Other Financing Sources (Uses)** | 11,543,366 | 9,000,873 | 16,877,834 |
| **EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES** | 736,095 | (8,403,155) | (10,083,859) |
| **FUND BALANCE, BEGINNING OF YEAR** | 7,785,785 | 15,860,335 | 40,927,185 |
| **FUND BALANCE, END OF YEAR** | $ 8,521,880 | $ 7,457,180 | $ 30,843,326 |

See accompanying note to unaudited supplementary information.

# NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION
# JUNE 30, 2017

## *NOTE 1 - PURPOSE OF SCHEDULES*

### Fund Financial Statements

The accompanying financial statements report the governmental activities of the District and are presented on the modified accrual basis of accounting. Therefore, some amounts presented in these financial statements may differ from amounts presented in, or used in, the preparation of the basic financial statements. The information is not a required component of the financial statements in accordance with GASB Statements No. 34 and No. 35 and is presented at the request of the District management.