WEST HILLS COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

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, 2018, 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 opinions 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 2017-2018 *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 opinions.

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Opinions

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, 2018, and the respective changes in financial position and, where applicable, 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 and Note 11 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* 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, Schedule of Changes in the District's Net OPEB Liability and Related Ratios on page 70, Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program on page 71, Schedule of the District's Proportionate Share of the Net Pension Liability on page 72, and the Schedule of District Contributions on page 73, 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), and the other supplementary information are presented for purposes of additional analysis and are 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 January 18, 2019, 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
January 18, 2019

Office of the Deputy Chancellor
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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 2017-2018 fiscal year, the District's actual FTES were nearly 6,000 while the actual FTES in the 2016-2017 fiscal year were 5,500. 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 $5.8 million. The State Chancellor's Office recommends reserve levels of five percent of unrestricted General Fund expenditures be set aside for economic uncertainties. The District met this requirement with approximately 13 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 $47.8 million during the 2016-2017 fiscal year to $54.7 million during the 2017-2018 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 $17 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, 2018 and 2017

	2018	2017, as Restated	Change
ASSETS			
Current Assets			
Cash and investments	$ 49,818	$ 46,078	$ 3,740
Accounts receivable	6,937	6,662	275
Due from fiduciary	126	119	7
Prepaid	97	108	(11)
Total Current Assets	56,978	52,967	4,011
Non-Current Assets			
Capital assets, net of depreciation	131,268	133,010	(1,742)
Total Non-Current Assets	131,268	133,010	(1,742)
Total Assets	188,246	185,977	2,269
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	16,111	9,971	6,140
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	5,026	5,304	(278)
Due to fiduciary funds	292	111	181
Unearned revenue	11,697	15,625	(3,928)
Long-term liabilites	3,347	4,953	(1,606)
Total Current Liabilites	20,362	25,993	(5,631)
Non-Current Liabilities			
Long-term liabilities	144,128	122,863	21,265
Total liabilities	164,490	148,856	15,634
DEFERRED INFLOWS OF RESOURCES			
Deferrred inflows related to pensions	3,156	3,492	(336)
NET POSITION			
Net investment in capital assets	67,951	69,818	(1,867)
Restricted for expendable purposes	6,587	11,592	(5,005)
Unrestricted	(37,827)	(37,810)	(17)
Total Net Position	$ 36,711	$ 43,600	$ (6,889)

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, 2018 and 2017

	2018	2017	Difference
OPERATING REVENUES			
Tuition and fees	$ 2,203	$ 2,337	$ (134)
Grants and contracts	41,791	41,694	97
Auxiliary sales and charges	812	934	(122)
Total Operating Revenues	44,806	44,965	(159)
OPERATING EXPENSES			
Salaries and benefits	54,670	47,787	6,883
Other expenses	32,720	34,481	(1,761)
Depreciation	6,098	5,585	513
Total Operating Expenses	93,488	87,853	5,635
NET LOSS ON OPERATIONS	(48,682)	(42,888)	(5,794)
NONOPERATING REVENUES AND (EXPENSES)			
State apportionments	30,369	28,312	2,057
Property taxes	5,661	5,435	226
State revenues	1,608	1,183	425
Interest income	604	395	209
Interest expense	(3,476)	(5,634)	2,158
Net transfers (to)/from trust and agency funds	(1,155)	(1,327)	172
Other non-operating revenues	3,310	1,862	1,448
Total Nonoperating Revenues	36,921	30,226	6,695
OTHER REVENUES			
Local revenues, capital	4,872	4,447	425
NET INCREASE (DECREASE) IN NET POSITION	$ (6,889)	$ (8,215)	$ 1,326

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 $48.7 million is mostly balanced by the other state general apportionment sources resulting in a decrease in the District's Net Position of $7.0 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, 2018 and 2017

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.

	2018	2017	Difference
CASH PROVIDED BY (USED IN)			
Operating activities	$ (43,960)	$ (77,434)	$ 33,474
Noncapital financing activities	38,971	81,173	(42,202)
Capital financing activities	8,994	(9,524)	18,518
Investing activities	745	400	345
Net change in Cash and Cash Equivalents	$ 4,750	$ (5,385)	$ 10,135

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, 2018:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	$ 14,233,321	$ 8,284,221	$ 2,140,258	$ -	$ -	$ 24,657,800
Academic support	3,133,750	1,068,772	1,045,428	-	-	5,247,950
Student services	7,598,495	3,216,919	1,663,036	17,467,569	-	29,946,020
Plant operations and maintenance	1,501,471	824,772	1,418,791	764,474	-	4,509,507
Instructional support services	3,540,006	1,976,565	1,560,624	4,267,729	-	11,344,924
Community services and economic development	888,797	296,835	385,236	-	-	1,570,867
CDC, Farm, Cafeteria, Parking, Athletics, RH	5,005,892	2,035,040	3,680,875	45,508	-	10,767,315
Contract Education	268,310	64,023	319,495	-	-	651,829
Other Auxillary Operations	146,034	66,230	277,964	-	-	490,229
Physical Prop and Acquisitions	379,938	139,883	31,927	-	-	551,748
Other financing	-	-	136,108	-	-	136,108
Student Aid (Scholarships)	-	-	-	91,748	-	91,748
Other Outgo (Accum Vac/Comp) and bad debt write-off	-	-	(232)	-	-	(232)
Depreciation expense-unallocated	-	-	-	-	5,585	5,585
Total	$ 36,696,016	$ 17,973,260	$ 12,659,509	$ 22,637,028	$ 5,585	$ 89,971,398

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 and 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

ECONOMIC FACTORS AFFECTING THE FUTURE OF WEST HILLS COMMUNITY COLLEGE DISTRICT

The 2017-2018 State Budget represents an increase in funding for both COLA and growth in the amount of 1.56 percent and 2 percent, respectively, which is an increase of 100 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. There is a primary focus on the achievements of our students that will 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 Richard Storti, Deputy Chancellor, at West Hills Community College District, 9800 Cody Street, Coalinga, California 93210, or e-mail at richardstorti@whccd.edu.

WEST HILLS COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2018

ASSETS	
Current Assets	
Cash and investments	$ 17,691,933
Restricted cash and investments	32,126,291
Accounts receivable	3,623,382
Student loans receivable, net	3,313,837
Due from fiduciary funds	125,869
Prepaid expenses - current portion	96,961
Total Current Assets	56,978,273
Noncurrent Assets	
Nondepreciable capital assets	11,192,106
Depreciable capital assets	190,113,405
Less: Accumulated depreciation	(70,037,843)
Total Noncurrent Assets	131,267,668
TOTAL ASSETS	188,245,941
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	16,110,918
LIABILITIES	
Current Liabilities	
Accounts payable	5,026,204
Due to fiduciary funds	292,317
Unearned revenue	11,696,563
Long-term liabilities	3,346,461
Total Current Liabilities	20,361,545
Noncurrent Liabilities	
Compensated absences payable	1,222,883
Aggregate net pension obligation	50,981,295
Long-term liabilities	91,923,583
Total Noncurrent Liabilities	144,127,761
TOTAL LIABILITIES	164,489,306
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	3,156,496
NET POSITION	
Net investment in capital assets	67,951,074
Restricted for:	
Debt service	5,189,057
Capital projects	1,322,525
Other activities	75,331
Unrestricted	(37,826,930)
TOTAL NET POSITION	$ 36,711,057

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, 2018

OPERATING REVENUES	
Tuition and Fees	$ 7,266,472
Less: Scholarship discount and allowance	(5,063,827)
Net tuition and fees	2,202,645
Grants and Contracts, Noncapital	
Federal	20,498,284
State	21,293,031
Total grants and contracts, noncapital	41,791,315
Auxiliary Sales and Charges	
Cafeteria	594,425
Farm	217,507
Total auxiliary sales and charges	811,932
TOTAL OPERATING REVENUES	44,805,892
OPERATING EXPENSES	
Salaries	36,696,016
Employee benefits	17,973,260
Supplies, materials, and other operating expenses and services	32,720,261
Depreciation	6,097,429
TOTAL OPERATING EXPENSES	93,486,966
OPERATING LOSS	(48,681,074)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	30,368,500
Local property taxes, levied for general purposes	5,660,985
State taxes and other revenues	1,607,524
Investment income, net	603,957
Interest and other expenses on debt	(3,476,276)
Net transfers (to)/from trust and agency funds	(1,155,061)
Other non-operating revenues	3,310,333
TOTAL NON-OPERATING REVENUES (EXPENSES)	36,919,962
LOSS BEFORE OTHER REVENUES	(11,761,112)
OTHER REVENUES	
Local revenues, capital	4,872,071
CHANGE IN NET POSITION	(6,889,041)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	43,600,098
NET POSITION, END OF YEAR	$ 36,711,057

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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 2,150,850
Noncapital grants and contracts	38,317,458
Payments to vendors for supplies and services	(33,015,445)
Auxiliary sales	811,932
Payments to or on behalf of employees	(52,406,234)
Other operating receipts (payments)	181,608
Net Cash Flows Used By Operating Activities	(43,959,831)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	30,368,500
Property taxes - nondebt related	5,553,673
State taxes and other apportionments	348,024
Other nonoperating	2,700,883
Net Cash Flows From Noncapital Financing Activities	38,971,080
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(4,323,074)
Accreted interest on capital appreciation bonds	778,453
Proceeds from capital debt	13,762,192
Principal paid on capital debt	(3,671,628)
Interest and expenses paid on capital debt	2,448,350
Net Cash Flows Used By Capital Financing Activities	8,994,293
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received from investments	744,447
NET CHANGE IN CASH AND CASH EQUIVALENTS	4,749,989
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	45,068,235
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 49,818,224

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, 2018

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (48,681,074)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	6,097,429
Changes in Assets, Deferred Outlfows, Liabilities and Deferred Inflows:	
Receivables, net	33,218
Prepaid expenses	11,147
Accounts payable and accrued liabilities	(309,691)
Unearned revenue	(83,734)
Deferred outflows/(inflows) of resources related to pensions	(6,474,823)
Deferred inflows of resources related to pensions	5,447,697
Total Adjustments	4,721,243
Net Cash Flows Used by Operating Activities	$ (43,959,831)
NON CASH TRANSACTIONS	
On behalf payments for benefits	$ 1,147,230

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2018

	Trust Funds	Agency Funds [1]
ASSETS		
Deposits and investments	$ 144,186	$ 24,885
Receivables	-	607
Due from other funds	49,181	243,136
Total Assets	193,367	268,628
LIABILITIES		
Accounts payable	3,943	5,834
Due to other funds	50,086	75,783
Due to student groups	-	168,429
Unearned revenue	-	18,582
Total Liabilities	54,029	$ 268,628
NET POSITION		
Restricted	139,338	
Total Net Position	$ 139,338	

[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

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Trust Funds
ADDITIONS	
Local sources	$ 11,514
DEDUCTIONS	
Other expenditures	7,611
Student financial aid	3,972
Total Deductions	11,583
Change in Net Position	(69)
Net Position - Beginning of Year	139,407
Net Position - Ending of Year	$ 139,338

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

DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	416,394
Investments		3,665,352
Prepaid expenses		5,435
TOTAL ASSETS	$	4,087,181
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$	48,519
NET ASSETS		
Unrestricted		1,786,281
Temporarily restricted		832,269
Permanently restricted		1,420,112
Total Net Assets		4,038,662
Total Liabilities and Net Assets	$	4,087,181

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Donations and special events	$ 354,792	$ 189,766	$ 38,000	$ 582,558
Donated salaries	478,692	-	-	478,692
Federal revenue	135,827	-	-	135,827
Program fees	89,757	-	-	89,757
Program contracts	68,917	-	-	68,917
Fundraisers	178,407	-	-	178,407
Investment income	73,846	41,079	58,582	173,507
Other	10,704	-	-	10,704
Transfers	(31,702)	588	31,114	-
Net assets released from restrictions	829,309	(248,883)	(580,426)	-
Total Revenues	2,188,549	(17,450)	(452,730)	1,718,369
EXPENSES				
Program services:				
Scholarship	312,786	-	-	312,786
College Enhancement	239,355	-	-	239,355
Athletic Programs	128,113	-	-	128,113
Educational Programs	170,059	-	-	170,059
Support services:				
General Administrative	164,416	-	-	164,416
Fundraisers	77,577	-	-	77,577
Total Expenses	1,092,306	-	-	1,092,306
CHANGE IN NET ASSETS	1,096,243	(17,450)	(452,730)	626,063
NET ASSETS, BEGINNING OF YEAR	690,038	849,719	1,872,842	3,412,599
NET ASSETS, END OF YEAR	$ 1,786,281	$ 832,269	$ 1,420,112	$ 4,038,662

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, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 626,063
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By Operating Activities	
Decrease in accounts receivable	44,433
Increase in accounts payable	21,015
Increase in prepaid expenses	(5,435)
Net Cash Flows Provided By Operating Activities	686,076
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(507,968)
NET CHANGE IN CASH AND CASH EQUIVALENTS	178,108
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	238,286
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 416,394

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, 2018, 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 (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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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.
>
> **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 $6,586,913 of restricted net position.

Operating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB Statements No. 34 and No. 35. Classifications are as follows:

Operating revenues - Operating revenues include activities that have the characteristics of exchange transactions such as student tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.

Nonoperating revenues - Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, gifts and contributions, and other revenue sources defined in GASB Statements No. 34 and No. 35.

Classification of Expenses - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

Operating expenses - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

Nonoperating expenses - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* 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 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. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

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; and
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The District has implemented the provisions of this Statement as of June 30, 2018.

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 District has implemented the provisions of this Statement as of June 30, 2018.

New Accounting Pronouncements

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 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.

In April 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

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

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

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, 2018, are classified in the accompanying financial statements as follows:

Primary government	$ 49,818,224
Fiduciary funds	169,071
Total Deposits and Investments	$ 49,987,295

Deposits and investments as of June 30, 2018, consist of the following:

Cash on hand and in banks	$ 19,350,766
Cash in revolving	393
Investments	30,636,136
Total Deposits and Investments	$ 49,987,295

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, 2018, 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	$ 30,115,274	$ -	$ -	$ 30,115,274	$ -

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, 2018, the District's bank balance of $18,591,463 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, 2018, consist of intergovernmental grants, entitlements, interest, and other local sources.

	Primary Government	Fiduciary Funds	Total
Federal Government			
Categorical aid	$ 1,595,531	$ -	$ 1,595,531
State Government			
Categorical aid	819,613	-	819,613
Other state sources	737,184	-	737,184
Local Sources			
Interest	13,983	-	13,983
Taxes	107,312	-	107,312
Other local sources	349,759	905	350,664
Total	$ 3,623,382	$ 905	$ 3,624,287
Student loan receivables	$ 3,313,837	$ (298)	$ 3,313,539

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 (EXPENSES)

Prepaid expenditures (expenses) June 30, 2018, consist of the following:

	Primary Government
Outside services	$ 96,961

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 7,637,057	$ 128,902	$ -	$ 7,765,959
Construction in progress	85,363	4,207,817	867,033	3,426,147
Total Capital Assets Not Being Depreciated	7,722,420	4,336,719	867,033	11,192,106
Capital Assets Being Depreciated				
Land improvements	38,466,909	55,125	-	38,522,034
Buildings and improvements	144,832,498	688,748	22,040	145,499,206
Furniture and equipment	5,950,787	141,378	-	6,092,165
Total Capital Assets Being Depreciated	189,250,194	885,251	22,040	190,113,405
Total Capital Assets	196,972,614	5,221,970	889,073	201,305,511
Less Accumulated Depreciation				
Land improvements	12,126,126	1,421,118	-	13,547,244
Buildings and improvements	47,342,110	4,318,246	22,040	51,638,316
Furniture and equipment	4,494,218	358,065	-	4,852,283
Total Accumulated Depreciation	63,962,454	6,097,429	22,040	70,037,843
Net Capital Assests	$ 133,010,160	$ (875,459)	$ 867,033	$ 131,267,668

Depreciation expense for the year was $6,097,429.

NOTE 8 - ACCOUNTS PAYABLE

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

	Primary Government	Fiduciary Funds	Total
Vendor invoices	$ 2,737,515	$ 7,791	$ 2,745,306
Salaries and wages payable	1,854,912	1,986	1,856,898
Payable to students	433,777	-	433,777
Total	$ 5,026,204	$ 9,777	$ 5,035,981

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, 2018, consists of the following:

	Primary Government	Fiduciary Funds	Total
Student financial assistance	$ 8,378	$ -	$ 8,378
State categorical aid	7,243,054	-	7,243,054
Other state	5,777	-	5,777
Enrollment fees	4,399,407	-	4,399,407
Other local	39,947	18,582	58,529
Total	$ 11,696,563	$ 18,582	$ 11,715,145

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	$ 2,450,000	$ -	$ 155,000	$ 2,295,000	$ 160,000
Bond premium (18 year amortization)	51,146	-	3,934	47,212	-
General obligation bonds - 2008 (Northern)					
Current interest	635,000	-	-	635,000	130,000
Capital appreciation	1,083,282	124,890	120,000	1,088,172	-
Bond premium (25 year amortization)	248,438	-	14,614	233,824	-
General obligation bonds - 2008, B (Northern)					
Current interest	7,580,000	-	100,000	7,480,000	120,000
Capital appreciation	232,974	19,467	-	252,441	-
Bond premium (25 year amortization)	232,777	-	11,639	221,138	-
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)	186,229	-	15,519	170,710	-
General obligation bonds - 2008 (Coalinga)					
Current interest	305,000	-	-	305,000	-
Capital appreciation	271,520	18,660	100,000	190,180	100,000
Bond premium (25 year amortization)	216,087	-	12,711	203,376	-
General obligation bonds - 2008, B (Coalinga)					
Current interest	6,420,000	-	-	6,420,000	-
Capital appreciation	2,751,510	190,435	160,000	2,781,945	180,000
Bond premium (25 year amortization)	292,376	-	14,619	277,757	-
General obligation bonds - 2008 (Lemoore)					
Current interest	705,000	-	-	705,000	-
Capital appreciation	639,167	57,065	175,000	521,232	185,000
Bond premium (25 year amortization)	301,002	-	17,706	283,296	-
General obligation bonds - 2008 A,(Lemoore) Reauthorized, Issued 2016					
Current interest	12,655,000	-	45,000	12,610,000	55,000
Bond premium (30 year amortization)	805,974	-	27,792	778,182	-
General obligation bonds - 2008, B (Lemoore)					
Current interest	1,675,000	-	-	1,675,000	-
Capital appreciation	4,451,795	367,936	65,000	4,754,731	95,000
Bond premium (30 year amortization)	591,360	-	24,640	566,720	-
General obligation bonds - 2015 Refunding, Series C	9,950,000	-	515,000	9,435,000	540,000
General obligation bonds - 2015 Refunding, Series C Premium (16 year amortization)	736,439	-	52,603	683,836	-
General obligation bonds - 2017 Refunding, Series A	2,195,000	-	55,000	2,140,000	-
General obligation bonds - 2017 Refunding, Series A Premium (17 year amortization)	194,317	-	12,145	182,172	-
General obligation bonds - 2017 Refunding, Series B	14,455,000	-	365,000	14,090,000	120,000
General obligation bonds - 2017 Refunding, Series B Premium (25 year amortization)	484,700	-	20,196	464,504	-
General obligation bonds - 2014, Series A Ed Tech	3,165,000	-	1,005,000	2,160,000	1,005,000
Capital leases	1,339,621	13,762,192	541,510	14,560,303	656,461
CDE-Child Care Revolving Loan	42,000	-	42,000	-	-
Compensated absences, long term portion	1,173,833	49,050	-	1,222,883	-
Net other postemployment benefits (OPEB) including Medicare Premium Payment (MPP) Program	5,120,986	-	332,673	4,788,313	-
Total Long-Term Obligations	$ 85,907,533	$ 14,589,695	$ 4,004,301	$ 96,492,927	$ 3,346,461

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 and other postemployment benefits 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 $14,560,303 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, 2017	Accreted/ Issued	Defeased/ Redeemed	Bonds Outstanding June 30, 2018
2012	2030	2.0-3.5%	$ 3,080,000	$ 2,450,000	$ -	$ 155,000	$ 2,295,000
2015	2031	0.59-3.72%	10,395,000	9,950,000	-	515,000	9,435,000
2015	2020	1.4%	4,015,000	3,165,000	-	1,005,000	2,160,000
Northern:							
2008	2034	3.41-4.950%	3,839,677	1,718,282	124,890	120,000	1,723,172
2012	2038	2.0-4.23%	7,957,059	7,812,974	19,467	100,000	7,732,441
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	576,520	18,660	100,000	495,180
2012	2039	2.0-4.21%	4,498,812	9,171,510	190,435	160,000	9,201,945
2017	2034	1.04-3.84%	2,195,000	2,195,000	-	55,000	2,140,000
Lemoore:							
2009	2034	2.62-5.42%	5,999,837	1,344,167	57,065	175,000	1,226,232
2011	2042	2.56-7.40%	12,343,909	6,126,795	367,936	65,000	6,429,731
2016	2046	2.00-5.50%	12,655,000	12,655,000	-	45,000	12,610,000
2017	2042	1.04-3.84%	14,455,000	14,455,000	-	365,000	14,090,000
Total				$ 73,890,248	$ 778,453	$ 2,860,000	$ 71,808,701

Debt Service Requirements to Maturity

2012 Issue - General Obligation Bonds - Refunding

Fiscal Year	Principal	Interest to Maturity	Total
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	180,000	54,300	234,300
2024-2028	995,000	176,588	1,171,588
2029-2030	455,000	23,750	478,750
Total	$ 2,295,000	$ 533,838	$ 2,828,838

2015, Series C Issue - General Obligation Bonds - Refunding

Fiscal Year	Principal	Interest to Maturity	Total
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	655,000	293,237	948,237
2024-2028	3,780,000	942,938	4,722,938
2029-2031	2,675,000	182,624	2,857,624
Total	$ 9,435,000	$ 2,877,599	$ 12,312,599

2015 Issue - General Obligation Bonds - Ed Tech

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ 1,055,000	$ 22,855	$ 1,077,855
2020	1,105,000	7,735	1,112,735
Total	$ 2,160,000	$ 30,590	$ 2,190,590

2008 Northern Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
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	$ 88,464	$ 723,464

2008 Northern Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2027-2034	$ 2,406,061	$ 1,088,172	$ 1,317,889

2008 Northern, Series B, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
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	170,000	317,681	487,681
2024-2028	1,090,000	1,215,249	2,305,249
2029-2033	1,635,000	1,046,251	2,681,251
2034-2038	4,335,000	672,750	5,007,750
Total	$ 7,480,000	$ 4,534,055	$ 12,014,055

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	$ 252,441	$ 52,559

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

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 97,500	$ 97,500
2020	-	97,500	97,500
2021	-	97,500	97,500
2022	-	97,500	97,500
2023	240,000	67,500	307,500
2024-2028	1,615,000	281,250	1,896,250
2029	415,000	12,450	427,450
Total	$ 2,270,000	$ 751,200	$ 3,021,200

2008 Coalinga Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
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	105,000	5,250	110,250
Subtotal	$ 305,000	$ 61,250	$ 366,250

2008 Coalinga Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2019	$ 100,000	$ 100,000	$ -
2020	100,000	90,180	9,820
Total	$ 200,000	$ 190,180	$ 9,820

2008 Coalinga, Series B, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 245,075	$ 245,075
2020	-	245,075	245,075
2021	-	245,075	245,075
2022	-	245,075	245,075
2023	-	245,075	245,075
2024-2028	1,135,000	1,164,625	2,299,625
2029-2033	1,945,000	908,789	2,853,789
2034-2038	2,145,000	626,600	2,771,600
2039	1,195,000	47,800	1,242,800
Subtotal	$ 6,420,000	$ 3,973,189	$ 10,393,189

2008 Coalinga, Series B, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2019	$ 180,000	$ 180,000	$ -
2020	200,000	178,000	22,000
2021	220,000	174,240	45,760
2022	250,000	176,250	73,750
2023	275,000	172,535	102,465
Total	$ 1,125,000	$ 881,025	$ 243,975

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	$ 1,900,920	$ 424,080

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
2019	$ -	$ 32,044	$ 32,044
2020	-	32,044	32,044
2021	-	32,044	32,044
2022	215,000	32,044	247,044
2023	235,000	22,369	257,369
2024-2027	255,000	11,794	266,794
Subtotal	$ 705,000	$ 162,339	$ 867,339

2008 Lemoore Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2019	$ 185,000	$ 185,000	$ -
2020	195,000	173,667	21,333
2021	205,000	162,565	42,435
Total	$ 585,000	$ 521,232	$ 63,768

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

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2019	$ -	$ 86,850	$ 86,850
2020	-	86,850	86,850
2021	-	86,850	86,850
2022	-	86,850	86,850
2023	-	86,850	86,850
2024-2028	1,065,000	341,250	1,406,250
2029-2033	781,600	163,879	945,479
2034-2038	3,023,800 [1]	1,123,865	4,147,665
2039-2042	418,600 [1]	155,582	574,182
Subtotal	$ 5,289,000	$ 2,218,826	$ 7,507,826

[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
2019	$ 95,000	$ 95,000	$ -
2020	130,000	115,700	14,300
2021	170,000	134,640	35,360
2022	205,000	144,525	60,475
2023	250,000	156,850	93,150
2024-2025	410,000	221,576	188,424
Total	$ 1,260,000	$ 868,291	$ 391,709

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

Fiscal Year	Principal	Interest to Maturity	Total
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	125,000	477,299	602,299
2024-2028	980,000	2,269,143	3,249,143
2029-2033	1,735,000	1,932,242	3,667,242
2034-2038	2,725,000	1,429,147	4,154,147
2039-2043	3,815,000	890,920	4,705,920
2044-2046	2,915,000	200,650	3,115,650
Subtotal	$ 12,610,000	$ 9,146,245	$ 21,756,245

2017 Refunding Series A, Coalinga

Fiscal Year	Principal	Interest to Maturity	Total
2019	$ -	$ 94,750	$ 94,750
2020	-	94,750	94,750
2021	-	94,750	94,750
2022	-	94,750	94,750
2023	-	94,750	94,750
2024-2028	750,000	412,700	1,162,700
2029-2033	1,115,000	209,800	1,324,800
2034-2037	275,000	11,000	286,000
Subtotal	$ 2,140,000	$ 1,107,250	$ 3,247,250

2017 Refunding Series B, Lemoore

Fiscal Year	Principal	Interest to Maturity	Total
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	130,000	572,250	702,250
2024-2028	1,885,000	2,995,300	4,880,300
2029-2033	2,965,000	2,133,300	5,098,300
2034-2038	745,000	1,612,200	2,357,200
2039-2042	7,880,000	874,800	8,754,800
Subtotal	$ 14,090,000	$ 10,512,250	$ 24,602,250

Capital Leases

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

Balance, July 1, 2017	$ 1,339,621
Additions	13,762,192
Payments	541,510
Balance, June 30, 2018	$ 14,560,303

The capital leases have minimum lease payments as follows:

Year Ending June 30,	2015-2016 Tech Lease	2016-2017 Tech Lease	Tractor Lease	Administration Building Lease	2017-2018 Equipment Lease	Total Leases
2019	$ 225,118	$ 268,862	$ 13,215	$ 557,979	$ 142,024	$ 1,207,198
2020	112,561	268,860	-	557,976	142,024	1,081,421
2021	-	-	-	557,976	142,024	700,000
2022	-	-	-	557,976	142,024	700,000
2023	-	-	-	557,976	142,024	700,000
2024-2028	-	-	-	2,789,878	639,108	3,428,986
2029-2033	-	-	-	2,789,878	-	-
2034-2038	-	-	-	2,789,878	-	-
2039-2043	-	-	-	2,789,878	-	-
2044-2048	-	-	-	2,789,878	-	-
2049-2053	-	-	-	2,789,878	-	-
2054-2058	-	-	-	9,279,891	-	-
Total Payments	337,679	537,722	13,215	28,809,042	1,349,228	7,817,605
Less: Amount Representing Interest	8,593	16,712	43	16,263,526	197,709	16,486,583
Present Value of Minimum Lease Payments	$ 329,086	$ 521,010	$ 13,172	$ 12,545,516	$ 1,151,519	$ 14,560,303

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 outstanding obligation was paid off during the current year.

Compensated Absences

At June 30, 2018, the long-term liability for compensated absences was $1,222,883.

Net Other Postemployment Benefits (OPEB) Liability

For the fiscal year ended June 30, 2018, the District reported net OPEB liability and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability	OPEB Expense
District Plan	$ 4,591,916	$ (319,892)
Medicare Premium Payment (MPP) Program	196,397	(12,781)
Total	$ 4,788,313	$ (332,673)

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Management of the Plan is vested in the District management. Management of the trustee assets is vested with the Retiree Health Benefit Program Joint Powers Agency (RHBP).

The RHBP administers the West Hills Community College District's Postemployment Benefits Plan (the Plan). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Financial information for RHBP can be requested from them at 2017 O Street, Sacramento, CA 95811.

Plan Membership

At June 30, 2018, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	54
Active employees	317
Total	371

Retiree Health Benefit OPEB Trust

The Retiree Health Benefit OPEB Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Retiree Health Benefit Funding Program Joint Powers Agency (the JPA) as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California *Government Code* Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District, the Unions, and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by District administration. For fiscal year 2017-2018, the District contributed $1,131,478 to the Plan, of which $510,828 was used for current premiums and $620,650 was used to fund the OPEB Trust.

Net OPEB Liability of the District

The District's net OPEB liability of $4,591,916 was measured as of June 30, 2018, by an actuarial valuation as of that date. The components of the net OPEB liability of the District at June 30, 2018, were as follows:

Total OPEB liability	$ 14,438,024
Plan fiduciary net position	(9,846,108)
District's net OPEB liability	$ 4,591,916
Plan fiduciary net position as a percentage of the total OPEB liability	68.20%

Actuarial Assumptions

The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent, average, including inflation
Investment rate of return	6.5 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates-Medical	4.0 for 2018 and thereafter

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actual assumptions used in the June 30, 2018, valuation were based on the results of an actual experience study for the period July 1, 2017 to June 30, 2018.

Changes in the Net OPEB Liability

	Net OPEB Liability
Balance at June 30, 2017	$ 4,911,808
Service cost	550,410
Interest	879,524
Contributions-employee	(120,650)
Contributions-employer	(1,010,828)
Net investment income	(618,848)
Administrative expense	500
Net change in total OPEB liability	(319,892)
Balance at June 30, 2018	$ 4,591,916

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB 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 OPEB Liability
1% decrease (4%)	$ 6,373,083
Current discount rate (5%)	4,591,916
1% increase (6%)	3,101,957

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Net OPEB Liability
1% decrease (3%)	$ 3,614,423
Current healthcare cost trend rate (4%)	4,591,916
1% increase (5%)	5,645,089

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2016 annual actuarial valuation report, Medicare Premium Payment 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 MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB)Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, benefit payments that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the OPEB

At June 30, 2018, the District reported a liability of $196,397 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2017 and June 30, 2016, respectively, was 0.0467 percent, and 0.0447 percent, resulting in a net increase in the proportionate share of 0.002 percent.

For the year ended June 30, 2018, the District recognized OPEB expense of $(12,781).

Actuarial Methods and Assumptions

The total OPEB liability for the MPP Program as of June 30, 2016, was determined based on a financial reporting actuarial valuation that used the June 30, 2016 assumptions presented in the table below. The June 30, 2017 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total OPEB liability to June 30, 2017, using the assumptions listed in the following table:

Measurement Date	June 30, 2017	June 30, 2016
Valuation Date	June 30, 2016	June 30, 2016
Experience Study	July 1, 2010 through June 30, 2016	July 1, 2010 through June 30, 2015
Actuarial Cost Method	Entry age normal	Entry age normal
Investment Rate of Return	3.58%	2.85%
Medicare Part A Premium Cost Trend Rate	3.70%	3.70%
Medicare Part B Premium Cost Trend Rate	4.10%	4.10%

For the valuation as of June 30, 2016, CalSTRS used custom mortality tables based on RP2000 Series tables issued by the Society of Actuaries, adjusted to fit CalSTRS specific experience through June 30, 2015. For the valuation as of June 30, 2017, CalSTRS changed the mortality assumptions based on the July 1, 2010 through June 30, 2015, experience study adopted by the board in February 2017. CalSTRS now uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among the members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 571 or an average of 0.32 percent of the potentially eligible population (177,763).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2017 and 2016, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2017 and 2016 was 3.58 percent and 2.85 percent, respectively. The MPP Program is funded on a pay-as-you-go basis as described in Note 2, and under the pay-as-you-go method, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 3.58 percent and 2.85 percent, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2017 and 2016, respectively, was applied to all periods of projected benefit payments to measure the total OPEB liability.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB 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 OPEB Liability
1% decrease (2.58%)	$ 217,425
Current discount rate (3.58%)	196,397
1% increase (4.58%)	175,943

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (2.7% Part A and 3.1% Part B)	$ 177,475
Current medicare costs trend rate (3.7% Part A and 4.1% Part B)	196,397
1% increase (4.7% Part A and 5.1% Part B)	215,130

NOTE 12 - RISK MANAGEMENT

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2018, 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 2017-2018, the District participated in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority, an insurance purchasing pool. The intent of PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in PIPS. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in PIPS. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of PIPS. Participation in PIPS is limited to community college districts that can meet PIPS's selection criteria.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer 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, 2018, 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	$ 23,846,314	$ 7,009,562	$ 2,682,827	$ 2,133,874
CalPERS	27,134,981	9,101,356	473,669	5,050,234
Total	$ 50,981,295	$ 16,110,918	$ 3,156,496	$ 7,184,108

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, 2016, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly 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, 2018, 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 percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

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, 2018, are presented above, and the District's total contributions were $2,074,796.

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

At June 30, 2018, 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	$ 23,846,314
State's proportionate share of the net pension liability associated with the District	14,107,278
Total	$ 37,953,592

The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, was 0.0258 percent and 0.0251 percent, resulting in a net increase in the proportionate share of 0.0007 percent.

For the year ended June 30, 2018, the District recognized pension expense of $2,133,874. In addition, the District recognized pension expense and revenue of $1,420,033 for support provided by the State. At June 30, 2018, 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	$ 2,074,796	$ -
Net change in proportionate share of net pension liability	428,772	1,631,815
Difference between projected and actual earnings on pension plan investments	-	635,094
Differences between expected and actual experience in the measurement of the total pension liability	88,186	415,918
Changes of assumptions	4,417,808	-
Total	$ 7,009,562	$ 2,682,827

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 inflows 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 Inflows of Resources
2019	$ (527,978)
2020	399,522
2021	57,609
2022	(564,247)
Total	$ (635,094)

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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 Outflows/(Inflows) of Resources
2019	$ 339,250
2020	339,250
2021	339,250
2022	339,250
2023	707,572
Thereafter	822,461
Total	$ 2,887,033

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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

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 (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in February 2017 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2017, 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 7.10 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 (7.10 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 (6.10%)	$ 35,013,959
Current discount rate (7.10%)	23,846,314
1% increase (8.10%)	14,783,013

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, 2016, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly 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, 2018, 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 percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.50%
Required employer contribution rate	15.531%	15.531%

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, 2018, are presented above, and the total District contributions were $2,511,516.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $27,134,981. The net pension liability was measured as of June 30, 2017. 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, 2017 and June 30, 2016, was 0.1137 percent and 0.1093 percent, resulting in a net increase in the proportionate share of 0.0044 percent.

For the year ended June 30, 2018, the District recognized pension expense of $5,050,234. At June 30, 2018, 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	$ 2,511,516	$ -
Net change in proportionate share of net pension liability	715,529	154,188
Difference between projected and actual earnings on pension plan investments	938,685	-
Differences between expected and actual experience in the measurement of the total pension liability	972,135	-
Changes of assumptions	3,963,491	319,481
Total	$ 9,101,356	$ 473,669

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
2019	$ (25,436)
2020	1,083,038
2021	395,105
2022	(514,022)
Total	$ 938,685

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 1,742,502
2020	1,897,892
2021	1,537,092
Total	$ 5,177,486

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, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

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+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. 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	47%	5.38%
Global debt securities	19%	2.27%
Inflation assets	6%	1.39%
Private equity	12%	6.63%
Real estate	11%	5.21%
Infrastructure and Forestland	3%	5.36%
Liquidity	2%	-0.90%

Discount Rate

The discount rate used to measure the total pension liability was 7.15 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 (6.15%)	$ 39,924,252
Current discount rate (7.15%)	27,134,981
1% increase (8.15%)	16,525,209

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, 2018, which amounted to $1,147,230 (9.328 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, 2018. 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 operating 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, 2018, was $124,750.

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

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

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

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

During the year ended June 30, 2018, the District made payments of $1,901,585, $5,553,176, $462,075, and $270,883, to CVT, SISC, PIPS, and SWACC, respectively for health, worker's compensation, and property liability coverage.

NOTE 15 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2018.

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, 2018.

NOTE 16 - RESTATEMENT OF PRIOR YEAR NET POSITION

The District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result, the effect on the current fiscal year is as follows:

Government-Wide Financial Statements	
Net Position - Beginning	$ 50,844,171
Inclusion of net OPEB liability from the adoption of GASB Statement No. 75	(8,254,348)
Inclusion of lease funded bank account balance	1,010,275
Net Position - Beginning as Restated	$ 43,600,098

REQUIRED SUPPLEMENTARY INFORMATION

WEST HILLS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

		2018
Total OPEB Liability		
Service cost	$	550,410
Interest		879,524
Benefit payments		(510,828)
Net change in total OPEB liability		919,106
Total OPEB liability - beginning		13,518,918
Total OPEB liability - ending (a)	$	14,438,024
Plan Fiduciary Net Position		
Contributions - employer	$	1,010,828
Contributions - employee		120,650
Net investment income		618,848
Benefit payments		(510,828)
Administrative expense		(500)
Net change in plan fiduciary net position		1,238,998
Plan fiduciary net position - beginning		8,607,110
Plan fiduciary net position - ending (b)	$	9,846,108
District's net OPEB liability - ending (a) - (b)	$	4,591,916
Plan fiduciary net position as a percentage of the total OPEB liability		68.20%
Covered-employee payroll		NA [1]
District's net OPEB liability as a percentage of covered-employee payroll		NA [1]

[1] The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay; therefore, no measure of payroll is presented.

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

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - MPP PROGRAM FOR THE YEAR ENDED JUNE 30, 2018

Year ended June 30,	2018
District's proportion of the net OPEB liability	0.0467%
District's proportionate share of the net OPEB liability	$ 196,397
District's covered-employee payroll	N/A [1]
District's proportionate share of the net OPEB liability as a percentage of it's covered-employee payroll	N/A [1]
Plan fiduciary net position as a percentage of the total OPEB liability	0.01%

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

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, 2018

	2018	2017
CalSTRS		
District's proportion of the net pension liability	0.0258%	0.0251%
District's proportionate share of the net pension liability	$ 23,846,314	$ 20,326,089
State's proportionate share of the net pension liability associated with the District	14,107,278	11,571,280
Total	$ 37,953,592	$ 31,897,369
District's covered - employee payroll	$ 14,051,486	$ 12,908,248
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	169.71%	157.47%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%
CalPERS		
District's proportion of the net pension liability	0.1137%	0.1093%
District's proportionate share of the net pension liability	$ 27,134,981	$ 21,582,587
District's covered - employee payroll	$ 14,665,013	$ 13,189,533
District's proportionate share of the net pension liability as a percentage of its covered - employee payroll	185.03%	163.63%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%

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

See accompanying note to required supplementary information.

2016	2015
0.0258%	0.0289%
$ 17,367,732	$ 16,872,365
9,185,616	10,188,262
$ 26,553,348	$ 27,060,627
$ 12,056,059	$ 13,313,333
144.06%	126.73%
74%	77%
0.1069%	0.1113%
$ 15,752,845	$ 12,629,704
$ 11,780,715	$ 11,462,620
133.72%	110.18%
79%	83%

WEST HILLS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
CalSTRS		
Contractually required contribution	$ 2,074,796	$ 1,767,677
Contributions in relation to the contractually required contribution	2,074,796	1,767,677
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 14,378,351	$ 14,051,486
Contributions as a percentage of covered - employee payroll	14.43%	12.58%
CalPERS		
Contractually required contribution	$ 2,511,516	$ 2,036,677
Contributions in relation to the contractually required contribution	2,511,516	2,036,677
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 16,170,987	$ 14,665,013
Contributions as a percentage of covered - employee payroll	15.531%	13.888%

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

See accompanying note to required supplementary information.

	2016	2015
	$ 1,385,055	$ 1,070,578
	1,385,055	1,070,578
	$ -	$ -
	$ 12,908,248	$ 12,056,059
	10.73%	8.88%
	$ 1,562,564	$ 1,386,708
	1,562,564	1,386,708
	$ -	$ -
	$ 13,189,533	$ 11,780,715
	11.847%	11.771%

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability, including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability. In the future, as data becomes available, ten years of information will be presented.

Schedule of the District's Proportionate Share of the Net OPEB Liability - MPP Program

This schedule presents information on the District's proportionate share of the net OPEB Liability - MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms - There were no changes in the benefit terms since the previous valuation.

Changes of Assumptions - The plan rate of investment return assumption was changed from 2.85 percent to 3.58 percent since the previous valuation.

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 of Assumptions - The CalSTRS plan rate of investment return assumption was changed from 7.60 percent to 7.10 percent since the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.65 percent to 7.15 percent since the previous valuation.

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATION
JUNE 30, 2018

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	Clerk	December 2018
Salvador Raygoza	Member	December 2018
Steve Cantu	Member	December 2020
Bobby Lee	Member	December 2020
Martin Maldonado	Member	December 2020
J. L. Levinson	Vice President	December 2018

ADMINISTRATION

Dr. Stuart Van Horn	Chancellor
Mr. Ken Stoppenbrink	Deputy Chancellor
Ms. Kristin Clark	President, West Hills College Lemoore
Ms. Brenda Thames	President, West Hills College Coalinga
Dr. Linda Thomas	Vice Chancellor, Educational Services and Workforce Development
Mr. James Preston	Vice President, Educational Services, West Hills College Lemoore
Mr. Francisco Banuelos	Executive Vice President, West Hills College Coalinga
Mr. Val Garcia	Vice President, Student Services, West Hills College Lemoore

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION		
Camp Services	84.149A	$ 487,015
High School Equivalency Program	84.141A	517,946
Student Financial Assistance Cluster:		
Supplemental Educational Opportunity Grants	84.007	236,061
Direct Loans	84.268	1,625,621
Federal Workstudy	84.033	197,306
TANF 50% Federal/Calworks	84.033	206,217
Pell Grant	84.063	12,659,125
Subtotal - Student Financial Assistance Cluster		14,924,330
Title V - Higher Education - Institutional Aid	84.031S	1,409,223
TRIO Cluster:		
Upward Bound	84.047A	732,382
Upward Bound - Math / Science	84.047M	240,298
Upward Bound - Veterans	84.047V	51,110
Student Support Services	84.042A	301,006
Subtotal - TRIO Cluster		1,324,796
Vocational and Technical Education Act:		
VTEA - Leadership	84.048	100,000
VTEA - Tech Prep	84.048	83,184
VTEA IB	84.048	193,968
Subtotal - VTEA Programs		377,152
Subtotal - U.S. Department of Education		19,040,462
U.S. DEPARTMENT OF AGRICULTURE		
Child and Adult Care Food Program	10.558	382,560
Mendota Agricultural Pathways	10.226	3,601
Subtotal - U.S. Department of Agriculture		386,161
U.S. DEPARTMENT OF VETERAN AFFAIRS		
Veterans' Education	64.112	670
Subtotal U.S. Department of Veteran Affairs		670
U.S. DEPARTMENT OF LABOR		
WIA Cluster:		
Workforce Investment Act - Adult Program	17.258	468,976
Workforce Investment Act - Dislocated Worker	17.278	186,472
Workforce Investment Act - Youth Employment Program	17.259	366,963
Subtotal - Workforce Investment Cluster		1,022,411
Subtotal U.S. Department of Labor		1,022,411

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2018

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	$ 47,068
Subtotal U.S. Department of Transportation		47,068
NATIONAL SCIENCE FOUNDATION		
Achieving Community College Excellence for Scholarship Success	47.076	1,512
Total Federal Programs		$ 20,498,284

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

	Program Entitlements		
Program	Current Year	Prior Year	Total Entitlement
STATE			
After School Education & Safety	$ 830,600	$ 740,099	$ 1,570,699
Award for Innovation	-	4,954,225	4,954,225
BFAP - Financial Aid Administration	318,273	312,202	630,475
Basic Skills/ Immigrant Edu. Supplement	288,234	211,302	499,536
California Drought Relief	48,408	41,596	90,004
Cal Works	338,400	355,539	693,939
Campus Safety	26,585	-	26,585
CARE Grant	194,865	201,965	396,830
Career Pathways Trust	4,580,281	7,203,140	11,783,421
CCC Guided Pathways	283,269	-	283,269
CEC/PowWow IEE	33,036	-	33,036
Child Care-State Preschool-2018	2,648,081	2,504,741	5,152,822
Child Care-State Preschool, prior years	-	346,995	346,995
Child Care & Development Center Based-2018	1,405,756	-	1,405,756
Child Care & Development Center Based, prior years	-	44,329	44,329
Child Care-Food	33,477	22,890	56,367
CSPP QRIS Block Grant	165,575	-	165,575
CSU/AB 798 Textbook	40,000	-	40,000
CV Promise Pipe	187	-	187
CTE Enhancement	-	180,469	180,469
Disability Support Programs and Services	602,157	511,599	1,113,756
Pre-Kindergarten Supplemental	10,000	9,249	19,249
ECE Consortium Grant	7,025	7,600	14,625
Extended Opportunity Program and Service	820,216	823,818	1,644,034
First Five			
Prop 10 - Avenal	90,000	90,000	180,000
FRCCD/IDRC/21st Century Skills	20,000	-	20,000
Hunger Free	11,543	-	11,543
Instructional Equipment	-	11,582	11,582
IRDC/Merced CCD	-	371,306	371,306
Lottery			
Restricted	903,101	188,463	1,091,564
Physical Plant and Instructional Support	338,581	850,784	1,189,365
Staff Diversity	78,463	60,000	138,463
Strong Workforce	1,353,145	463,236	1,816,381
Student Success and Support Program (Matriculation)	1,812,553	2,243,092	4,055,645
Student Success and Support Program Student Equity	884,509	905,587	1,790,096
Teacher Prep Pipeline	34,690	162,549	197,239
CCCCO/Nursing Education	114,100	114,100	228,200
CCCCO/Adult	1,796,892	1,051,290	2,848,182
CCCCO/Zero Textbook Course Degree	212,729	40,361	253,090
CCCCO/CTE Unlocked/RSC	100,000	-	100,000
CCCCO/FSS MESA	74,515	-	74,515
CCCCO/Ed Futures Initiative	30,000	-	30,000
Career Academy Grant: Coalinga	443,384	300,000	743,384
Song Brown Capitation	60,000	20,000	80,000
Song Brown	61,518	63,467	124,985
SWP/TTP Leadership Seed Gr	5,000	-	5,000
Prop 39/KCCD	55,012	52,147	107,159
Prop 39/5CoCraft Path	517	3,555	4,072
Middle College High	100,000	109,000	209,000
Total State Programs	$ 21,254,677	$ 25,572,277	$ 46,826,954

See accompanying note to supplementary information.

Program Revenues				Total
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
$ 821,624	$ 8,976	$ -	$ 830,600	$ 830,600
4,148,418	-	2,900,039	1,248,379	1,248,379
318,273	-	-	318,273	318,273
288,234	-	156,839	131,395	131,395
48,408	-	35,064	13,344	13,345
338,400	-	-	338,400	338,400
26,585	-	26,585	-	-
194,865	-	-	194,865	194,865
4,576,037	4,244	1,526,338	3,053,943	3,053,942
283,269	-	283,269	-	-
-	33,036	-	33,036	33,036
2,648,081	-	-	2,648,081	2,648,081
346,995	-	25,355	321,640	321,640
1,330,319	75,437	-	1,405,756	1,405,756
-	44,329	-	44,329	44,329
22,725	10,752	-	33,477	33,477
165,575	-	79,298	86,277	86,277
40,000	-	-	40,000	40,000
-	187	-	187	187
-	-	-	-	-
602,157	-	-	602,157	602,157
2,500	7,385	-	9,885	9,885
7,025	-	853	6,172	6,172
820,216	-	-	820,216	820,216
44,058	6,224	-	50,282	50,282
20,000	-	-	20,000	20,000
11,543	-	7,481	4,062	4,062
-	-	-	-	-
-	-	-	-	-
903,101	-	652,827	250,274	250,274
338,581	-	81,259	257,322	257,322
78,463	-	78,463	-	-
1,353,145	24,330	874,198	503,277	503,277
1,812,553	-	56,183	1,756,370	1,756,370
884,509	-	109,074	775,435	775,435
-	34,690	-	34,690	34,690
80,786	33,314	-	114,100	114,100
1,796,892	-	275,857	1,521,035	1,521,035
179,703	33,769	743	212,729	212,729
100,000	-	71,009	28,991	28,991
29,806	44,709	-	74,515	74,515
-	29,820	-	29,820	29,820
202,105	241,279	-	443,384	443,384
30,000	30,000	-	60,000	60,000
19,398	42,120	-	61,518	61,518
5,000	-	2,320	2,680	2,680
-	55,012	-	55,012	55,012
517	-	-	517	517
40,000	60,000	-	100,000	100,000
$ 24,959,866	$ 819,613	$ 7,243,054	$ 18,536,425	$ 18,536,425

WEST HILLS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2018

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit	80.30	-	80.30
2. Credit	578.24	-	578.24
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit	0.66	-	0.66
2. Credit	94.24	-	94.24
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,337.08	-	2,337.08
(b) Daily Census Contact Hours	461.53	-	461.53
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	285.61	-	285.61
(b) Credit	77.59	-	77.59
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	1,246.33	-	1,246.33
(b) Daily Census Contact Hours	801.10	-	801.10
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	5,962.68	-	5,962.68
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)			
F. Basic Skills Courses and Immigrant Education			
1. Noncredit	363.21	-	363.21
2. Credit	126.92	-	126.92
<u>CCFS-320 Addendum</u>			
CDCP Noncredit FTES	-	-	-
Centers FTES			
1. Noncredit	4.71	-	4.71
2. Credit	1,209.58	-	1,209.58

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, 2018

		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	$ 6,826,998	$ -	$ 6,826,998	$ 6,826,998	$ -	$ 6,826,998
Other	1300	5,029,496	-	5,029,496	5,029,496	-	5,029,496
Total Instructional Salaries		11,856,494	-	11,856,494	11,856,494	-	11,856,494
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	2,800,407	-	2,800,407
Other	1400	-	-	-	306,089	-	306,089
Total Noninstructional Salaries		-	-	-	3,106,496	-	3,106,496
Total Academic Salaries		11,856,494	-	11,856,494	14,962,990	-	14,962,990
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	5,796,647	-	5,796,647
Other	2300	-	-	-	257,176	-	257,176
Total Noninstructional Salaries		-	-	-	6,053,823	-	6,053,823
Instructional Aides							
Regular Status	2200	142,643	-	142,643	142,643	-	142,643
Other	2400	284,882	-	284,882	284,882	-	284,882
Total Instructional Aides		427,525	-	427,525	427,525	-	427,525
Total Classified Salaries		427,525	-	427,525	6,481,348	-	6,481,348
Employee Benefits	3000	3,605,456	-	3,605,456	7,999,245	-	7,999,245
Supplies and Material	4000	-	-	-	566,556	-	566,556
Other Operating Expenses	5000	275,162	-	275,162	3,062,864	-	3,062,864
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		16,164,637	-	16,164,637	33,073,003	-	33,073,003

See accompanying note to supplementary information.

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2018

		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	$ 275,742	$ -	$ 275,742	$ 275,742	$ -	$ 275,742
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	126,580	-	126,580
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	362,335	-	362,335
Objects to Exclude							
Rents and Leases	5060	-	-	-	227,553	-	227,553
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	-	-	-	66,860	-	66,860
Noninstructional Supplies and Materials	4400	-	-	-	496,566	-	496,566
Total Supplies and Materials		-	-	-	563,426	-	563,426

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, 2018

		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		275,742	-	275,742	1,555,636	-	1,555,636
Total for ECS 84362, 50 Percent Law		$ 15,888,895	$ -	$ 15,888,895	$ 31,517,367	$ -	$ 31,517,367
Percent of CEE (Instructional Salary Cost/Total CEE)		50.41%		50.41%	100.00%		100.00%
50% of Current Expense of Education					$ 15,758,684		$ 15,758,684

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

**PROPOSITION 30 EDUCATION PROTECTION ACCOUNT (EPA)
EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

Activity Classification	Object Code			Unrestricted	
EPA Proceeds:	8630				$ 5,279,173
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 5,279,173	$ -	$ -	$ 5,279,173
Total Expenditures for EPA		$ 5,279,173	$ -	$ -	$ 5,279,173
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

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

	General Unrestricted Fund	Child Development Fund	Capital Outlay Projects Fund [1]
FUND BALANCE			
Balance, June 30, 2018, (CCFS-311)	$ 6,027,042	$ 67,752	$ 8,033,514
Changes in:			
Cash and investments	(401,895)	-	14,047,158
Accounts receivable	(203,235)	32,908	-
Due from other funds	746,315	-	-
Accounts payable	(26,716)	-	-
Due to other funds	(327,316)	-	-
Unearned revenue	(2,144)	(25,329)	-
Other	(11,332)	-	-
Balance, June 30, 2018, Audited	$ 5,800,719	$ 75,331	$ 22,080,672

	Associated Students Trust	Other Trust	Student Financial Aid Fund
FUND BALANCE			
Balance, June 30, 2018, (CCFS-311)	$ 197,724	$ 50,922	$ 78,819
Changes in:			
Cash and investments	(15,948)	3,834	6,406
Accounts receivable	(103,520)	-	229,025
Due from other funds	15,958	-	-
Accounts payable	-	(3,833)	(43,539)
Due to other funds	-	-	(6,236)
Balance, June 30, 2018, Audited	$ 94,214	$ 50,923	$ 264,475

[1] Fund 41, Capital Outlay Projects Fund, on the CCFS-311 is the combination of the MUSC New Market Tax Credit Fund, the FOF1 New Market Tax Credit Fund, and the Capital Outlay Projects Fund on the Financial Statements.

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Amounts Reported in the Statement of Net Position are Different Because:		
Total Fund Balance - All District Funds		**$ 39,698,714**
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	$ 201,305,511	
Accumulated depreciation is	(70,037,843)	131,267,668
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	4,586,312	
Net change in proportionate share of net pension liability	1,144,301	
Differences between projected and actual earnings on pension plan investments	938,685	
Differences between expected and actual experience in the measurement of the total pension liability.	1,060,321	
Changes of assumptions	8,381,299	
Total Deferred Outflows of Resources Related to Pensions		16,110,918
Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	(1,786,003)	
Differences between projected and actual earnings on pension plan investments	(635,094)	
Differences between expected and actual experience in the measurement of the total pension liability.	(415,918)	
Changes of assumptions	(319,481)	
Total Deferred Outflows of Resources Related to Pensions		(3,156,496)
Net pension liability is not due and payable in the current period and is not reported as a liability in the funds.		(50,981,295)
The activity of the Student Financial Aid Trust Fund is included in the total governmental activities financial statements unlike the other fiduciary funds.		264,475

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2018

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	$	75,921,428		
Capital leases payable		14,560,303		
Net other postemployment benefits (OPEB) liability		4,788,313		
Compensated absences (vacations)		1,222,883	$	(96,492,927)
Total Net Position			**$**	**36,711,057**

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 Annual (Actual) Attendance

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

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

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

Proposition 30 Education Protection Account (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 Audited 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

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 unit, and the aggregate remaining fund information of West Hills Community College District (the District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 18, 2019.

Emphasis of Matter - Change in Accounting Principles

As discussed in Note 2 and Note 11 to the financial statements, in 2018, the District adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* 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
January 18, 2019

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, 2018. 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 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, 2018.

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
January 18, 2019

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
West Hills Community College District
Coalinga, California

Report on State Compliance

We have audited West Hills Community College District's (the District) compliance with the types of compliance requirements as identified in the 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual* that could have a direct and material effect on each of the District's State programs as noted below for the year ended June 30, 2018.

Management's Responsibility

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

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 2017-2018 California Community Colleges Chancellor's Office *District Audit Manual*. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions. 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 State programs noted below that were audited for the year ended June 30, 2018, except as described in the State Awards Findings and Questioned Costs section of the accompanying Schedule of Findings and Questioned Costs.

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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 (CCAP and Non-CCAP)
Section 428	Student Equity
Section 429	Student Success and Support Program (SSSP) Funds
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy Fund
Section 440	Intersession Extension Programs
Section 444	Apprenticeship Related and Supplemental Instruction (RSI) Funds
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	Education Protection Account Funds

The District did not participate in the Intersession Extension Programs nor the Apprenticeship Related and Supplemental Instruction (RSI) Funds; therefore, the compliance tests within these sections were not applicable.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
January 18, 2019

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST HILLS COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2018

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
84.031S	Title V - Higher Education - Institutional Aid

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, 2018

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

None reported.

UNAUDITED SUPPLEMENTARY INFORMATION

WEST HILLS COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2018

	General Unrestricted	General Restricted	Cafeteria
ASSETS			
Cash and cash equivalents	$ 14,615,092	$ 820,071	$ 270,104
Investments	-	-	-
Accounts receivable	447,972	2,407,100	5,843
Student loans receivable	3,302,222	-	5,214
Due from other funds	5,856,965	5,114,453	37,498
Prepaid expenses	71,663	10,887	-
Total Assets	$ 24,293,914	$ 8,352,511	$ 318,659
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	$ 2,945,877	$ 1,190,246	$ 24,983
Due to other funds	11,147,911	-	266,932
Unearned revenue	4,399,407	7,162,265	-
Total Liabilities	18,493,195	8,352,511	291,915
FUND EQUITY			
Fund Balances			
Restricted	-	-	-
Nonspendable	71,663	10,887	-
Uncommitted	5,729,056	(10,887)	26,744
Total Fund Equity	5,800,719	-	26,744
Total Liabilities and Fund Equity	$ 24,293,914	$ 8,352,511	$ 318,659

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
$ 141,083	$ 8,232	$ 198,499	$ 5,141,439	$ 354,298	$ 967,701
-	-	-	-	-	-
211,874	31,411	168	47,618	596	-
-	-	1,394	-	-	-
8,786	111,674	81,587	-	-	-
-	-	-	-	-	-
$ 361,743	$ 151,317	$ 281,648	$ 5,189,057	$ 354,894	$ 967,701
$ 90,088	$ 32,116	$ 45,446	$ -	$ -	$ -
91,670	-	236,202	-	70	-
104,654	-	-	-	-	-
286,412	32,116	281,648	-	70	-
-	-	-	5,189,057	354,824	967,701
-	-	-	-	-	-
75,331	119,201	-	-		-
75,331	119,201	-	5,189,057	354,824	967,701
$ 361,743	$ 151,317	$ 281,648	$ 5,189,057	$ 354,894	$ 967,701

WEST HILLS COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEETS, Continued
JUNE 30, 2018

	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Fund (Memorandum Only)
ASSETS			
Cash and cash equivalents	$ 20,917,653	$ 5,081,977	$ 48,516,149
Investments	1,136,924	-	1,136,924
Accounts receivable	18,894	2,488	3,173,964
Student loans receivable	-	-	3,308,830
Due from other funds	245,768	-	11,456,731
Prepaid expenses	-	-	82,550
Total Assets	$ 22,319,239	$ 5,084,465	$ 67,675,148
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	$ 238,567	$ -	$ 4,567,323
Due to other funds	-	-	11,742,785
Unearned revenue	-	-	11,666,326
Total Liabilities	238,567	-	27,976,434
FUND EQUITY			
Fund Balances			
Restricted	22,080,672	5,084,465	33,676,719
Nonspendable	-	-	82,550
Uncommitted	-	-	5,939,445
Total Fund Equity	22,080,672	5,084,465	39,698,714
Total Liabilities and Fund Equity	$ 22,319,239	$ 5,084,465	$ 67,675,148

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, 2018

	General Unrestricted	General Restricted	Cafeteria
REVENUES			
Federal revenues	$ 1,818	$ 5,593,099	$ -
State revenues	32,728,322	12,853,940	-
Local revenues	8,847,204	94,532	594,425
Total Revenues	41,577,344	18,541,571	594,425
EXPENDITURES			
Current Expenditures			
Academic salaries	16,053,959	3,565,165	-
Classified salaries	7,475,050	5,486,550	260,472
Employee benefits	10,402,831	3,310,649	130,745
Books and supplies	800,141	728,585	307,891
Services and operating expenditures	4,384,404	3,734,087	236,656
Student financial aid	(218)	436,178	-
Capital outlay	277,877	1,138,563	-
Debt service - principal	15,930	-	-
Debt service - interest and other	-	-	-
Total Expenditures	39,409,974	18,399,777	935,764
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	2,167,370	141,794	(341,339)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	(1)	187,500	352,706
Operating transfers out	(3,767,729)	(372,022)	-
Other sources	-	1,058,280	-
Other uses	-	(1,015,552)	-
Total Other Financing Sources (Uses)	(3,767,730)	(141,794)	352,706
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,600,360)	-	11,367
FUND BALANCE, BEGINNING OF YEAR	7,401,079	-	15,377
FUND BALANCE, END OF YEAR	$ 5,800,719	$ -	$ 26,744

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
$ 382,560	$ -	$ -	$ -	$ -	$ -
4,429,469	-	-	22,049	-	-
157,819	217,507	370,635	4,932,600	81,994	113,062
4,969,848	217,507	370,635	4,954,649	81,994	113,062
-	135,285	-	-	-	-
3,368,939	94,913	206,633	-	-	-
1,344,775	93,717	152,617	-	-	-
298,309	78,283	19,799	-	-	-
1,405,754	255,865	262,834	-	136,043	65
-	-	-	-	-	-
16,714	-	8,661	-	-	-
42,000	-	-	2,860,000	-	-
-	-	-	2,553,927	84,068	105,711
6,476,491	658,063	650,544	5,413,927	220,111	105,776
(1,506,643)	(440,556)	(279,909)	(459,278)	(138,117)	7,286
1,247,216	559,757	279,909	-	-	-
-	-	-	-	(11,360)	-
-	-	-	-	-	-
-	-	-	-	-	-
1,247,216	559,757	279,909	-	(11,360)	-
(259,427)	119,201	-	(459,278)	(149,477)	7,286
334,758	-	-	5,648,335	504,301	960,415
$ 75,331	$ 119,201	$ -	$ 5,189,057	$ 354,824	$ 967,701

GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, Continued
FOR THE YEAR ENDED JUNE 30, 2018

	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Fund (Memorandum Only)
REVENUES			
Federal revenues	$ -	$ -	$ 5,977,477
State revenues	381,864	-	50,415,644
Local revenues	310,566	95,399	15,815,743
Total Revenues	692,430	95,399	72,208,864
EXPENDITURES			
Current Expenditures			
Academic salaries	-	-	19,754,409
Classified salaries	-	-	16,892,557
Employee benefits	-	-	15,435,334
Books and supplies	5,330	-	2,238,338
Services and operating expenditures	549,937	-	10,965,645
Student financial aid	-	-	435,960
Capital outlay	3,815,400	-	5,257,215
Debt service - principal	525,580	-	3,443,510
Debt service - interest and other	182,235	-	2,925,941
Total Expenditures	5,078,482	-	77,348,909
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(4,386,052)	95,399	(5,140,045)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	3,172,376	-	5,799,463
Operating transfers out	-	(2,468,113)	(6,619,224)
Other sources	13,762,192	-	14,820,472
Other uses	-	-	(1,015,552)
Total Other Financing Sources (Uses)	16,934,568	(2,468,113)	12,985,159
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	12,548,516	(2,372,714)	7,845,114
FUND BALANCE, BEGINNING OF YEAR	9,532,156	7,457,179	31,853,600
FUND BALANCE, END OF YEAR	$ 22,080,672	$ 5,084,465	$ 39,698,714

See accompanying note to unaudited supplementary information.

NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION
JUNE 30, 2018

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.