WEST HILLS COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

WEST HILLS COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS
JUNE 30, 2016

WEST HILLS COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS
JUNE 30, 2016

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
West Hills Community College District
Coalinga, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, 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, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2015-2016 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the aggregate discretely presented component unit, and the aggregate remaining fund information of the District as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 12, the Schedule of Other Postemployment Benefits (OPEB) Funding Progress on page 67, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 68, and the Schedule of District Contributions on page 69, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 27, 2016

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 2015-2016 fiscal year, the District's actual FTES were 5,478 while the actual FTES in the 2014-2015 fiscal year were 5,314. 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 $8.5 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 24 percent in reserves.
- The primary expenditure of the District is for the salaries and benefits of the Academic, Classified, and Administrative salaries of District employees. These costs increased from $41.3 million for the 2014-2015 fiscal year to $41.7 million during the 2015-2016 fiscal year. In addition to the costs for current employees' insurance coverage, the District provides insurance benefits to retirees meeting plan eligibility requirements.
- The District continues several construction and modernization projects throughout the District. These projects will be funded through various financial vehicles, including various maintenance and construction projects funded through the State Chancellor's Office.
- The District provides student financial aid to qualifying students of the District in the amount of approximately $15.6 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, 2016 and 2015

	2016	2015	Change
ASSETS			
Current Assets			
Cash and investments	$ 50,453	$ 38,261	$ 12,192
Accounts receivable	7,391	6,099	1,292
Due from fiduciary	143	112	31
Prepaid	74	69	5
Total Current Assets	58,061	44,541	13,520
Non-Current Assets			
Capital assets, net of depreciation	129,901	124,788	5,113
Net Plan Asset-GASB 45	2,492	2,663	(171)
Total Non-Current Assets	132,393	127,451	4,942
Total Assets	190,454	171,992	18,462
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	7,804	2,457	5,347
LIABILITIES			
Current Liabilities			
Accounts payable and accrued liabilities	5,638	3,058	2,580
Due to fiduciary funds	133	778	(645)
Unearned revenue	11,362	7,541	3,821
Long-term liabilites	2,837	1,683	1,154
Total Current Liabilites	19,970	13,060	6,910
Non-Current Liabilities			
Long-term liabilites	109,643	94,251	15,392
Total liabilities	129,613	107,311	22,302
DEFERRED INFLOWS OF RESOURCES			
Deferrred inflows related to pensions	9,586	8,495	1,091
NET POSITION			
Net investment in capital assets	75,315	82,977	(7,662)
Restricted for expendable purposes	5,899	3,183	2,716
Unrestricted	(22,155)	(27,517)	5,362
Total Net Position	$ 59,059	$ 58,643	$ 416

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, 2016 and 2015

	2016	2015	Difference
OPERATING REVENUES			
Tuition and fees	$ 2,317	$ 2,390	$ (73)
Auxiliary sales and charges	846	911	(65)
Total Operating Revenues	3,163	3,301	(138)
OPERATING EXPENSES			
Salaries and benefits	41,720	41,260	460
Other expenses	31,154	31,679	(525)
Depreciation	5,657	4,900	757
Total Operating Expenses	78,531	77,839	692
NET LOSS ON OPERATIONS	(75,368)	(74,538)	(830)
NONOPERATING REVENUES AND (EXPENSES)			
State apportionments	27,461	24,485	2,976
Grants and contracts	40,308	37,314	2,994
Property taxes	5,001	4,536	465
State revenues	791	939	(148)
Interest income	1,104	920	184
Interest expense	(2,927)	(4,297)	1,370
Net transfers (to)/from trust and agency funds	(1,038)	(1,879)	841
Other non-operating revenues	(422)	741	(1,163)
Total Nonoperating Revenues	70,278	62,759	7,519
OTHER REVENUES			
Local revenues, capital	5,506	3,855	1,651
NET INCREASE (DECREASE) IN NET POSITION	$ 416	$ (7,924)	$ 8,340

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 $75.4 million is mostly balanced by the other federal and state funding sources resulting in an increase in the District's Net Position of $0.4 million.

Auxiliary revenue consists of Food Service and Farm revenues.

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

The interest income is primarily the result of cash held at the Fresno County Treasurer. The interest expense relates to interest payments on the long-term 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, 2016 and 2015

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.

	2016	2015	Difference
CASH PROVIDED BY (USED IN)			
Operating activities	$ (68,483)	$ (69,433)	$ 950
Noncapital financing activities	74,520	76,475	(1,955)
Capital financing activities	4,896	(68,240)	73,136
Investing activities	1,259	940	319
Net change in Cash and Cash Equivalents	$ 12,192	$ (60,258)	$ 72,450

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, 2016:

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

Year ended June 30, 2015:

	Salaries	Employee Benefits	Supplies Material and Other Expenses and Services	Other Outgo	Depreciation	Total
Instructional activities	$ 9,610,968	$ 3,414,197	$ 682,633	$ 897,820	$ -	$ 14,605,618
Academic support	5,122,591	1,465,406	1,413,211	309,322	-	8,310,530
Student services	5,048,275	1,904,636	1,199,154	16,128,305	-	24,280,370
Plant operations and maintenance	1,150,013	638,663	2,288,156	796,292	-	4,873,124
Instructional support services	3,131,206	1,550,854	168,028	4,801,601	-	9,651,689
Community services and economic development	881,827	256,273	436,153	255,400	-	1,829,653
CDC, Farm, Cafeteria,Parking, Athletics, RH	4,280,472	1,600,435	3,542,957	48,130	-	9,471,994
Contract Education	392,035	131,795	182,853	80	-	706,763
Other Auxillary Operations	149,813	59,722	243,615	-	-	453,150
Physical Prop & Acquisitions	344,898	110,214	89,267	173,648	-	718,027
Long-term Debt	-	-	-	177,653	-	177,653
Other financing	-	-	595,184	1,655,703	-	2,250,887
Student Aid (Scholarships)	-	-	-	183,850	-	183,850
Other Outgo (Accum Vac/Comp) and bad debt write-off	15,292	-	40,531	-	-	55,823
Depreciation expense-unallocated	-	-	-	-	4,899,715	4,899,715
Total	$ 30,127,390	$ 11,132,195	$ 10,881,742	$ 25,427,804	$ 4,899,715	$ 82,468,846

ECONOMIC FACTORS AFFECTING THE FUTURE OF WEST HILLS COMMUNITY COLLEGE DISTRICT

The 2015-2016 State Budget represents an increase in funding for both COLA and growth in the amount of 1.02 percent and 3.55 percent, respectively, which is an increase of 181 FTES. Based on the current status of the economic conditions in the State there is a good chance that there will be additional COLA and growth for the next couple fiscal years. In addition to these funds the State is now providing additional funding for areas of student access and student success. The funding for these two programs increased by about $1 million or 81 percent over the 2014-2015 FY. There is a primary focus on the achievements of our students that can be measured and thus will become the new platform from which additional funding will be provided above and beyond the COLA and growth funds. The overall revenues for the State continue to surpass the budget but the challenge will be to control the expenses. All the mandated costs have been funded in the 2015-2016 FY budget with a block grant amounting to $2.9 million for the District. This is one time funding and makes the District whole from all previous years of un-funded mandate costs. Additionally all deferrals have now been funded and there are no deferrals going forward. This will provide additional resources for the District should this materialize.

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 for the workforce to meet the demands of the private sector. We continue to watch all expenses and consider every position that is vacated before replacing them.

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION - PRIMARY GOVERNMENT
JUNE 30, 2016

ASSETS	
Current Assets	
Cash and investments	$ 21,686,480
Restricted cash and investments	28,766,529
Accounts receivable	3,978,560
Student loans receivable, net	3,412,587
Due from fiduciary funds	143,210
Prepaid expenses - current portion	73,650
Total Current Assets	58,061,016
Noncurrent Assets	
Net plan asset-GASB 45	2,492,267
Nondepreciable capital assets	17,786,329
Depreciable capital assets	170,491,563
Less: Accumulated depreciation	(58,376,990)
Total Noncurrent Assets	132,393,169
TOTAL ASSETS	190,454,185
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	7,803,569
LIABILITIES	
Current Liabilities	
Accounts payable	5,638,205
Due to fiduciary funds	133,485
Unearned revenue	11,362,141
Long-term liabilities	2,836,851
Total Current Liabilities	19,970,682
Noncurrent Liabilities	
Compensated absences payable	1,126,810
Aggregate net pension obligation	33,120,577
Long-term liabilities	75,395,539
Total Noncurrent Liabilities	109,642,926
TOTAL LIABILITIES	129,613,608
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	9,585,570
NET POSITION	
Net investment in capital assets	75,314,632
Restricted for:	
Debt service	5,641,657
Other activities	257,285
Unrestricted	(22,154,998)
TOTAL NET POSITION	$ 59,058,576

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, 2016

OPERATING REVENUES	
Tuition and Fees	$ 2,317,659
Auxiliary Sales and Charges	
Cafeteria	735,396
Farm	110,341
TOTAL OPERATING REVENUES	3,163,396
OPERATING EXPENSES	
Salaries	30,153,182
Employee benefits	11,567,666
Supplies, materials, and other operating expenses and services	31,153,922
Depreciation	5,657,060
TOTAL OPERATING EXPENSES	78,531,830
OPERATING LOSS	(75,368,434)
NON-OPERATING REVENUES (EXPENSES)	
Grants and Contracts, noncapital:	
Federal	19,671,780
State	19,541,720
Local	1,094,388
State apportionments, noncapital	27,460,648
Local property taxes, levied for general purposes	5,001,645
State taxes and other revenues	790,869
Investment income, net	1,103,925
Interest and other expenses on debt	(2,927,025)
Net transfers (to)/from trust and agency funds	(1,037,905)
Other non-operating revenues	(422,375)
TOTAL NON-OPERATING REVENUES (EXPENSES)	70,277,670
LOSS BEFORE OTHER REVENUES	(5,090,764)
OTHER REVENUES	
Local revenues, capital	5,506,385
CHANGE IN NET POSITION	415,621
NET POSITION, BEGINNING OF YEAR	58,642,955
NET POSITION, END OF YEAR	$ 59,058,576

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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 2,801,252
Payments to vendors for supplies and services	(29,491,534)
Auxiliary sales	845,737
Payments to or on behalf of employees	(42,226,855)
Other operating receipts (payments)	(411,913)
Net Cash Flows Used By Operating Activities	(68,483,313)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	30,716,629
Non-capital grants and contracts	41,352,175
Property taxes - nondebt related	4,803,433
State taxes and other apportionments	294,308
Other nonoperating	(2,646,415)
Net Cash Flows From Noncapital Financing Activities	74,520,130
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Purchase of capital assets	(10,783,479)
Proceeds from capital debt	15,110,765
Proceeds from sale of capital assets	13,468
State revenue, capital projects	5,506,385
Principal paid on capital debt	(1,755,549)
Interest and expenses paid on capital debt	(3,196,171)
Net Cash Flows From Capital Financing Activities	4,895,419
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	170,526
Interest received from investments	1,088,846
Net Cash Flows From Investing Activities	1,259,372
NET CHANGE IN CASH AND CASH EQUIVALENTS	12,191,608
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	38,261,401
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 50,453,009

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, 2016

RECONCILIATION OF NET OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (75,368,434)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	5,657,060
Changes in Assets, Deferred Outlfows, Liabilities and Deferred Inflows:	
Receivables, net	(927,218)
Prepaid expenses	32,057
Accounts payable and accrued liabilities	2,054,041
Unearned revenue	416,423
Current portion of long-term obligations	3,190,982
Deferred inflows/outflows for pension	(3,538,224)
Total Adjustments	6,885,121
Net Cash Flows Used by Operating Activities	$ (68,483,313)
NON CASH TRANSACTIONS	
On behalf payments for benefits	$ 558,220

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2016

	Trust Funds	Agency Funds
ASSETS		
Deposits and investments	$ 7,316,636	$ 45,027
Receivables	-	27,721
Student loan receivables, net	-	53
Due from other funds	58,349	75,136
Total Assets	7,374,985	147,937
LIABILITIES		
Accounts payable	-	8,611
Due to other funds	56,449	86,761
Due to student groups	-	43,198
Unearned revenue	-	9,367
Total Liabilities	56,449	$ 147,937
NET POSITION		
Restricted	7,318,536	
Total Net Position	$ 7,318,536	

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Trust Funds
ADDITIONS	
Local sources	$ 62,203
Interdistrict transfers, net	68,225
Total Additions	130,428
DEDUCTIONS	
Other expenditures	4,667
Student financial aid	46,969
Total Deductions	51,636
Change in Net Position	78,792
Net Position - Beginning of Year	7,239,744
Net Position - Ending of Year	$ 7,318,536

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

WEST HILLS COMMUNITY COLLEGE DISTRICT

DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$	877,242
Investments		1,992,492
Accounts receivable		193,908
TOTAL ASSETS	$	3,063,642
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$	113,737
Funds held for others		10,000
Total Current Liabilities		123,737
NET ASSETS		
Unrestricted		866,400
Temporarily restricted		894,919
Permanently restricted		1,178,586
Total Net Assets		2,939,905
Total Liabilities and Net Assets	$	3,063,642

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

DISCRETELY PRESENTED COMPONENT UNIT - WEST HILLS COMMUNITY COLLEGE DISTRICT FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES				
Donations and special events	$ 352,117	$ 183,760	$ 20,000	$ 555,877
Donated salaries	309,723	-	-	309,723
Federal revenue	201,927	-	-	201,927
Program fees	443,813	-	-	443,813
Program contracts	88,857	-	-	88,857
Fundraisers	172,176	-	-	172,176
Investment income	9,228	40,615	49,928	99,771
Other	37,353	(100)	-	37,253
Transfers	(34,020)	35,020	(1,000)	-
Net assets released from restrictions	183,794	(158,401)	(25,393)	-
Total Revenues	1,764,968	100,894	43,535	1,909,397
EXPENSES				
Program services:				
Scholarship	270,193	-	-	270,193
College Enhancement	666,194	-	-	666,194
Athletic Programs	155,545	-	-	155,545
Educational Programs	176,619	-	-	176,619
Support services:				
General Administrative	149,849	(15,654)	-	134,195
Fundraisers	52,416	-	-	52,416
Total Expenses	1,470,816	(15,654)	-	1,455,162
CHANGE IN NET ASSETS	294,152	116,548	43,535	454,235
NET ASSETS, BEGINNING OF YEAR	572,248	778,371	1,135,051	2,485,670
NET ASSETS, END OF YEAR	$ 866,400	$ 894,919	$ 1,178,586	$ 2,939,905

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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	454,235
Adjustments to Reconcile Change in Net Assets to Net Cash Used By Operating Activities		
Increase in accounts receivable		(25,739)
Increase in accounts payable		37,209
Decrease in funds held for others		(40,000)
Net Cash Flows Provided By Operating Activities		425,705
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments		(33,621)
Net Cash Flows Used By Investing Activities		(33,621)
NET CHANGE IN CASH AND CASH EQUIVALENTS		392,084
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		485,158
CASH AND CASH EQUIVALENTS, END OF YEAR	$	877,242

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

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments,* and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions and Analysis for Public Colleges and Universities,* as amended by GASB Statements No. 37, 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, 2016, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

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

Accounts Receivable

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

Prepaid Expenses

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

Capital Assets and Depreciation

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

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

Accrued Liabilities and Long-Term Obligations

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

Debt Premiums

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

Compensated Absences

Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the entity-wide financial statements.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Administrative/Classified Management/Confidential Staff

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

Certificated

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

Classified

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

Unearned Revenue

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

Noncurrent Liabilities

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

Net Position

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

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

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

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

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

State Apportionments

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

Property Taxes

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

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 February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application.* This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District has implemented the provisions of this Statement as of June 30, 2016.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of State and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB Statement No. 68. It also amends certain provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25*, and GASB Statement No. 68 for pension plans and pensions that are within their respective scopes.

The provisions in this Statement, effective as of June 30, 2016, include the provisions for assets accumulated for purposes of providing pensions through defined benefit plans and the amended provisions of GASB Statements No. 67 and No. 68. The District has implemented these provisions as of June 30, 2016. The provisions in this Statement related to defined benefit pensions that are not within the scope of GASB Statement No. 68 are effective for periods beginning after June 15, 2016.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of State and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

This Statement supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

The District has implemented the provisions of this Statement as of June 30, 2016.

In December 2015, the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants.* This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant.

If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. If an external investment pool meets the criteria in this Statement and measures all of its investments at amortized cost, the pool's participants also should measure their investments in that external investment pool at amortized cost for financial reporting purposes. If an external investment pool does not meet the criteria in this Statement, the pool's participants should measure their investments in that pool at fair value, as provided in paragraph 11 of GASB Statement No. 31, as amended.

This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures, for both the qualifying external investment pools and their participants, include information about any limitations or restrictions on participant withdrawals.

The District has implemented the provisions of this Statement as of June 30, 2016.

New Accounting Pronouncements

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

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

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2016. Early implementation is encouraged.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

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

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

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients
- The gross dollar amount of taxes abated during the period
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2015. Early implementation is encouraged.

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

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Early implementation is encouraged.

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

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Early implementation is encouraged.

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

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

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

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

The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Early implementation is encouraged.

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

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

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

General Authorizations

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

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

Summary of Deposits and Investments

Deposits and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Primary government	$ 50,453,009
Fiduciary funds	7,361,663
Total Deposits and Investments	$ 57,814,672

Deposits and investments as of June 30, 2016, consist of the following:

Cash on hand and in banks	$ 4,243,357
Cash in revolving	393
Investments	53,570,922
Total Deposits and Investments	$ 57,814,672

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, 2016, 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
Held by Trustee:					
Master Trusts	$ 7,154,580	$ -	$ -	$ -	$ 7,154,580
Fresno County Pool	46,518,094	-	-	46,518,094	-
Total	$ 53,672,674	$ -	$ -	$ 46,518,094	$ 7,154,580

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, 2016, the District's bank balance of $3,179,787 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. For June 30, 2016, of the investment in Master Trusts of $7,154,580, the District has a custodial credit risk because the related securities are uninsured, unregistered, and held by the brokerage firm which is also the counterparty for these securities.

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.

The District's fair value measurements are as follows at June 30, 2016:

		Fair Value Measurements Using			
Investment Type	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Uncategorized
County Pool	$ 46,518,094	$ -	$ -	$ -	$ 46,518,094
Held by Trustee:					
Master Trusts	7,154,580	7,154,580	-	-	-
Total	$ 53,672,674	$ 7,154,580	$ -	$ -	$ 46,518,094

All assets have been valued using a market approach, with quoted market prices.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2016, consist of intergovernmental grants, entitlements, interest, and other local sources.

	Primary Government	Fiduciary Funds	Total
Federal Government			
Categorical aid	$ 1,086,328	$ -	$ 1,086,328
State Government			
Categorical aid	731,114	-	731,114
Other state sources	511,102	-	511,102
Local Sources			
Interest	159,586	-	159,586
Taxes	277,800	-	277,800
Other local sources	1,212,630	27,721	1,240,351
Total	$ 3,978,560	$ 27,721	$ 4,006,281
Student loan receivables	$ 6,785,501	$ 1,575	$ 6,787,076
Allowence for uncollectible accounts	(3,372,914)	(1,522)	(3,374,436)
Student loan receivables, net	$ 3,412,587	$ 53	$ 3,412,640

Discretely Presented Component Unit

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

NOTE 6 - PREPAID EXPENDITURES

Prepaid expenditures at June 30, 2016, consist of the following:

	Primary Government
Travel and conferences	$ 11,542
Outside services	25,412
Scholarships	36,696
Total	$ 73,650

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	$ 7,637,057	$ -	$ -	$ 7,637,057
Construction in progress	439,452	10,149,272	439,452	10,149,272
Total Capital Assets Not Being Depreciated	8,076,509	10,149,272	439,452	17,786,329
Capital Assets Being Depreciated				
Land improvements	36,994,795	249,919	-	37,244,714
Buildings and improvements	127,140,475	480,404	8,428	127,612,451
Furniture and equipment	5,560,426	343,336	269,364	5,634,398
Total Capital Assets Being Depreciated	169,695,696	1,073,659	277,792	170,491,563
Total Capital Assets	177,772,205	11,222,931	717,244	188,277,892
Less Accumulated Depreciation				
Land improvements	9,345,013	1,413,472	-	10,758,485
Buildings and improvements	39,719,707	3,786,928	8,428	43,498,207
Furniture and equipment	3,919,534	456,660	255,896	4,120,298
Total Accumulated Depreciation	52,984,254	5,657,060	264,324	58,376,990
Net Capital Assests	$ 124,787,951	$ 5,565,871	$ 452,920	$ 129,900,902

Depreciation expense for the year was $5,657,060, including $430,996 related to capitalized interest. No additional interest was capitalized during the year.

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2016, consist of the following:

	Primary Government	Fiduciary Funds	Total
Vendor invoices	$ 3,672,358	$ -	$ 3,672,358
Salaries and wages payable	1,515,858	-	1,515,858
Payable to students	449,989	8,611	458,600
Total	$ 5,638,205	$ 8,611	$ 5,646,816

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, 2016, consists of the following:

	Primary Government	Fiduciary Funds	Total
Student financial assistance	$ 60,203	$ -	$ 60,203
State categorical aid	6,571,828	-	6,571,828
Enrollment fees	4,518,235	-	4,518,235
Other local	10,211,875	9,367	10,221,242
Total	$ 21,362,141	$ 9,367	$ 21,371,508

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 bonds - 2005 Refunding	$ 505,000	$ -	$ 505,000	$ -	$ -
General obligation refunding bonds - 2012	2,745,000	-	145,000	2,600,000	150,000
Bond premium (18 year amortization)	59,016	-	3,934	55,082	3,934
General obligation bonds - 2008 (Northern)					
Current interest	635,000	-	-	635,000	-
Capital appreciation	1,143,706	75,369	100,000	1,119,075	105,000
Bond premium (25 year amortization)	277,670	-	14,614	263,056	14,614
General obligation bonds - 2008, B (Northern)					
Current interest	7,740,000	-	70,000	7,670,000	90,000
Capital appreciation	199,018	16,178	-	215,196	-
Bond premium (25 year amortization)	256,054	-	11,639	244,415	11,639
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)	217,267	-	15,519	201,748	15,519
General obligation bonds - 2008 (Coalinga)					
Current interest	2,380,000	-	-	2,380,000	-
Capital appreciation	411,040	33,840	100,000	344,880	100,000
Bond premium (25 year amortization)	241,513	-	12,711	228,802	12,711
General obligation bonds - 2008, B (Coalinga)					
Current interest	6,525,000	-	105,000	6,420,000	-
Capital appreciation	2,506,933	191,970	-	2,698,903	140,000
Bond premium (25 year amortization)	321,613	-	14,619	306,994	14,619
General obligation bonds - 2008 (Lemoore)					
Current interest	4,955,000	-	-	4,955,000	-
Capital appreciation	808,787	80,386	155,000	734,173	165,000
Bond premium (25 year amortization)	336,405	-	17,706	318,699	17,706
General obligation bonds - 2008 A,(Lemoore) Reauthorized, Issued 2016					
Current interest	-	12,655,000	-	12,655,000	-
Bond premium (30 year amortization)	-	833,766	-	833,766	27,792
General obligation bonds - 2008, B (Lemoore)					
Current interest	9,625,000	-	-	9,625,000	-
Capital appreciation	3,815,042	321,568	-	4,136,610	30,000
Bond premium (30 year amortization)	640,651	-	24,640	616,011	24,640
General obligation bonds - 2015 Refunding, Series C	10,395,000	-	-	10,395,000	445,000
General obligation bonds - 2015 Refunding, Series C Premium (16 year amortization)	841,645	-	52,603	789,042	52,603
General obligation bonds - 2014, Series A Ed Tech	4,015,000	-	-	4,015,000	850,000
Capital leases	926,814	902,688	407,564	1,421,938	524,074
CDE-Child Care Revolving Loan	126,000	-	42,000	84,000	42,000
Total Long-Term Obligations	$ 64,919,174	$ 15,110,765	$ 1,797,549	$ 78,232,390	$ 2,836,851
Compensated absences, long term portion	$ 1,512,336	$ -	$ 385,526	$ 1,126,810	

Description of Debt

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

The District has utilized capital lease agreements to purchase land, buildings, and equipment. The current lease purchase agreements in the amount of $1,421,938 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, 2015	Accreted/ Issued	Defeased/ Redeemed	Bonds Outstanding June 30, 2016
2005	2032	2.5-4.75%	$ 15,600,000	$ 505,000	$ -	$ 505,000	$ -
2012	2030	2.0-3.5%	3,080,000	2,745,000	-	145,000	2,600,000
2015	2031	.59-3.72%	10,395,000	10,395,000	-	-	10,395,000
2015	2020	1.4%	4,015,000	4,015,000	-	-	4,015,000
Northern:							
2008	2034	3.41-4.950%	3,839,677	1,778,706	75,369	100,000	1,754,075
2012	2038	2.0-4.23%	7,957,059	7,939,018	16,178	70,000	7,885,196
2015	2029	2.42-3.56%	2,270,000	2,270,000	-	-	2,270,000
Coalinga:							
2009	2033	2.62-5.08%	2,998,815	2,791,040	33,840	100,000	2,724,880
2012	2039	2.0-4.21%	4,498,812	9,031,933	191,970	105,000	9,118,903
Lemoore:							
2009	2034	2.62-5.42%	5,999,837	5,763,787	80,386	155,000	5,689,173
2011	2042	2.56-7.40%	12,343,909	13,440,042	321,568	-	13,761,610
2016	2046	2.00-5.50%	12,655,000	-	12,655,000	-	12,655,000
Total				$ 60,674,526	$ 13,374,311	$ 1,180,000	$ 72,868,837

Debt Service Requirements to Maturity

2012 Issue - General Obligation Bonds - Refunding

Fiscal Year	Principal	Interest to Maturity	Total
2017	$ 150,000	$ 54,500	$ 204,500
2018	155,000	80,000	235,000
2019	160,000	76,900	236,900
2020	160,000	72,900	232,900
2021	170,000	68,100	238,100
2022-2026	935,000	239,950	1,174,950
2027-2030	870,000	75,988	945,988
Total	$ 2,600,000	$ 668,338	$ 3,268,338

2015, Series C Issue - General Obligation Bonds - Refunding

Fiscal Year	Principal	Interest to Maturity	Total
2017	$ 445,000	$ 499,332	$ 944,332
2018	515,000	429,538	944,538
2019	540,000	403,787	943,787
2020	570,000	376,788	946,788
2021	595,000	353,987	948,987
2022-2026	3,430,000	1,294,438	4,724,438
2027-2031	4,300,000	448,599	4,748,599
Total	$ 10,395,000	$ 3,806,469	$ 14,201,469

2015 Issue - General Obligation Bonds - Ed Tech

Fiscal Year	Principal	Interest to Maturity	Total
2017	$ 850,000	$ 50,260	$ 900,260
2018	1,005,000	37,275	1,042,275
2019	1,055,000	22,855	1,077,855
2020	1,105,000	7,735	1,112,735
Total	$ 4,015,000	$ 118,125	$ 4,133,125

2008 Northern Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2017	$ -	$ 33,338	$ 33,338
2018	-	33,338	33,338
2019	130,000	33,338	163,338
2020	150,000	26,513	176,513
2021	165,000	18,638	183,638
2022	190,000	9,975	199,975
Subtotal	$ 635,000	$ 155,140	$ 790,140

2008 Northern Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2017	$ 105,000	$ 105,000	$ -
2018	120,000	107,808	12,192
2027-2034	2,406,061	906,267	1,499,794
Total	$ 2,631,061	$ 1,119,075	$ 1,511,986

2008 Northern, Series B, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2017	$ 90,000	$ 328,981	$ 418,981
2018	100,000	327,181	427,181
2019	120,000	325,181	445,181
2020	130,000	321,581	451,581
2021	-	317,681	317,681
2022-2026	770,000	1,556,305	2,326,305
2027-2031	1,395,000	1,383,101	2,778,101
2032-2036	2,940,000	1,041,625	3,981,625
2037-2038	2,125,000	161,500	2,286,500
Total	$ 7,670,000	$ 5,763,136	$ 13,433,136

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	$ 215,196	$ 89,804

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

Fiscal Year	Principal	Interest to Maturity	Total
2017	$ -	$ 111,042	$ 111,042
2018	-	97,500	97,500
2019	-	97,500	97,500
2020	-	97,500	97,500
2021	-	97,500	97,500
2022-2026	1,115,000	410,500	1,525,500
2027-2029	1,155,000	78,200	1,233,200
Total	$ 2,270,000	$ 989,742	$ 3,259,742

2008 Coalinga Series A, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2017	$ -	$ 132,950	$ 132,950
2018	-	132,950	132,950
2019	-	132,950	132,950
2020	-	132,950	132,950
2021	100,000	130,450	230,450
2022-2026	585,000	569,737	1,154,737
2027-2031	915,000	357,300	1,272,300
2032-2033	780,000	66,550	846,550
Subtotal	$ 2,380,000	$ 1,655,837	$ 4,035,837

2008 Coalinga Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2017	$ 100,000	$ 100,000	$ -
2018	100,000	90,180	9,820
2019	100,000	81,340	18,660
2020	100,000	73,360	26,640
Total	$ 400,000	$ 344,880	$ 55,120

2008 Coalinga, Series B, Current Interest General Obligation Bonds

Fiscal Year	Principal	Interest to Maturity	Total
2017	$ -	$ 245,078	$ 245,078
2018	-	245,075	245,075
2019	-	245,075	245,075
2020	-	245,075	245,075
2021	-	245,075	245,075
2022-2026	595,000	1,209,175	1,804,175
2027-2031	1,595,000	1,034,726	2,629,726
2032-2036	890,000	720,463	1,610,463
2037-2039	3,340,000	273,600	3,613,600
Subtotal	$ 6,420,000	$ 4,463,342	$ 10,883,342

2008 Coalinga, Series B, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2017	$ 140,000	$ 140,000	$ -
2018	160,000	142,400	17,600
2019	180,000	142,560	37,440
2020	200,000	141,000	59,000
2021	220,000	138,028	81,972
2022-2023	525,000	276,275	248,725
Total	$ 1,425,000	$ 980,263	$ 444,737

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	$ 1,718,640	$ 606,360

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
2017	$ -	$ 267,546	$ 267,546
2018	-	267,546	267,546
2019	-	267,546	267,546
2020	-	267,546	267,546
2021	-	267,546	267,546
2022-2026	1,290,000	1,230,281	2,520,281
2027-2031	2,000,000	820,064	2,820,064
2032-2034	1,665,000	190,881	1,855,881
Subtotal	$ 4,955,000	$ 3,578,956	$ 8,533,956

2008 Lemoore Series A, Capital Appreciation General Obligation Bonds

Year Ending June 30,	Value at Maturity	Accreted Obligation	Interest to Accrete
2017	$ 165,000	$ 165,000	$ -
2018	175,000	155,855	19,145
2019	185,000	146,705	38,295
2020	195,000	137,709	57,291
2021	205,000	128,904	76,096
Total	$ 925,000	$ 734,173	$ 190,827

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

Fiscal Year	Principal/ Accreted Obligation	Interest to Maturity	Total
2017	$ -	$ 603,600	$ 603,600
2018	-	603,600	603,600
2019	-	603,600	603,600
2020	-	603,600	603,600
2021	-	603,600	603,600
2022-2026	595,000	3,007,500	3,602,500
2027-2031	835,000	4,818,775	5,653,775
2032-2036	1,739,324	6,549,061	8,288,385
2037-2041	7,266,696 [1]	4,833,309	12,100,005
2042	2,550,000 [1]	165,750	2,715,750
Subtotal	$ 12,986,020	$ 22,392,395	$ 35,378,415

[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
2017	$ 30,000	$ 30,000	$ -
2018	65,000	57,850	7,150
2019	95,000	75,240	19,760
2020	130,000	91,650	38,350
2021	170,000	106,658	63,342
2022-2025	865,000	414,192	450,808
Total	$ 1,355,000	$ 775,590	$ 579,410

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

Fiscal Year	Principal	Interest to Maturity	Total
2017	$ -	$ 250,546	$ 250,546
2018	45,000	490,199	535,199
2019	55,000	489,299	544,299
2020	70,000	488,199	558,199
2021	85,000	486,798	571,798
2022-2026	740,000	2,349,992	3,089,992
2027-2031	1,405,000	2,090,242	3,495,242
2032-2036	2,315,000	1,639,743	3,954,743
2037-2041	3,355,000	1,119,173	4,474,173
2042-2046	4,585,000	482,799	5,067,799
Subtotal	$ 12,655,000	$ 9,886,990	$ 22,541,990

Capital Leases

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

Balance, July 1, 2015	$ 926,814
Additions	902,688
Payments	407,564
Balance, June 30, 2016	$ 1,421,938

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2017	$ 571,077
2018	415,019
2019	414,504
2020	115,084
Total	1,515,684
Less: Amount Representing Interest	93,746
Present Value of Minimum Lease Payments	$ 1,421,938

CDE Revolving Loan

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

The remaining lease payments are as follows:

Year Ending June 30,	Lease Payment
2017	$ 42,000
2018	42,000
Total	$ 84,000

Compensated Absences

At June 30, 2016, the liability for compensated absences was $1,126,810.

NOTE 12 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) ASSET

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

Plan Description

The Plan (the Plan) is a single-employer defined benefit healthcare plan administered by West Hills Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Membership of the Plan consists of approximately 55 retirees and beneficiaries currently receiving benefits and over 270 active plan members.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually through agreements between the District and the bargaining units. For fiscal year 2016, the District contributed 100 percent of the required "pay as you go" portion of $550,732 and has also contributed funds totaling $687,342 towards the future obligations of the District. The annual required contribution (ARC) for the District was $837,975. The net amount of the Trust's investment returns/losses and the cumulative balance of the ARC has left a Net Plan Asset totaling $2,492,267 as of June 30, 2016.

Annual OPEB Cost and Net OPEB Asset

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

Annual required contribution	$ (837,975)
Short-fall of interest earnings, net of expenses, on net plan assets	(323,956)
Adjustment to annual required contribution	(246,669)
Annual OPEB cost (expense)	(1,408,600)
Contributions made	1,238,074
Change in net OPEB asset	(170,526)
Net OPEB asset, beginning of year	2,662,793
Net OPEB asset, end of year	$ 2,492,267

Trend Information

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

Year Ended June 30,	Annual Required Contribution	Percentage Contributed	Net OPEB Asset
2016	$ 837,975	187%	$ 2,492,267
2015	837,975	159%	2,662,793
2014	661,234	133%	2,753,990

Funding Status and Funding Progress

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

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
November 1, 2014	$ 6,040,662	$ 10,670,120	$ 4,629,458	56.61%	$ 23,836,774	19.42%

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

Actuarial Methods and Assumptions

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

In the November 1, 2014, actuarial valuation, the entry age normal method was used. The actuarial assumptions included a 6.5 percent investment rate of return (net of administrative expenses), based on the Plan being funded in an irrevocable employee benefit trust fund invested in a long-term fixed income portfolio. Healthcare cost trend rates was 4.0 percent. The cost trend rate used for the Dental and Vision Programs was 4.0 percent. The UAAL is being amortized at a level dollar method. The remaining amortization period at June 30, 2016, was 19 years. As of June 30, 2016, the Trust held assets with a value of $7,154,580.

NOTE 13 - RISK MANAGEMENT

Joint Powers Authority Risk Pools

During fiscal year ended June 30, 2016, 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 2015-2016, the District participated in the Protected Insurance Program for Schools (PIPS) Joint Powers Authority, an insurance purchasing pool. The intent of PIPS is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in PIPS. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in PIPS. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of PIPS. Participation in PIPS is limited to community college districts that can meet PIPS's selection criteria.

NOTE 14 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2016, 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	$ 17,367,732	$ 2,753,469	$ 4,994,214	$ 997,227
CalPERS	15,752,845	5,050,100	4,591,356	1,168,921
Total	$ 33,120,577	$ 7,803,569	$ 9,585,570	$ 2,166,148

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, 2014, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publically available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2016, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a precentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	9.20%	8.56%
Required employer contribution rate	10.73%	10.73%
Required state contribution rate	7.12589%	7.12589%

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, 2016, are presented above, and the District's total contributions were $1,385,055.

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

At June 30, 2016, 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	$ 17,367,732
State's proportionate share of the net pension liability associated with the District	9,185,616
Total	$ 26,553,348

The net pension liability was measured as of June 30, 2015. 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, 2015 and June 30, 2014, was 0.0258 percent and 0.0289 percent, respectively, resulting in a net decrease in the proportionate share of 0.0031 percent.

For the year ended June 30, 2016, the District recognized pension expense of $997,227. In addition, the District recognized pension expense and revenue of $711,529 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,385,055	$ -
Net change in proportionate share of net pension liability	-	1,919,828
Difference between projected and actual earnings on pension plan investments	1,368,414	2,784,167
Differences between expected and actual experience in the measurement of the total pension liability	-	290,219
Total	$ 2,753,469	$ 4,994,214

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(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 Outflows/(Inflows) of Resources
2017	$ (585,952)
2018	(585,952)
2019	(585,952)
2020	342,103
Total	$ (1,415,753)

The deferred (inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred (Inflows) of Resources
2017	$ (368,341)
2018	(368,341)
2019	(368,341)
2020	(368,341)
2021	(368,341)
Thereafter	(368,342)
Total	$ (2,210,047)

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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.50%
Private equity	12%	6.20%
Real estate	15%	4.35%
Inflation sensitive	5%	3.20%
Fixed income	20%	0.20%
Cash/liquidity	1%	0.00%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 26,223,923
Current discount rate (7.60%)	$ 17,367,732
1% increase (8.60%)	$ 10,007,522

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, 2014, annual actuarial valuation report, Schools Pool Actuarial Valuation, 2014. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2016, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a precentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	11.847%	11.847%

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, 2016, are presented above, and the total District contributions were $1,562,564.

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

As of June 30, 2016, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $15,752,845. The net pension liability was measured as of June 30, 2015. 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, 2015 and June 30, 2014, was 0.1069 percent and 0.1113 percent, respectively, resulting in a net decrease in the proportionate share of 0.0044 percent.

For the year ended June 30, 2016, the District recognized pension expense of $1,168,921. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,562,564	$ -
Net change in proportionate share of net pension liability	-	496,829
Difference between projected and actual earnings on pension plan investments	2,587,237	3,126,628
Differences between expected and actual experience in the measurement of the total pension liability	900,299	
Changes of assumptions	-	967,899
Total	$ 5,050,100	$ 4,591,356

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/(inflows) 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/(Inflows) of Resources
2017	$ (395,400)
2018	(395,400)
2019	(395,400)
2020	646,809
Total	$ (539,391)

The deferred (inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the EARSL of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the 2014-2015 measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred (Inflows) of Resources
2017	$ (194,631)
2018	(194,631)
2019	(175,167)
Total	$ (564,429)

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, 2014, and rolling forward the total pension liability to June 30, 2015. The financial reporting actuarial valuation as of June 30, 2014, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2014
Measurement date	June 30, 2015
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and services

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

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

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	51%	5.25%
Global fixed income	19%	0.99%
Private equity	10%	6.83%
Real estate	10%	4.50%
Inflation sensitive	6%	0.45%
Infrastructure and Forestland	2%	4.50%
Liquidity	2%	-0.55%

Discount Rate

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

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

Discount rate	Net Pension Liability
1% decrease (6.65%)	$ 25,939,068
Current discount rate (7.65%)	$ 15,752,845
1% increase (8.65%)	$ 7,531,790

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal years ended June 30, 2016, 2015, and 2014, which amounted to $558,220, $707,428, and $773,783, respectively, (7.12589 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the years ended June 30, 2016, 2015, and 2014. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

APPLE

Plan Description

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

Funding Policy

Active plan members and the District are each required to contribute 3.75 percent of an individual's salary to the plan, for a total of 7.5 percent of an individual's salary. Individuals enrolled in the plan are 100 percent vested in the contributions made to it. The District's contribution to the plan for the fiscal year ending June 30, 2016, was $103,794.

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

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

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

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

During the year ended June 30, 2016, the District made payments of $1,832,896, $4,645,961, $473,483, and $253,106, to CVT, SISC, PIPS, and SWACC, respectively for health, worker's compensation, and property liability coverage.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

Litigation

The District is involved in one case of litigation in which the District is the defendant. In the opinion of legal counsel it is too early in this litigation to make an evaluation of the outcome.

Construction Commitments

As of June 30, 2016, the District had the following commitments with respect to the unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Date of Completion
NDC building repairs	$ 534,650	May 31, 2017
WHL student center building	4,961,825	January 1, 2017
Total	$ 5,496,475	

REQUIRED SUPPLEMENTARY INFORMATION

WEST HILLS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal Method (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
November 1, 2014	$ 6,040,662	$ 10,670,120	$ 4,629,458	56.61%	$ 23,836,774	19.42%
November 1, 2012	$ 3,892,368	$ 7,180,848	$ 3,288,480	54.20%	$ 23,702,465	13.87%
November 1, 2011	$ 2,734,825	$ 7,259,572	$ 4,524,747	37.67%	$ 24,904,850	18.17%

See accompanying notes 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, 2016

	2016	2015
CalSTRS		
District's proportion of the net pension liability (asset)	0.0258%	0.0289%
District's proportionate share of the net pension liability (asset)	$ 17,367,732	$ 16,872,365
State's proportionate share of the net pension liability (asset) associated with the District	9,185,616	10,188,262
Total	$ 26,553,348	$ 27,060,627
District's covered - employee payroll	$ 12,056,059	$ 13,313,333
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	144.06%	126.73%
Plan fiduciary net position as a percentage of the total pension liability	74%	77%
CalPERS		
District's proportion of the net pension liability (asset)	0.0107%	0.1113%
District's proportionate share of the net pension liability (asset)	$ 15,752,845	$ 12,629,704
District's covered - employee payroll	$ 11,780,715	$ 11,462,620
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	133.72%	110.18%
Plan fiduciary net position as a percentage of the total pension liability	79%	83%

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

See accompanying notes to required supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT CONTRIBUTIONS FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
CalSTRS		
Contractually required contribution	$ 1,385,055	$ 1,070,578
Contributions in relation to the contractually required contribution	1,385,055	1,070,578
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 12,908,248	$ 12,056,059
Contributions as a percentage of covered - employee payroll	10.73%	8.88%
CalPERS		
Contractually required contribution	$ 1,562,564	$ 1,386,708
Contributions in relation to the contractually required contribution	1,562,564	1,386,708
Contribution deficiency (excess)	$ -	$ -
District's covered - employee payroll	$ 13,189,533	$ 11,780,715
Contributions as a percentage of covered - employee payroll	11.847%	11.771%

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

See accompanying notes to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

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

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

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

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.

NOTE 2 - CHANGES IN BENEFIT TERMS AND ASSUMPTIONS

Changes in Benefit Terms

There were no changes in benefit terms since the previous valuation for either CalSTRS and CalPERS.

Changes in Assumptions

The CalSTRS plan rate of investment return assumption was not changed from the previous valuation. The CalPERS plan rate of investment return assumption was changed from 7.50 percent to 7.65 percent since the previous valuation.

SUPPLEMENTARY INFORMATION

DISTRICT ORGANIZATION
JUNE 30, 2016

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 2019
Nina Oxborrow	Vice President	December 2017
Jack Minnite	Clerk	December 2017
Steve Cantu	Member	December 2019
Bobby Lee	Member	December 2019
Martin Maldonado	Member	December 2019
J.L. Levinson	Member	December 2017

ADMINISTRATION

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

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Total Program Expenditures
U.S. DEPARTMENT OF EDUCATION		
High School Equivalency Program	84.141A	$ 346,818
Student Financial Assistance Cluster:		
Supplemental Educational Opportunity Grants	84.007	214,564
Direct Loans	84.268	2,400,269
Federal Workstudy	84.033	182,058
TANF 50% Federal/Calworks	84.033	274,949
Pell Grant	84.063	11,333,484
Subtotal - Student Financial Assistance Cluster		14,405,324
Title V - Higher Education - Institutional Aid	84.031S	752,546
TRIO Cluster:		
Upward Bound	84.047A	798,557
Upward Bound - Math / Science	84.047M	270,313
Student Support Services	84.042A	276,543
Subtotal - TRIO Cluster		1,345,413
Vocational and Technical Education Act:		
VTEA - Leadership	84.048	100,000
VTEA - Tech Prep	84.048	90,238
VTEA IB	84.048	201,277
Subtotal - VTEA Programs		391,515
Subtotal - U.S. Department of Education		17,241,616
U.S. DEPARTMENT OF AGRICULTURE		
Child and Adult Care Food Program	10.558	403,637
Rural Business Enterprise Grant	10.769	50,727
Mendota Agricultural Pathways	10.226	5,099
Subtotal - U.S. Department of Agriculture		459,463
U.S. DEPARTMENT OF VETERAN AFFAIRS		
Veterans' Education	64.112	1,080
Subtotal U.S. Department of Veteran Affairs		1,080
U.S. DEPARTMENT OF LABOR		
Trade Adjustment Assistance Community College & Career Training	17.282	678,274
WIA Cluster:		
Workforce Investment Act - Adult Program	17.258	453,947
Workforce Investment Act - Dislocated Worker	17.278	355,325
Workforce Investment Act - Youth Employment Program	17.259	364,923
Subtotal - Workforce Investment Cluster		1,174,195
Subtotal U.S. Department of Labor		1,852,469

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
FOR THE YEAR ENDED JUNE 30, 2016

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	$ 35,690
Subtotal U.S. Department of Transportation		35,690
NATIONAL SCIENCE FOUNDATION		
Achieving Community Colege Excellence for Scholarship Success	47.076	81,462
Total Federal Programs		$ 19,671,780

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Program	Program Entitlements Current Year	Prior Year	Total Entitlement
STATE			
After School Education & Safety	$ 740,099	$ 760,152	$ 1,500,251
Award for Innovation	2,492,213	7,787	2,500,000
BFAP - Financial Aid Administration	356,792	296,209	653,001
Basic Skills/ Immigrant Edu. Supplement	285,050	179,995	465,045
California Drought Relief	45,891	29,109	75,000
Cal Works	317,949	320,338	638,287
CARE Grant	212,595	127,102	339,697
Career Pathways Trust	4,496,619	19,318	4,515,937
Child Care-State Preschool	2,486,953	2,296,417	4,783,370
Child Care-Food	24,779	24,264	49,043
CTE Enhancement	297,095	-	297,095
Disability Support Programs and Services	501,848	502,361	1,004,209
Pre-Kindergarten Supplemental	10,000	10,000	20,000
ECE Consortium Grant	10,000	7,950	17,950
Extended Opportunity Program and Service	867,177	639,160	1,506,337
First Five			
Prop 10 - Avenal	88,381	90,000	178,381
Instructional Equipment	18,232	9,011	27,243
IRDC/Merced CCD	218,800	72,800	291,600
FRCCD/IDRC/21st Century Skills	10,421	-	10,421
OSHPH/HCTP	4,258	-	4,258
Lottery			
Restricted	734,840	104,603	839,443
Physical Plant and Instructional Support	660,956	686,587	1,347,543
Staff Diversity	4,264	10,636	14,900
Student Success and Support Program (Matriculation)	1,723,113	445,497	2,168,610
Student Success and Support Program Student Equity	1,044,974	428,009	1,472,983
Teacher Prep Pipeline	131,502	88,721	220,223
CCCCO/Nursing Education	192,287	282,932	475,219
CCCCO/Adult	955,412	90,823	1,046,235
Career Academy Grant: Coalinga	142,057	750,565	892,622
SB1133	1,960	-	1,960
Building Maintenance and Repair	-	109,705	109,705
Song Brown Capitation	20,000	-	20,000
Song Brown	40,415	44,585	85,000
Prop 39/KCCD	3,097	-	3,097
Prop 39/5CoCraft Path	5,000	-	5,000
CDCR - Institutional Transition Program	53,670	366,589	420,259
Middle College High	99,000	99,000	198,000
Total State Programs	$ 19,297,699	$ 8,900,225	$ 28,197,924

See accompanying note to supplementary information.

Program Revenues				Total
Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
$ 663,039	$ 77,060	$ -	$ 740,099	$ 740,099
2,492,213	-	1,954,225	537,988	537,988
356,792	-	-	356,792	356,792
285,050	-	105,250	179,800	179,801
45,891	-	15,005	30,886	30,886
316,897	1,052	-	317,949	317,949
212,595	-	-	212,595	212,595
4,457,884	38,735	2,558,585	1,938,034	1,938,034
2,506,651	52,632	-	2,559,283	2,807,103
20,296	4,483	-	24,779	24,779
93,955	203,140	-	297,095	297,095
501,848	-	-	501,848	501,848
1,174	8,826	-	10,000	10,000
10,000	-	-	10,000	10,000
867,077	100	-	867,177	867,177
67,875	20,507	-	88,382	88,382
18,232	-	11,582	6,650	6,650
218,800	-	43,106	175,694	175,694
10,421	-	10,000	421	421
4,258	-	-	4,258	4,258
461,247	273,593	559,161	175,679	175,680
660,956	-	-	660,956	660,956
4,264	-	-	4,264	4,264
1,723,113	-	572,019	1,151,094	1,151,094
1,044,974	-	82,504	962,470	962,471
131,502	-	53,239	78,263	78,263
176,904	15,383	-	192,287	192,287
955,412	-	607,152	348,260	348,260
142,057	-	-	142,057	142,057
1,960	-	-	1,960	1,960
-	-	-	-	-
15,000	5,000	-	20,000	20,000
12,909	27,506	-	40,415	40,415
-	3,097	-	3,097	3,097
5,000	-	-	5,000	5,000
32,417	21,253	-	53,670	53,670
39,600	59,400	-	99,000	99,000
$ 18,558,263	$ 811,767	$ 6,571,828	$ 12,798,202	$ 13,046,025

WEST HILLS COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT
FOR THE YEAR ENDED JUNE 30, 2016

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2015 only)			
1. Noncredit	71.62	-	71.62
2. Credit	540.33	-	540.33
B. Summer Intersession (Summer 2016 - Prior to July 1, 2016)			
1. Noncredit	0.16	-	0.16
2. Credit	105.83	-	105.83
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	2,303.70	-	2,303.70
(b) Daily Census Contact Hours	493.52	-	493.52
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	278.19	-	278.19
(b) Credit	72.89	-	72.89
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	1,312.03	-	1,312.03
(b) Daily Census Contact Hours	299.34	-	299.34
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	5,477.61	-	5,477.61
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)			
F. Basic Skills Courses and Immigrant Education			
1. Noncredit	343.68	-	343.68
2. Credit	161.30	-	161.30
CCFS-320 Addendum			
CDCP Noncredit FTES	-	-	-
Centers FTES			
1. Noncredit	4.90	-	4.90
2. Credit	915.91	-	915.91

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, 2016

		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
<u>**Academic Salaries**</u>							
Instructional Salaries							
Contract or Regular	1100	$ 6,217,455	$ -	$ 6,217,455	$ 6,217,455	$ -	$ 6,217,455
Other	1300	3,370,204	-	3,370,204	3,370,204	-	3,370,204
Total Instructional Salaries		9,587,659	-	9,587,659	9,587,659	-	9,587,659
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	2,761,052	-	2,761,052
Other	1400	-	-	-	212,442	-	212,442
Total Noninstructional Salaries		-	-	-	2,973,494	-	2,973,494
Total Academic Salaries		9,587,659	-	9,587,659	12,561,153	-	12,561,153
<u>**Classified Salaries**</u>							
Noninstructional Salaries							
Regular Status	2100	-	-	-	4,882,027	-	4,882,027
Other	2300	-	-	-	210,932	-	210,932
Total Noninstructional Salaries		-	-	-	5,092,959	-	5,092,959
Instructional Aides							
Regular Status	2200	82,876	-	82,876	82,876	-	82,876
Other	2400	160,596	-	160,596	160,596	-	160,596
Total Instructional Aides		243,472	-	243,472	243,472	-	243,472
Total Classified Salaries		243,472	-	243,472	5,336,431	-	5,336,431
Employee Benefits	3000	2,696,027	-	2,696,027	6,273,320	-	6,273,320
Supplies and Material	4000	-	-	-	623,422	-	623,422
Other Operating Expenses	5000	352,043	-	352,043	1,973,182	-	1,973,182
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		12,879,201	-	12,879,201	26,767,508	-	26,767,508

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, 2016

		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	$ 226,387	$ -	$ 226,387	$ 226,387	$ -	$ 226,387
Student Health Services Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	28,721	-	28,721
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	197,775	-	197,775
Objects to Exclude							
Rents and Leases	5060	-	-	-	258,322	-	258,322
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	-	-	-	68,776	-	68,776
Noninstructional Supplies and Materials	4400	-	-	-	555,551	-	555,551
Total Supplies and Materials		-	-	-	624,327	-	624,327

See accompanying note to supplementary information.

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, Continued
FOR THE YEAR ENDED JUNE 30, 2016

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Revised Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Revised Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 168,775	$ -	$ 168,775
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		226,387	-	226,387	1,504,307	-	1,504,307
Total for ECS 84362, 50 Percent Law		$ 12,652,814	$ -	$ 12,652,814	$ 25,263,201	$ -	$ 25,263,201
Percent of CEE (Instructional Salary Cost/Total CEE)		50.08%		50.08%	100.00%		100.00%
50% of Current Expense of Education					$ 12,631,601		$ 12,631,601

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT
FOR THE YEAR ENDED JUNE 30, 2016

Activity Classification	**Object Code**			**Unrestricted**	
EPA Proceeds:	8630				$ 5,274,094
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 5,274,094	$ -	$ -	$ 5,274,094
Total Expenditures for EPA		$ 5,274,094	$ -	$ -	$ 5,274,094
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH FUND FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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

	General Unrestricted Fund	Capital Outlay Projects Fund [1]	Revenue Bond Construction Fund
FUND BALANCE			
Balance, June 30, 2016, (CCFS-311)	$ 8,355,614	$ 11,613,825	$ 15,654,090
Increase in:			
Cash in county treasury	175,625	-	206,245
Accounts payable	-	(1,052,385)	-
Balance, June 30, 2016, Audited	$ 8,531,239	$ 10,561,440	$ 15,860,335

[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, 2016

Amounts Reported in the Statement of Net Position are Different Because:		
Total Fund Balance - All District Funds		**$ 40,927,185**
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	$ 188,277,892	
Accumulated depreciation is	(58,376,990)	129,900,902
The Retiree Benefit Trust (GASB 45) is reported in the entity-wide statements as a Net Plan Asset or an OPEB obligation and not at it's full value. This is the difference between the Trust value and the Net Plan Asset.		2,492,267
Expenditures relating to contributions made to pension plans were recognized on the modified accrual basis, but are not recognized on the accrual basis.		2,947,619
The net change in proportionate share of net pension liability as of the measurement date is not recognized as an expenditure under the modified accrual basis, but is recognized on the accural basis over the expected average remaining service life of members receiving pension benefits.		(2,416,657)
The difference between projected and actual earnings on pension plan investments are not recognized on the modified accrual basis, but are recognized on the accrual basis as an adjustment to pension expense.		(1,955,144)
The differences between expected and actual experience in the measurement of the total pension liability are not recognized on the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.		610,080
The changes of assumptions are not recognized as an expenditure under the modified accrual basis, but are recognized on the accrual basis over the expected average remaining service life of members receiving pension benefits.		(967,899)
Net pension liability is not due and payable in the current period and is not reported as a liability in the funds.		(33,120,577)

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION, Continued
JUNE 30, 2016

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	$ 76,726,452	
Capital leases payable	1,421,938	
CDE-Child Care revolving loan	84,000	
Compensated absences (vacations)	1,126,810	$ (79,359,200)
Total Net Position		**$ 59,058,576**

See accompanying note to supplementary information.

WEST HILLS COMMUNITY COLLEGE DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2016

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

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

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance.

Schedule of Expenditures of State Awards

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

Schedule of Workload Measures for State General Apportionment

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

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

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

Proposition 30 Education Protection Act (EPA) Expenditure Report

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

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

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

INDEPENDENT AUDITOR'S REPORTS

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

Board of Trustees
West Hills Community College District
Coalinga, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of West Hills Community College District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2016.

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.

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.

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Compliance and Other Matters

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

Purpose of This Report

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

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 27, 2016

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

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, 2016. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 27, 2016

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
West Hills Community College District
Coalinga, California

Report on State Compliance

We have audited West Hills Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in November 2015 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2016.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in November 2015.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in November 2015. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2016.

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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	Concurrent Enrollment of K-12 Students in Community College Credit Courses
Section 429	Student Success and Support Program (SSSP)
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 438	Student Fees – Health Fees and Use of Health Fee Funds
Section 439	Proposition 39 Clean Energy
Section 440	Intersession Extension Programs
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged (TBA) Hours
Section 490	Proposition 1D State Bond Funded Projects
Section 491	Proposition 30 Education Protection Account Funds

The District does not charge any student health fees; therefore, the compliance tests within this section were not applicable.

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

The District did not have any projects funded with Proposition 1D State Bond funds; therefore, the compliance tests within this section were not applicable.

Vavrinek, Trine, Day & Co., LLP

Fresno, California
December 27, 2016

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

WEST HILLS COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016

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

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, 2016

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

WEST HILLS COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

UNAUDITED SUPPLEMENTARY INFORMATION

GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2016

	General Unrestricted	General Restricted	Cafeteria
ASSETS			
Cash and cash equivalents	$ 16,809,686	$ 678,167	$ 12,423
Investments	175,625	-	-
Accounts receivable	910,229	1,692,335	131
Student loans receivable	3,368,503	-	(1,678)
Due from other funds	452,607	5,473,614	21,826
Prepaid expenses	27,068	8,576	-
Total Assets	$ 21,743,718	$ 7,852,692	$ 32,702
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	$ 2,444,413	$ 1,177,283	$ 27,685
Due to other funds	6,249,831	-	-
Unearned revenue	4,518,235	6,675,409	2,612
Total Liabilities	13,212,479	7,852,692	30,297
FUND EQUITY			
Fund Balances			
Restricted	-	-	-
Nonspendable	27,068	8,576	-
Unreserved			
Uncommitted	8,504,171	(8,576)	2,405
Total Fund Equity	8,531,239	-	2,405
Total Liabilities and Fund Equity	$ 21,743,718	$ 7,852,692	$ 32,702

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
$ 588,622	$ 8,232	$ 5,434	$ 5,568,216	$ 1,649,691	$ 1,120,774
-	-	-	-	-	-
240,472	938	-	73,441	9,308	-
-	-	(2,937)	-	-	-
-	82,158	46,816	-	-	-
-	1,310	-	-	-	-
$ 829,094	$ 92,638	$ 49,313	$ 5,641,657	$ 1,658,999	$ 1,120,774
$ 188,405	$ 19,814	$ 44,649	$ -	$ -	$ -
367,746	-	3,096	-	4,118	-
15,658	-	1,568	-	-	-
571,809	19,814	49,313	-	4,118	-
-	-	-	5,641,657	1,654,881	1,120,774
-	1,310	-	-	-	-
257,285	71,514	-	-		-
257,285	72,824	-	5,641,657	1,654,881	1,120,774
$ 829,094	$ 92,638	$ 49,313	$ 5,641,657	$ 1,658,999	$ 1,120,774

WEST HILLS COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
BALANCE SHEETS, Continued
JUNE 30, 2016

	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Fund (Memorandum Only)
ASSETS			
Cash and cash equivalents	$ 4,837,665	$ 17,441,052	$ 48,719,962
Investments	1,109,748	206,245	1,491,618
Accounts receivable	868,094	65,431	3,860,379
Student loans receivable	-	-	3,363,888
Due from other funds	2,214,634	34,172	8,325,827
Prepaid expenses	-	-	36,954
Total Assets	$ 9,030,141	$ 17,746,900	$ 65,798,628
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	$ 1,210,184	$ -	$ 5,112,433
Due to other funds	34,172	1,886,565	8,545,528
Unearned revenue	-	-	11,213,482
Total Liabilities	1,244,356	1,886,565	24,871,443
FUND EQUITY			
Fund Balances			
Restricted	7,785,785	15,860,335	32,063,432
Nonspendable	-	-	36,954
Unreserved			
Uncommitted	-	-	8,826,799
Total Fund Equity	7,785,785	15,860,335	40,927,185
Total Liabilities and Fund Equity	$ 9,030,141	$ 17,746,900	$ 65,798,628

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, 2016

	General Unrestricted	General Restricted	Cafeteria
REVENUES			
Federal revenues	$ 1,080	$ 5,318,746	$ -
State revenues	31,841,501	10,115,756	-
Local revenues	7,927,566	145,432	735,396
Total Revenues	39,770,147	15,579,934	735,396
EXPENDITURES			
Current Expenditures			
Academic salaries	13,497,945	3,022,032	-
Classified salaries	6,187,633	4,571,372	348,376
Employee benefits	7,380,807	2,550,089	157,398
Books and supplies	806,566	689,547	455,288
Services and operating expenditures	3,253,097	2,739,132	317,269
Student financial aid	(3,995)	304,270	-
Capital outlay	193,084	952,181	-
Debt service - principal	161,315	-	-
Debt service - interest and other	32,496	-	-
Total Expenditures	31,508,948	14,828,623	1,278,331
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	8,261,199	751,311	(542,935)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	212,958	545,341
Operating transfers out	(3,852,456)	(964,269)	-
Other sources	112,597	-	-
Total Other Financing Sources (Uses)	(3,739,859)	(751,311)	545,341
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	4,521,340	-	2,406
FUND BALANCE, BEGINNING OF YEAR	4,009,899	-	(1)
FUND BALANCE, END OF YEAR	$ 8,531,239	$ -	$ 2,405

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
$ 403,637	$ -	$ -	$ -	$ -	$ -
4,017,898	-	-	22,516	-	-
195,136	110,341	289,459	5,539,050	110,795	104,222
4,616,671	110,341	289,459	5,561,566	110,795	104,222
-	129,935	-	-	-	-
3,018,687	66,120	180,000	-	-	-
1,104,116	64,049	140,681	-	-	-
316,105	94,704	19,913	-	-	-
1,326,102	340,353	218,780	(13,507)	108,966	2,712
-	-	-	-	-	-
25,472	10,115	3,266	-	-	-
42,000	-	-	3,289,461	-	-
-	-	-	-	84,068	105,711
5,832,482	705,276	562,640	3,275,954	193,034	108,423
(1,215,811)	(594,935)	(273,181)	2,285,612	(82,239)	(4,201)
1,472,062	508,357	273,180	333,890	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,472,062	508,357	273,180	333,890	-	-
256,251	(86,578)	(1)	2,619,502	(82,239)	(4,201)
1,034	159,402	1	3,022,155	1,737,120	1,124,975
$ 257,285	$ 72,824	$ -	$ 5,641,657	$ 1,654,881	$ 1,120,774

WEST HILLS COMMUNITY COLLEGE DISTRICT

GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES, Continued
FOR THE YEAR ENDED JUNE 30, 2016

	Capital Outlay Projects	Revenue Bond Construction	Total Governmental Fund (Memorandum Only)
REVENUES			
Federal revenues	$ -	$ -	$ 5,723,463
State revenues	145,910	-	46,143,581
Local revenues	272,594	438,278	15,868,269
Total Revenues	418,504	438,278	67,735,313
EXPENDITURES			
Current Expenditures			
Academic salaries	-	-	16,649,912
Classified salaries	-	-	14,372,188
Employee benefits	-	-	11,397,140
Books and supplies	2,545	-	2,384,668
Services and operating expenditures	1,006,561	(333,890)	8,965,575
Student financial aid	-	-	300,275
Capital outlay	13,286,681	-	14,470,799
Debt service - principal	267,675	-	3,760,451
Debt service - interest and other	22,537	-	244,812
Total Expenditures	14,585,999	(333,890)	72,545,820
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(14,167,495)	772,168	(4,810,507)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	12,164,406	-	15,510,194
Operating transfers out	-	(11,731,374)	(16,548,099)
Other sources	845,000	12,655,000	13,612,597
Total Other Financing Sources (Uses)	13,009,406	923,626	12,574,692
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(1,158,089)	1,695,794	7,764,185
FUND BALANCE, BEGINNING OF YEAR	8,943,874	14,164,541	33,163,000
FUND BALANCE, END OF YEAR	$ 7,785,785	$ 15,860,335	$ 40,927,185

See accompanying note to unaudited supplementary information.

NOTE TO ADDITIONAL SUPPLEMENTARY INFORMATION
JUNE 30, 2016

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.