



West Valley - Mission

Community College District

ANNUAL FINANCIAL REPORT

JUNE 30, 2020 AND 2019



WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
West Valley-Mission Community College District
Saratoga, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units, Mission-West Valley Land Corporation and West Valley-Mission Community College Foundation of West Valley-Mission Community College District (the District) as of and for the years ended June 30, 2020, and 2019 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 *2019-2020 Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the District as of June 30, 2020, and 2019, and the respective changes in financial position and cash flows thereof for the years 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, the Schedule of Changes in Net OPEB Liability and Related Ratios, the Schedule of Contributions – OPEB, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Contributions – Pensions as listed in the table of contents 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
October 28, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

INTRODUCTION

The West Valley-Mission Community College District was established in 1963 and provides higher education in Santa Clara County and a portion of Santa Cruz County. The District operates two colleges. West Valley College, founded in 1964, is situated on a 143-acre campus in the foothills of the Santa Cruz Mountains in Saratoga, California. Mission College, which opened in 1975, is located on a 164-acre site in Santa Clara, California. The Colleges are each fully accredited by the Accrediting Commission for Community and Junior Colleges (ACCJC).

The governing body of the District is the Board of Trustees, which includes seven voting members elected by the voters of the District within seven trustee areas. The Trustees serve four-year terms. Elections for trustee positions to the Board are held every two years, alternating between three and four positions. The management and policies of the District are administered by a Board-appointed Chancellor.

USING THIS ANNUAL REPORT

The purpose of this annual report is to provide readers with information about the activities, programs, and financial condition of the West Valley-Mission Community College District (the District) as of June 30, 2020 and June 30, 2019. This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section. Responsibility for the completeness and accuracy of this information rests with the District Management.

OBJECTIVES OF THE AUDIT

The audit of the West Valley-Mission Community College District had the following objectives:

- To express an opinion as to whether the financial statements are fairly presented, in all material respects, in conformity with U. S. generally accepted accounting principles (GAAP).
- To evaluate the adequacy of the systems and procedures affecting compliance with government audit standards, guides, procedures, statutes, rules, and regulations which could have a material effect on the financial statements in accordance with government auditing standards.
- To review and report on the District's system of internal controls related to major federal programs.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

OVERVIEW OF THE FINANCIAL STATEMENTS

The Annual report consists of three basic financial statements that provide information on the District as a whole:

- The Statements of Net Position – page 19
- Statements of Revenues, Expenses, and Changes in Net Position – page 20
- The Statements of Cash Flows – page 21

The focus of the Statement of Net Position is designed to be similar to the bottom line results of the District. This statement combines and consolidates current financial 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 primarily by local property taxes and State apportionment revenues. Activities are reported as either operating or non-operating. The District depends on local funding for operating expenses; however, the operating activity reflects a loss because the financial reporting model classifies certain revenues as non-operating.

The Statement of Cash Flow provides an analysis of the sources and uses of cash within the operations of the District. This statement helps measure the ability to meet financial obligations as they mature.

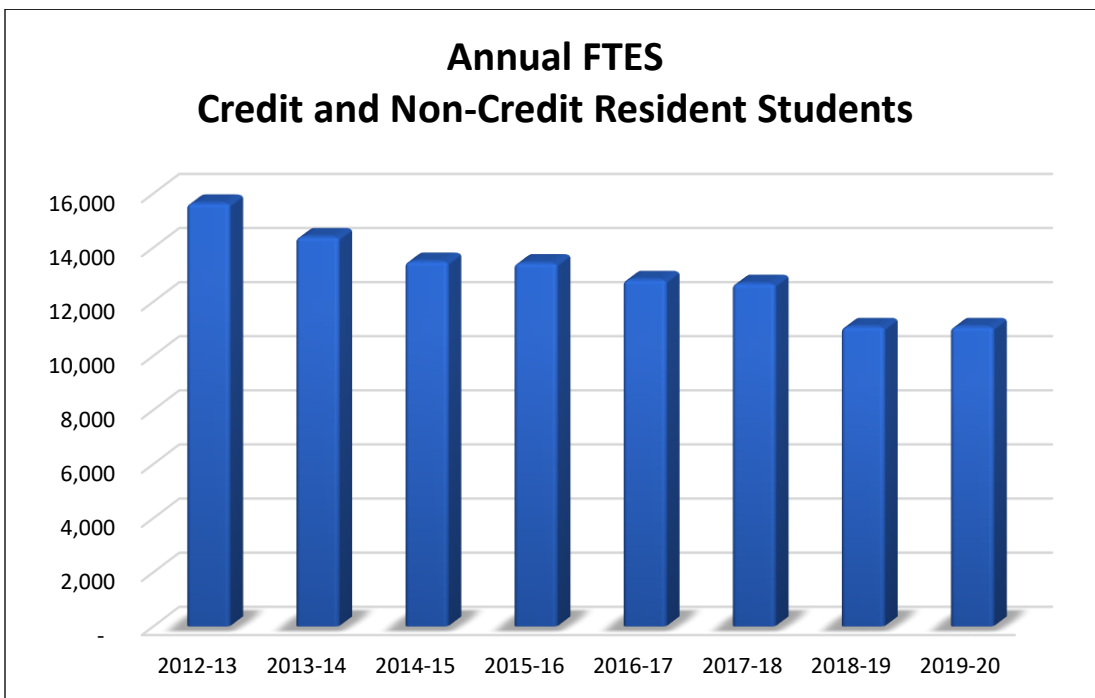
The California Community Colleges System's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial reporting purposes.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

STUDENT ATTENDANCE HIGHLIGHTS

The District reported 11,700 FTES on the CCFS-320 Annual Student Attendance Report (P-3), an increase from the previous year’s P-3 report. The increase of FTES was due to a shift in FTES for late summer 2019 sections. This practice will eliminate the borrowing of FTES moving forward. The overall trend compared to FY 17/18 is a decline in enrollment.

Enrollment continues to be a major challenge and opportunity for the District. The colleges are aggressively pursuing additional enrollment with a combination of strategies that include marketing; targeted recruitment and outreach; program development; and additional class sections both on and off-site.



This chart illustrates total credit and noncredit FTES reported on the CCFS-320 Annual Student Attendance Report. Total FTES increased by 623 or 5.62 percent, from FY 2018-19 to FY 2019-20.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

FINANCIAL HIGHLIGHTS

- In fiscal year 2019-20, the District received sufficient revenues from local property taxes and student fees to fully fund the State's base revenue. This is the eighth consecutive year the District has been self-supporting or "community supported." As a community supported district, the District is not affected by State shortfalls or mid-year reductions.
- The District gave a 5.00% salary enhancement to employees represented by bargaining units who had settled their contracts with the District and "meet and confer" units. Actual revenues exceeded the Adopted Budget by approximately \$8.7 million due to one-time redevelopment monies and increases in property taxes.
- During fiscal year 2019-20, student enrollment fees were \$46 per unit, and the non-resident tuition fee was \$265 per unit. The District did not apply a foreign citizen capital outlay fee.
- The District ended fiscal year 2019-20 with an Unrestricted General Fund balance of \$59.1 million. The amount consists of a five percent reserve of \$8.3 million and a contingency reserve of \$5.0 million. The Board of Trustees has set a goal to maintain at least a five percent reserve in the Unrestricted General fund. Board policy also allows the District to set aside no more than a three percent contingency reserve to cover unanticipated expenditures during the year. The fund balance also includes \$39 million in community support funds reserved for future allocations and \$5.7 million set aside for banked leave liability. The remainder of the fund balance has been assigned to prepayments, student material fees, and other purposes.
- Employees of the District are eligible for medical, dental, and vision coverage. The District's maximum benefits contributions for FY 2019-20 are limited to \$11,741 for single coverage, \$22,072 for two-party coverage, and \$28,270 for family coverage, annually.
- The District provides retirees hired before 1994 with lifetime medical benefits. The District has accounted for retiree benefits on a "pay-as-you-go" basis. An actuarial study determined the total Other Post Employment Benefit Plan (OPEB) Liability, as of June 30, 2019, was \$60.8 million. This amount represents the present value of all benefits to be paid for current and future retirees. The OPEB liability is fully funded.
- An on-going solution to cover the increased costs of retiree health benefits is to participate in the California Employer's Retirement Benefit Trust (CERBT). The CERBT is a Section 115 Trust and is Internal Revenue Service compliant. The Board of Trustees approved a resolution in fiscal year 2011-12 authorizing the District to "deposit all or a portion of the amounts received from the State of California in connection with the construction of capital projects into an irrevocable trust under the auspices of the CalPERS and invested therein in accordance with the investment criteria established by CalPERS." It is an irrevocable trust dedicated to the purposes of pre-funding OPEB. The balance in the trust account as of June 30, 2020, was \$77.6 million. The money from the trust fund has allowed the District to stabilize the cost of retiree benefits in the Unrestricted General Fund. The increase in cost can be covered by the OPEB Trust Fund.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

FINANCIAL HIGHLIGHTS

- In fiscal year 2017-18, the Board of Trustees approved a resolution to establish a new trust fund administered through Public Agency Retirement Services (PARS) to invest funds to cover future CalSTRS and CalPERS pension rate increases. The Pension Rate Stabilization Program is an IRS-approved irrevocable trust program which is designed to prefund pension obligations. The plan allows the District to securely set aside funds in a tax-exempt, IRS-compliant prefunding vehicle to mitigate long-term contribution rate growth. The balance in the Pension Stabilization Trust Fund as of June 30, 2020 was \$18.7 million.
- Student financial aid provided to qualifying students throughout the District was approximately \$12.3 million. This aid is provided through grants and loans from the Federal government, the State Chancellor's Office, and local funding.
- In December 2019, the District utilized approximately \$22.5 million in one-time funds to pay-off portions of the Lease Revenue Refunding Bonds, Series 2016C (2019 Crossover). At the end of FY 2019-20, the outstanding debt for the remaining Lease Revenue Bonds are approximately \$20.2 million.

THE DISTRICT AS A WHOLE

	2020	2019	Change	2018	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current assets	\$ 410,639,632	\$ 418,809,532	\$ (8,169,900)	\$ 294,653,095	\$ 124,156,437
Noncurrent assets	549,222,202	541,377,644	7,844,558	523,714,345	17,663,299
Deferred outflows of resources	46,589,056	49,455,402	(2,866,346)	45,045,868	4,409,534
Total Assets and Deferred Outflows of Resources	1,006,450,890	1,009,642,578	(3,191,688)	863,413,308	146,229,270
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Current liabilities	75,171,257	56,948,440	18,222,817	53,010,303	3,938,137
Noncurrent liabilities	821,269,540	864,145,014	(42,875,474)	723,834,988	140,310,026
Deferred inflows of resources	11,762,937	13,115,391	(1,352,454)	12,192,356	923,035
Total Liabilities and Deferred Inflows of Resources	908,203,734	934,208,845	(26,005,111)	789,037,647	145,171,198
NET POSITION					
Invested in capital assets, net of related debt	96,141,023	65,103,939	31,037,084	76,322,575	(11,218,636)
Restricted	68,219,991	68,802,054	(582,063)	55,686,073	13,115,981
Unrestricted	(66,113,858)	(58,472,260)	(7,641,598)	(57,632,987)	(839,273)
Total Net Position	\$ 98,247,156	\$ 75,433,733	\$ 22,813,423	\$ 74,375,661	\$ 1,058,072

- Current assets consist of cash and cash equivalents, accounts receivable, and prepaid expenditures and other assets.
 - Cash and investments consist mainly of cash in the county treasury, local agency investment funds (LAIF), and investments from the Bond issuance.
 - The decrease of \$8.2 million is primarily due to increased expenditures in the capital project funds during the year.
- Non-current assets consist of the net OPEB asset and capital assets.
 - The net OPEB asset decreased by \$2.9 million due to the increase in the total OPEB liability, offset by an increase in the fiduciary net position.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

THE DISTRICT AS A WHOLE, continued

- Capital assets (net of depreciation) are the historical value of land, buildings, construction in progress and equipment less depreciation.
- Net capital assets increased by \$10.7 million due to an increase to Construction in Progress for construction projects related to the General Obligation Bonds.
- Current liabilities consist of accounts payable, interest payable, unearned revenue, due to fiduciary funds, and long-term debt (current portion).
 - Accounts payable and accrued liabilities consist mainly of payables to vendors and accrued payroll benefits.
 - Unearned revenue relates to federal, state, and local program funds that were received, but not yet earned, as of the fiscal year end. Most grants are considered earned when spent up to the amount of the award.
 - The current portion of long-term obligations consists of the principal payment to be paid in the next fiscal year for the General Obligation Bonds, Revenue Bonds, and Compensated Absences.
 - The current liabilities increased by \$18.2 million primarily due to an increase in the current portion of long-term debt of \$12.9 million related to both the General Obligation Bonds and Lease Revenue Bonds. In addition, unearned revenues decreased by \$1.0 million and accounts payable increased by \$5.7 million.
- Non-current liabilities consist of compensated absences, net pension liability, and long-term debt (non-current portion). It consists of all the long-term debt that is to be paid beyond the next fiscal year.
 - The non-current liabilities decreased by \$42.9 million due to payments on general obligation bonds and lease revenue bonds. In addition, the net pension liability and compensated absences increased.
- The net position increased by \$22.8 million due to the results of the changes in assets and liabilities noted above.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

OPERATING RESULTS FOR THE YEAR

The results of this year's operations for the District as a whole are reported in the *Statement of Revenues, Expenses, and Changes in Net Position* on page 20.

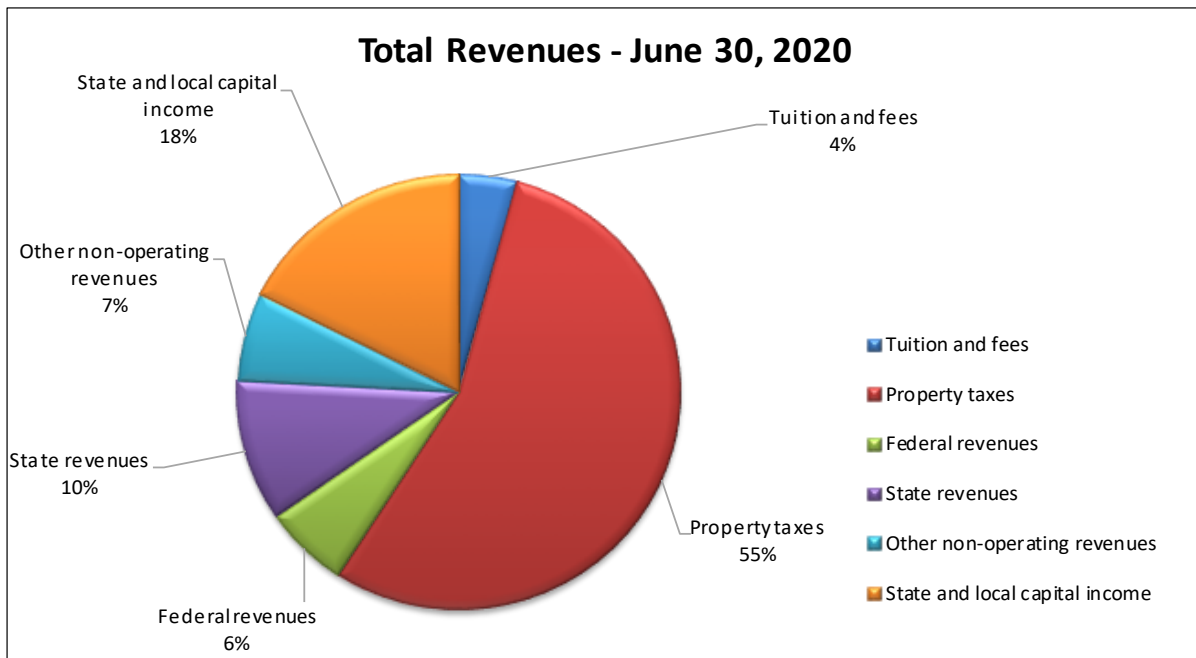
	2020	2019	Change	2018	Change
OPERATING REVENUES					
Tuition and fees	\$ 11,558,228	\$ 13,081,183	\$ (1,522,955)	\$ 13,342,654	\$ (261,471)
Auxiliary enterprises	1,285,706	1,756,177	(470,471)	1,484,602	271,575
Total Operating Revenues	12,843,934	14,837,360	(1,993,426)	14,827,256	10,104
OPERATING EXPENSES					
Salaries and benefits	163,366,645	147,502,676	15,863,969	134,607,600	12,895,076
Supplies, materials, and other operating expenses	25,543,019	31,743,281	(6,200,262)	31,475,620	267,661
Student financial aid	12,276,958	10,796,551	1,480,407	11,683,773	(887,222)
Depreciation	18,346,777	17,901,727	445,050	14,200,066	3,701,661
Total Operating Expenses	219,533,399	207,944,235	11,589,164	191,967,059	15,977,176
Operating Loss	(206,689,465)	(193,106,875)	(13,582,590)	(177,139,803)	(15,967,072)
NON-OPERATING REVENUES (EXPENSES)					
State apportionment	-	778,986	(778,986)	-	778,986
Property taxes	151,134,775	129,093,424	22,041,351	118,862,021	10,231,403
Education protection account	1,169,997	1,108,038	61,959	1,267,234	(159,196)
Federal revenues	16,975,055	16,190,575	784,480	17,468,772	(1,278,197)
State revenues	27,705,096	32,581,661	(4,876,565)	26,269,536	6,312,125
Interest expense, net	(31,020,229)	(23,749,847)	(7,270,382)	(14,110,366)	(9,639,481)
Transfers with fiduciary funds, net	(2,859,209)	(3,419,036)	559,827	(10,596,702)	7,177,666
Other non-operating revenues	18,038,066	15,824,421	2,213,645	18,462,327	(2,637,906)
Total Non-Operating Revenues (Expenses)	181,143,551	168,408,222	12,735,329	157,622,822	10,785,400
OTHER REVENUES (EXPENSES)					
State and local capital income	48,359,337	25,756,725	22,602,612	30,627,898	(4,871,173)
Change in Net Position	22,813,423	1,058,072	21,755,351	11,110,917	(10,052,845)
NET POSITION, BEGINNING OF YEAR	75,433,733	74,375,661	1,058,072	120,123,358	(45,747,697)
PRIOR PERIOD ADJUSTMENT	-	-	-	(56,858,614)	56,858,614
NET POSITION, END OF YEAR	\$ 98,247,156	\$ 75,433,733	\$ 22,813,423	\$ 74,375,661	\$ 1,058,072

- Operating revenues consist of revenues from student tuition/fees and auxiliary enterprises.
 - The decrease of \$2.0 million is due to the decline in tuition and fees.
 - Auxiliary revenue consists of community education funds and contract education revenues. The operation is self-supporting and contributes to the student programs on the campus. The amounts decreased from the prior year by \$470,000.
- Operating expenses consist of salaries/benefits, supplies, materials, other operating expenses, student financial aid disbursements, and depreciation.
 - Salaries and benefits expense increased by \$15.9 million due to increased pension expenses, salary settlements and the increase in STRS and PERS employer contribution rates.
 - Other operating expenses decreased by \$4.3 million, mainly due an overall decrease in supplies, materials and other operating expenses.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

OPERATING RESULTS FOR THE YEAR, continued

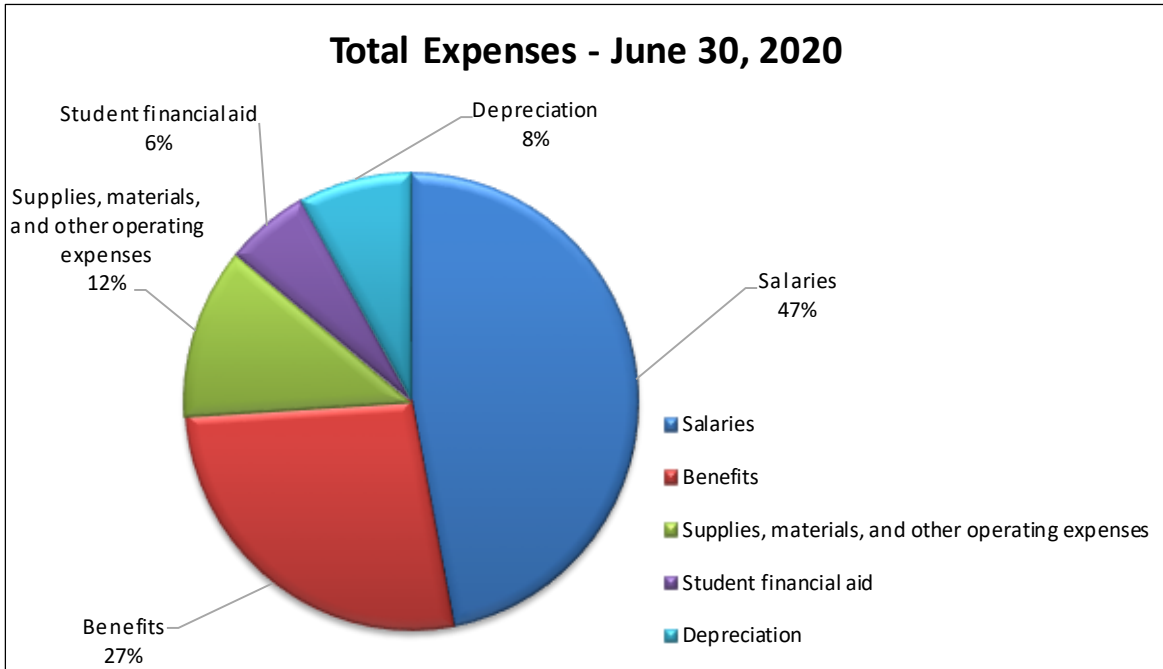
- Non-operating revenues (expenses) primarily consist of property taxes, State and Federal revenues, and interest.
 - Property taxes increased by \$22.0 million due to increases in one-time redevelopment (RDA) money and secured property taxes during 2019-20.
 - Grants and contract revenues relate primarily to student financial aid as well as to specific Federal and State grants received for programs serving the students and programs of the District. The revenues are restricted and can only be expensed based on program guidelines. (Net change is a decrease of \$4 million.)
 - Other non-operating revenues consist primarily of local grants and Land Corporation commitments. There was an increase of \$2.2 million in FY 2019-20 due to increase of contributions from the Land Corporation.
 - Other non-operating interest expense increased \$7.3 million due to bond debt payments.



**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

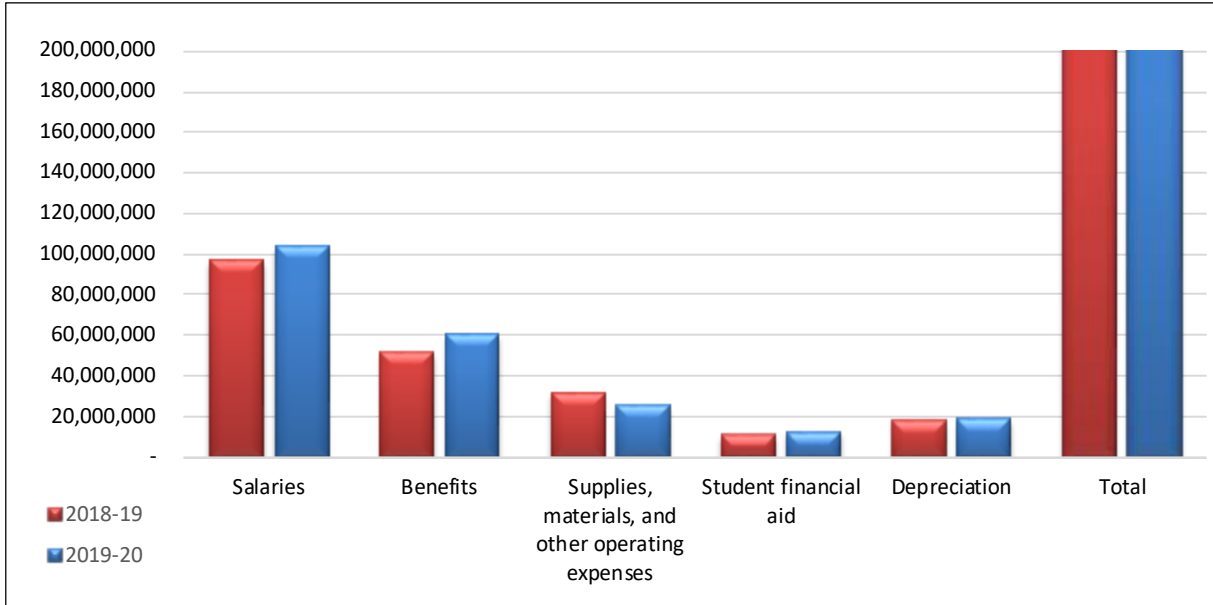
OPERATING RESULTS FOR THE YEAR, continued

The following chart represents the District’s operating expenses. The total cost of salaries and benefits accounts for 74% of the total expenditures. The other operating expenses comprise 26% of the District expenditures, such as financial aid, instructional contracts, advertising, property insurance, legal services, and many other expenses that are necessary to the operation of a college.



**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

OPERATING RESULTS FOR THE YEAR, continued



- The overall operating expenses for the District increased by 5.6% from the previous fiscal year end.
- Salaries and benefits have increased by 10.7%. This includes changes in benefit rates, a COLA increase, and the result of changes in actuarial studies. In addition, pension expense was recognized based on service cost.
- Operating costs and supplies decreased by \$6.2 million.
- Student financial aid increased \$1.5 million.
- The change in depreciation expense is due to changes in capital assets from bond projects.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

OPERATING RESULTS FOR THE YEAR, continued

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Functional expenses for the year ended June 30, 2020 for all Funds except Trust and Agency Funds are as follows:

2020	Salaries and Benefits	Operating Costs and Supplies	Student Financial Aid	Depreciation	Total
Instructional activities	\$ 75,836,281	\$ 940,617	\$ -	\$ -	\$ 76,776,898
Academic support	18,233,903	1,251,772	-	-	19,485,675
Student services	25,742,041	1,695,997	-	-	27,438,038
Plant operations and maintenance	8,093,608	7,639,887	-	-	15,733,495
Instructional support services	24,814,212	6,901,892	-	-	31,716,104
Community services and economic development	5,142,551	2,067,894	-	-	7,210,445
Auxiliary services and auxiliary operations	5,504,049	1,670,103	-	-	7,174,152
Student aid	-	3,374,857	12,276,958	-	15,651,815
Unallocated depreciation	-	-	-	18,346,777	18,346,777
Total	\$ 163,366,645	\$ 25,543,019	\$ 12,276,958	\$ 18,346,777	\$ 219,533,399

Functional expenses for the year ended June 30, 2019 for all Funds except Trust and Agency Funds are as follows:

2019	Salaries and Benefits	Operating Costs and Supplies	Student Financial Aid	Depreciation	Total
Instructional activities	\$ 66,787,803	\$ 1,368,327	\$ -	\$ -	\$ 68,156,130
Academic support	16,689,898	3,091,117	-	-	19,781,015
Student services	23,910,099	1,686,151	-	-	25,596,250
Plant operations and maintenance	7,107,491	6,081,900	-	-	13,189,391
Instructional support services	21,505,902	10,464,436	-	-	31,970,338
Community services and economic development	5,758,199	3,090,418	-	-	8,848,617
Auxiliary services and auxiliary operations	5,743,284	1,949,837	-	-	7,693,121
Student aid	-	4,011,095	10,796,551	-	14,807,646
Unallocated depreciation	-	-	-	17,901,727	17,901,727
Total	\$ 147,502,676	\$ 31,743,281	\$ 10,796,551	\$ 17,901,727	\$ 207,944,235

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

CHANGES IN CASH POSITION

The Statement of Cash Flows on pages 21 and 22 provides information about the 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. The primary operating receipts are student tuition and fees. The primary operating expense of the District is the payment of salaries and benefits to staff.

While federal, state and local grants, property taxes, and enrollment fees are the primary source of non-capital related revenue, the GASB accounting standards require that this source of revenue is shown as non-operating revenue as it comes from the general resources of the State and not the primary users of the college’s programs and services – the students.

Cash Provided by (Used in)	2020	2019	Change	2018	Change
Operating activities	\$ (164,550,468)	\$ (165,653,341)	\$ 1,102,873	\$ (150,275,853)	\$ (15,377,488)
Noncapital financing activities	201,377,459	174,685,708	26,691,751	168,202,926	6,482,782
Capital financing activities	(49,345,641)	110,555,441	(159,901,082)	31,109,501	79,445,940
Investing activities	1,550,842	1,913,666	(362,824)	1,266,569	647,097
Net Increase (Decrease) in Cash	(10,967,808)	121,501,474	(132,469,282)	50,303,143	71,198,331
Cash, Beginning of Year	406,859,562	285,358,088	121,501,474	235,054,945	50,303,143
Cash, End of Year	\$ 395,891,754	\$ 406,859,562	\$ (10,967,808)	\$ 285,358,088	\$ 121,501,474

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the District had \$537.0 million of capital assets, including land, buildings, and furniture and equipment. At June 30, 2019, the District's capital assets were \$526.3 million. The District is currently in the middle of a major capital improvement program with construction on-going throughout the college campuses. These projects are primarily funded through the general obligation bonds. These projects are accounted for within the Construction in Progress account until the project is completed, at which time the cost of the buildings and/or improvements will be brought into the depreciable Buildings and Improvement category.

Capital projects are continuing through the 2019-20 fiscal year and beyond with primary funding through the general obligation bonds.

	2020	2019	Change	2018	Change
Capital Assets not being depreciated	\$ 55,139,870	\$ 91,396,183	\$ (36,256,313)	\$ 190,133,686	\$ (98,737,503)
Capital Assets being depreciated	632,250,414	568,105,976	64,144,438	459,938,056	108,167,920
Accumulated depreciation	(150,372,147)	(133,209,553)	(17,162,594)	(133,304,177)	94,624
Total Capital Assets	\$ 537,018,137	\$ 526,292,606	\$ 10,725,531	\$ 516,767,565	\$ 9,525,041

Debt Obligations

At the end of the 2019-20 fiscal year, the District had \$617.3 million of principal and accreted interest on general obligation bonds outstanding. These bonds are repaid annually in accordance with the obligation requirements through an increase in the assessed property taxes on property within the West Valley-Mission Community College District boundaries. In addition to the above obligations, the District is obligated to pay lease revenue bonds, vacation payout and faculty banked leave.

	2020	2019	Change	2018	Change
General obligation bonds	\$ 617,330,000	\$ 629,890,000	\$ (12,560,000)	\$ 489,690,000	\$ 140,200,000
Lease revenue bonds	14,070,000	38,140,000	(24,070,000)	55,925,000	(17,785,000)
Premiums, net	58,441,248	64,036,556	(5,595,308)	56,480,792	7,555,764
Compensated absences	21,471,855	17,720,824	3,751,031	16,293,492	1,427,332
Net pension liability	144,817,727	136,352,731	8,464,996	120,780,867	15,571,864
Total Long-term Liabilities	\$ 856,130,830	\$ 886,140,111	\$ (30,009,281)	\$ 739,170,151	\$ 146,969,960
Amount due within one-year	\$ 34,861,290	\$ 21,995,097	\$ 12,866,193	\$ 15,335,163	\$ 6,659,934

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The Board of Trustees adopted the final budget for FY 2019-20 on September 3, 2019.

Within the District, operating costs have continually increased. Community support funds are used to cover the increased operating costs, employer retirement contributions, and taxes.

The Administration is directed to consider the following in developing the budget:

1. Maintain effective instructional and student support programs and services to foster a learning-centered environment.
2. Seek growth in Full-time Equivalent Students (FTES) to efficiently manage enrollment and class sections.
3. Improve administrative systems and organizational structures to enhance efficiency and effectiveness.
4. Control the rising cost of health care benefits through plan design, aggressive negotiations with providers, hard audits of participants and collective bargaining.
5. Effectively manage cash to meet anticipated obligations.
6. Allocate resources to address accreditation recommendations.
7. Examine all possible assets of the District to determine how such assets can generate additional revenues and aggressively pursue community and business partnerships.

The 2019-20 budget was balanced with Community Support funds. The District continues to maintain a prudent unrestricted general fund reserve of 5 percent and a board contingency reserve of no more than 3 percent.

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT

The economic position of the District is dependent on the collection of property taxes and student enrollment fees. In fiscal 2019-20, the District continued to achieve community support status. The District did not have a cash flow constraint during fiscal year 2019-20. The District will continue to monitor cash on a monthly basis to ensure there is sufficient cash to support daily operations. The District set aside money in a Pension Stabilization Trust fund through PARS to cover the rising costs for CalSTRS and CalPERS pensions.

Despite the challenges with the pandemic induced recession and uncertainties with the economy, the District is in a strong fiscal position. The District has set aside funds to fully cover the long-term OPEB liability. The District also set aside funds in an irrevocable trust to fund future rate increases for CalSTRS and CalPERS employer pension cost. In the past two years, the District utilized over \$40 million dollars to refund its Lease Revenue Bonds debt. The fund balance in the unrestricted general fund for fiscal year 2019-20 is approximately 34% when compared to total expenditures. The District is better prepared going into the recession compared to other Community College Districts.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT, continued

There are some economic factors that may impact the future of the District. As a community supported district, sudden changes to property values may impact property tax revenues. The impacts from the pandemic may be long term which will impact the way the District delivers instruction and services through remote learning and telecommuting.

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 the West Valley-Mission Community College District:

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WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION – PRIMARY GOVERNMENT
JUNE 30, 2020 AND 2019

ASSETS	2020	2019
Current Assets:		
Cash and cash equivalents	\$ 79,412,324	\$ 75,384,026
Restricted cash and cash equivalents	316,479,430	331,475,536
Accounts receivable, net	12,685,843	10,180,631
Prepaid expenditures and other assets	2,062,035	1,769,339
Total Current Assets	<u>410,639,632</u>	<u>418,809,532</u>
Noncurrent Assets:		
Net OPEB asset	12,204,065	15,085,038
Capital assets, net	537,018,137	526,292,606
Total Noncurrent Assets	<u>549,222,202</u>	<u>541,377,644</u>
TOTAL ASSETS	<u>959,861,834</u>	<u>960,187,176</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to bond refundings	7,320,847	7,320,847
Deferred outflows related to pensions	39,268,209	42,134,555
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>46,589,056</u>	<u>49,455,402</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 1,006,450,890</u>	<u>\$ 1,009,642,578</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 15,903,744	\$ 10,156,697
Interest payable	10,952,185	10,383,784
Unearned revenue	13,454,038	14,412,862
Long-term debt, current portion	34,861,290	21,995,097
Total Current Liabilities	<u>75,171,257</u>	<u>56,948,440</u>
Noncurrent Liabilities:		
Compensated absences	20,482,665	17,397,232
Net pension liability	144,817,727	136,352,731
Long-term debt, non-current portion	655,969,148	710,395,051
Total Noncurrent Liabilities	<u>821,269,540</u>	<u>864,145,014</u>
TOTAL LIABILITIES	<u>896,440,797</u>	<u>921,093,454</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred charges on refunding	2,995,668	2,995,668
Deferred inflows related to OPEB	1,206,469	-
Deferred inflows related to pensions	7,560,800	10,119,723
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>11,762,937</u>	<u>13,115,391</u>
NET POSITION		
Net investment in capital assets	96,141,023	65,103,939
Restricted for:		
Debt service	60,734,356	61,641,470
Capital projects	4,881,949	4,358,031
Educational programs	2,162,446	2,112,229
Other special purposes	441,240	690,324
Unrestricted	(66,113,858)	(58,472,260)
TOTAL NET POSITION	<u>98,247,156</u>	<u>75,433,733</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 1,006,450,890</u>	<u>\$ 1,009,642,578</u>

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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PRIMARY
GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
OPERATING REVENUES		
Tuition and fees	\$ 14,656,742	\$ 17,860,652
Less: Scholarship discounts and allowances	(3,098,514)	(4,779,469)
Net tuition and fees	11,558,228	13,081,183
Auxiliary enterprise sales and charges	1,285,706	1,756,177
TOTAL OPERATING REVENUES	12,843,934	14,837,360
OPERATING EXPENSES		
Salaries	103,371,058	96,400,275
Employee benefits	59,995,587	51,102,401
Supplies, materials, and other operating expenses and services	25,543,019	31,743,281
Student aid	12,276,958	10,796,551
Depreciation	18,346,777	17,901,727
TOTAL OPERATING EXPENSES	219,533,399	207,944,235
OPERATING LOSS	(206,689,465)	(193,106,875)
NON-OPERATING REVENUES (EXPENSES)		
State apportionments, noncapital	-	778,986
Local property taxes	151,134,775	129,093,424
Education protection account	1,169,997	1,108,038
Federal revenues	16,975,055	16,190,575
State taxes and other revenues	27,705,096	32,581,661
Investment income, noncapital	1,550,842	1,913,666
Interest expense on capital asset-related debt	(38,412,302)	(29,578,905)
Investment income, capital	5,841,231	3,915,392
Transfer from agency funds	-	111,355
Transfer to agency funds	(2,859,209)	(3,530,391)
Local grants and other non-operating income	18,038,066	15,824,421
TOTAL NON-OPERATING REVENUES	181,143,551	168,408,222
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(25,545,914)	(24,698,653)
State revenues, capital	1,931,446	1,666,230
Gain (loss) on disposal of fixed assets	(85,831)	(6,291,518)
Local property taxes and revenues, capital	46,513,722	30,382,013
CHANGE IN NET POSITION	22,813,423	1,058,072
NET POSITION, BEGINNING OF YEAR	75,433,733	74,375,661
NET POSITION, END OF YEAR	\$ 98,247,156	\$ 75,433,733

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

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 11,131,800	\$ 12,005,655
Payments to or on behalf of employees	(142,788,994)	(131,038,587)
Payments to vendors for supplies and services	(21,682,330)	(38,461,934)
Payments to students	(12,496,650)	(9,914,652)
Auxiliary enterprise sales and charges	1,285,706	1,756,177
Net Cash Used by Operating Activities	<u>(164,550,468)</u>	<u>(165,653,341)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State apportionment, non-capital	-	778,986
Property taxes, non-capital	151,134,775	129,093,424
Federal grants and contracts	16,792,008	16,204,651
State grants and contracts	28,225,277	23,719,502
Local grants and other non-operating	8,084,608	8,308,181
Contributions to trusts	(2,859,209)	(3,419,036)
Net Cash Provided by Non-capital Financing Activities	<u>201,377,459</u>	<u>174,685,708</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(29,072,308)	(27,426,768)
Loss on disposal of capital assets	(85,831)	(6,291,518)
State revenue, capital projects	1,931,446	1,666,230
Property taxes, related to capital debt	46,513,722	30,382,013
Proceeds from long-term debt, related to capital projects	-	163,987,544
Principal paid on capital debt	(36,630,000)	(27,585,000)
Interest paid on capital debt	(37,843,901)	(28,092,452)
Interest received on capital asset-related debt	5,841,231	3,915,392
Net Cash Provided (Used) by Capital Financing Activities	<u>(49,345,641)</u>	<u>110,555,441</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	1,550,842	1,913,666
Net Cash Provided by Investing Activities	<u>1,550,842</u>	<u>1,913,666</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(10,967,808)	121,501,474
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	406,859,562	285,358,088
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 395,891,754</u>	<u>\$ 406,859,562</u>

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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
STATEMENTS OF CASH FLOWS – PRIMARY GOVERNMENT, Continued
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

RECONCILIATION OF OPERATING LOSS TO NET CASH	2020	2019
USED BY OPERATING ACTIVITIES		
Operating loss	\$ (206,689,465)	\$ (193,106,875)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation expense	18,346,777	17,901,727
On-behalf contributions	3,218,878	8,861,553
Changes in Assets and Liabilities:		
Accounts receivables, net	(426,428)	(1,075,528)
Prepaid expenses	(292,696)	(892,823)
Net OPEB asset	4,087,442	(8,138,258)
Accounts payable and accrued liabilities	4,901,266	(3,439,428)
Unearned revenue	(219,692)	881,899
Compensated absences	3,751,031	1,427,332
Change in deferred outflows	2,866,346	(4,840,172)
Change in deferred inflows	(2,558,923)	1,195,368
Net pension liability	8,464,996	15,571,864
Total Adjustments	<u>42,138,997</u>	<u>27,453,534</u>
Net Cash Flows From Operating Activities	<u>\$ (164,550,468)</u>	<u>\$ (165,653,341)</u>
 CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING :		
Cash in banks	\$ 79,412,324	\$ 75,384,026
Cash equivalents, restricted	316,479,430	331,475,536
Total Cash and Cash Equivalents	<u>\$ 395,891,754</u>	<u>\$ 406,859,562</u>
 NON CASH TRANSACTIONS		
On-behalf payments for benefits	<u>\$ 3,218,878</u>	<u>\$ 8,861,553</u>

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
STATEMENTS OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2020 AND 2019

	Trust	
	2020	2019
ASSETS		
Cash and cash equivalents	\$ 19,784,306	\$ 15,697,489
Accounts receivable, net	114,161	104,909
Total Assets	19,898,467	15,802,398
LIABILITIES		
Accounts payable	16,761	412
Deferred revenue	99,497	83,179
Total Liabilities	116,258	83,591
NET POSITION		
Reserved for net pension liability	18,739,055	14,753,936
Unreserved	1,043,154	964,871
Total Net Position	19,782,209	15,718,807
Total Liabilities and Net Position	\$ 19,898,467	\$ 15,802,398

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
 STATEMENTS OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
 FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	Trust	
	2020	2019
OPERATING REVENUES:		
Local revenue	\$ 2,403,884	\$ 2,248,337
Total Operating Revenues	2,403,884	2,248,337
OPERATING EXPENSES:		
Salaries	271,556	447,292
Employee benefits	118,498	196,284
Supplies and materials	28,184	45,072
Other operating expenses	781,451	830,297
Total Operating Expenses	1,199,689	1,518,945
OTHER FINANCING SOURCES (USES)		
Operating transfers in	2,992,059	3,561,391
Operating transfers out	(132,852)	(142,355)
Total Other Financing Sources (Uses)	2,859,207	3,419,036
Net Change in Net Position	4,063,402	4,148,428
Beginning of Year	15,718,807	11,570,379
End of Year	\$ 19,782,209	\$ 15,718,807

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
MISSION-WEST VALLEY LAND CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 10,903,529	\$ 7,706,511
Investments	7,186,116	7,258,533
Interest receivable	68,877	93,262
Noncurrent Assets		
Land	16,702	16,702
Lease commissions - net	502,917	517,894
Total Assets	18,678,141	15,592,902
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	1,526,333	285,672
Noncurrent Liabilities		
Refundable security deposits	550,000	550,000
Total Liabilities	2,076,333	835,672
NET ASSETS		
Unrestricted	16,601,808	14,757,230
Total Net Assets	16,601,808	14,757,230
Total Liabilities and Net Assets	\$ 18,678,141	\$ 15,592,902

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

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
MISSION-WEST VALLEY LAND CORPORATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
UNRESTRICTED REVENUES		
Rental Income	\$ 8,409,880	\$ 6,448,508
Interest Income	379,524	373,465
Total Revenues	8,789,404	6,821,973
EXPENSES		
Grants for special projects	4,667,386	2,063,282
Grants to Advancement Foundation	-	322,665
Rent	2,102,470	1,612,127
Legal	93,251	23,814
Contracted services	46,002	10,517
Amortization of commissions	14,977	14,977
Audit fees	15,750	15,000
Financial services	4,300	4,073
Taxes and licenses	568	561
Bank service charges	122	155
Total Expenses	6,944,826	4,067,171
CHANGE IN NET ASSETS	1,844,578	2,754,802
NET ASSETS, BEGINNING OF YEAR	14,757,230	12,002,428
NET ASSETS, END OF YEAR	\$ 16,601,808	\$ 14,757,230

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

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
MISSION-WEST VALLEY LAND CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,844,578	\$ 2,754,802
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized loss on investments	(14,927)	(3,215)
Reinvested dividends	(61,549)	(75,766)
Amortization of commissions	14,977	14,977
Changes in:		
Rents receivable	-	-
Interest receivable	24,385	(26,014)
Accounts payable and accrued expenses	1,240,661	(366,940)
Net Cash Provided by Operating Activities	<u>3,048,125</u>	<u>2,297,844</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from refundable security deposits	5,602,888	3,387,427
Purchase of investments	(5,453,995)	(3,477,166)
Net Cash Provided (Used) by Investing Activities	<u>148,893</u>	<u>(89,739)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	3,197,018	2,208,105
CASH & CASH EQUIVALENTS - BEGINNING OF YEAR	<u>7,706,511</u>	<u>5,498,406</u>
CASH & CASH EQUIVALENTS - END OF YEAR	<u>\$ 10,903,529</u>	<u>\$ 7,706,511</u>

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
WEST VALLEY-MISSION COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 676,572	\$ 1,445,216
Investments	19,493,959	18,711,073
Promises to give	440,000	415,000
Charitable remainder trust	1,062,480	1,068,785
Other assets	340,690	354,558
Total Assets	22,013,701	21,994,632
LIABILITIES		
Accrued liabilities	10,000	30,975
Total Liabilities	10,000	30,975
NET ASSETS		
Net assets without donor restrictions	23,886	18,418
Net assets with donor restrictions	21,979,815	21,945,239
Total Net Assets	22,003,701	21,963,657
Total Liabilities and Net Assets	\$ 22,013,701	\$ 21,994,632

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
WEST VALLEY-MISSION COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
SUPPORT AND REVENUE				
Donations	\$ -	\$ 969,352	\$ 969,352	\$ 2,472,922
In-kind contributions	113	-	113	11,072
Interest Income	6,356	778,451	784,807	570,727
Investment Income	-	(97,937)	(97,937)	578,815
Other Income	1,320	51,994	53,314	75,412
Donated services	713,646	-	713,646	397,102
Satisfaction of programs Restrictions/Transfers	1,667,284	(1,667,284)	-	-
Total Support and Revenue	2,388,719	34,576	2,423,295	4,106,050
EXPENSES				
Program Services	1,667,396	-	1,667,396	1,277,055
Management and General	715,855	-	715,855	397,420
Total Expenses	2,383,251	-	2,383,251	1,674,475
Change in Net Assets	5,468	34,576	40,044	2,431,575
NET ASSETS, BEGINNING OF YEAR	18,418	21,945,239	21,963,657	19,532,082
NET ASSETS, END OF YEAR	\$ 23,886	\$ 21,979,815	\$ 22,003,701	\$ 21,963,657

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

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
WEST VALLEY-MISSION COMMUNITY COLLEGE FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 40,044	\$ 2,431,576
Change in fair value of investments	(782,886)	(1,440,150)
Contributions restricted for endowment	(134,639)	(1,726,445)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in:		
Accounts receivable	(25,000)	(413,821)
Other assets	13,868	(3,241)
Charitable trust	6,305	18,191
Accrued liabilities	(20,975)	(411,133)
Net Cash Used by Operating Activities	<u>(903,283)</u>	<u>(1,545,023)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contribution restricted for investment in endowment	134,639	1,726,445
NET INCREASE (DECREASE) IN CASH	<u>(768,644)</u>	<u>181,422</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,445,216</u>	<u>1,263,794</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 676,572</u>	<u>\$ 1,445,216</u>

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 – ORGANIZATION

The West Valley-Mission Community College District (the District) was established in 1963 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering post-secondary educational services to residents of Santa Clara County. The District operates under a locally elected seven-member Board of Trustees form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, Special Revenue Funds, and Capital Project Funds, but these budgets are managed at the department level. Currently, the District operates two community colleges located within Santa Clara County, California. While the District is a political subdivision of the State of California, 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The District follows GASB Statement No. 61, *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 District has determined that the West Valley-Mission Community College Foundation does not meet the criteria for inclusion under GASB 61. 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 Valley-Mission College District Financing Corporation
- Mission-West Valley Land Corporation
- West Valley-Mission Community College Foundation
- Mission College Center for Innovation and Technology

The *West Valley-Mission College District Financing Corporation* (the Corporation) is a legally separate organization component unit of the District. The Corporation was formed to provide financing assistance to the District for construction and acquisition of major capital facilities. The District appoints the Corporation's governing board. All accounting and administrative functions are performed by the District. The Corporation meets the criteria of the governing authority's ability to significantly influence operations and accountability for fiscal matters and the criteria for inclusion in the District's reporting entity and is reported as a blended component unit. The financial activities of the Corporation have been included in these financial statements in the Revenue Bond Debt Service Fund and the Capital Outlay Projects Fund. Individually-prepared financial statements are not prepared for the Corporation.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The *Mission-West Valley Land Corporation* (MWVLC) is a non-profit organization under IRS Code Section 501(c)(3). The board of the MWVLC is the same as the District's. The MWVLC meets the criteria of the governing authority's ability to significantly influence operations and accountability for fiscal matters and the criteria for inclusion in the District's reporting entity. Its purpose is to provide programs that enhance and enrich the community life of the District both educationally and culturally. The financial activity of the MWVLC is reported as a separate discretely presented component unit. Individually-prepared financial statements can be obtained from District Business Office.

The *West Valley-Mission Community Colleges Foundation* (the Foundation) is a non-profit organization under IRS Code Section 501(c)(3). The Foundation meets the criteria of the governing authority's ability to significantly influence operations and accountability for fiscal matters and the criteria for inclusion in the Districts reporting entity. It is dedicated to providing assistance to the students, teachers, and programs of the West Valley and Mission Colleges. The financial activity of the Foundation is reported as a separate discretely presented component unit. Individually-prepared financial statements can be obtained from District Business Office.

The *Mission College Center for Innovation and Technology* (the Center) is a non-profit organization under IRS Code Section 501(c)(3). The Center does not meet the criteria of the governing authority's ability to significantly influence operations and accountability for fiscal matters and the criteria for inclusion in the Districts reporting entity. It is dedicated to providing assistance to the students, teachers, and programs of the West Valley and Mission Colleges. The financial activity of the Center is not included in this report. Individually-prepared financial statements can be obtained from District Business Office.

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 significant 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, available means expected to be received within 60 days of fiscal year-end. For the District, operating revenues consist primarily of student fees and auxiliary through the bookstore and cafeteria.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 student (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 Governmental Accounting Standards Board (GASB) pronouncements, as well as applicable Financial Accounting Standards Board (FASB) pronouncements. The District has elected not to apply FASB pronouncements issued after November 30, 1989.

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:
 - Statements of Net Position – Primary Government
 - Statements of Revenues, Expenses and Changes in Net Position – Primary Government
 - Statements of Cash Flows – Primary Government
 - Financial Statements of Fiduciary Funds including:
 - Statements of Net Position – Fiduciary Funds
 - Statements of Changes in Net Position – Fiduciary Funds
- Notes to Financial Statements

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

The following is a summary of the more significant policies:

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 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 to 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, 2020 and 2019, 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 a 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 government 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 bonded debt.

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 for potentially uncollectible student fees is based upon management's estimates and analysis. The allowance was estimated at \$970,970 and \$852,252, respectively, as of June 30, 2020 and 2019.

Prepaid Expenses

Prepaid expenditures or expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction-in-progress, buildings, land improvements, and equipment. The District maintains an initial unit cost capitalization threshold of \$100,000 for land and buildings, \$50,000 for land improvements and building improvements and \$5,000 for equipment 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 assets (as defined by the GASB). Donated capital assets are recorded at estimated fair market value at the date of donation. Improvements 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 life of the various classes of depreciable capital assets are as follows: buildings, 50 years; building improvements, 25 years, land improvements, 20 years; and equipment, 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 Issuance Costs, Premiums, and Discounts

Bond premiums and discounts, as well as issuance costs related to prepaid issuance cost, 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 the pension contributions made after the measurement date of the Net Pension Obligation.

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 deferred charges on bond refunding and the difference between actual and expected rate of return on investments specific to the net pension liability.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 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.

The District also established policy to accrue faculty banked leave. The rates to accrue banked leave are as follows:

Banked Load Limit	Basis of Accrual
Less than 1.0	Prevailing associate / part-time faculty rate
1.0	Full-time faculty rate
1.01 but less than 2.0	First 1.0 at full-time faculty rate, the excess at part-time faculty rate
2.0	Full-time faculty rate
2.01 and more	First 2.0 at full-time faculty rate, the excess at part-time faculty rate

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences, continued

A full-time faculty member cannot earn greater than 2.0 banked loads in addition to the 2.0 of pre-retirement banked load. The absolute accumulative total of banked load at any time is 4.0. The full liability for this benefit is reported on the entity-wide financial statements.

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 are recorded as deferred revenue.

Noncurrent Liabilities

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

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represents 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 debts.

Net position is reported as restricted when there are limitations 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 educational and general operations of the District.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position, continued

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

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 reclassifications and corrections are accrued in the year in which the FTES are generated. In a year when a community college district receives sufficient revenue from local property taxes and fees to fully fund or exceed their base revenue amount, the District will not receive any apportionment revenue from the state, therefore, the District will be self-supporting or community supported.

Property Tax

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. The County of Santa Clara bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bond Measure H in 2004, Measure C in 2012, and Measure W in 2018 for the acquisition, construction and remodeling of certain District property. As a result of the passage of the Bonds, 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.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, as well as other programs funded by the Federal government agencies. Financial aid to students is either reported as operating expense 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. During the years ended June 30, 2020 and 2019, the District distributed \$507,066 and \$613,296, respectively, in direct lending through the U.S. Department of Education. These amounts have been included as revenues or expenses within the accompanying financial statements as the amounts were passed directly to qualifying students, the amounts are also included on the Schedule of Federal Financial Assistance.

On-Behalf Payments

GASB Statement No. 24 requires direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer entity. The State of California makes direct on-behalf payments to CalSTRS and CalPERS on behalf of all community colleges in California. The amount of the on-behalf payments made for the District for the year ended June 30, 2020, was \$4,764,853 for CalSTRS. Refer to Note 13 for additional information regarding the CalSTRS and CalPERS on behalf payments. These amounts are reflected in the District's audited financial statements.

Estimates

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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Interfund Activity

Interfund transfers and interfund receivables and payables between governmental funds are eliminated during the consolidation process in the Primary Government and Fiduciary Funds' financial statements, respectively.

Component Units – Mission-West Valley Land Corporation and West Valley-Mission Community Colleges Foundation Presentation

The Mission-West Valley Land Corporation (Land Corporation) and the West Valley-Mission Community Colleges Foundation (Foundation) present their financial statements in accordance with Financial Accounting Codifications. Under these reporting requirements, the component units are required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As permitted by the codification, the component units do not use fund accounting.

Permanently Restricted Net Assets: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the organization 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 Organizations and/or the passage of time.

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

Revenues and expense are recorded when incurred in accordance with the accrual basis of accounting. Revenues are reported as increases in the unrestricted net assets 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 donation.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by 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 component units are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and related California Franchise Tax Codes.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements

During the fiscal year ended June 30, 2020, the District implemented GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

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

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

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Early implementation is encouraged. This statement is not expected to have a significant effect on the district financial reporting.

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

The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The District is in the process of determining the effect on the financial reporting.

Comparative Financial Information

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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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 (ESC) 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	40%	30%
Banker's Acceptance	180 days	25%	10%
Commercial Paper	270 days	30%	None
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	20% of base	None
Reverse Repurchase Agreements	92 days	30%	None
Medium-Term Corporate Notes	5 years	20%	10%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	None
Mortgage Pass-Through Securities	5 years	None	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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

Summary of District deposits and investments

Deposits and investments as of June 30, 2020, are classified in the accompanying financial statements as follows:

Total Business-Type Activities	\$ 395,891,754
Component Unit - Mission-West Valley Land Corporation	18,089,645
Component Unit - West Valley-Mission Community College Foundation	20,170,531
Fiduciary	19,784,306
Total Deposits and Investments	<u>\$ 453,936,236</u>

Deposits and investments as of June 30, 2020, consists of the following:

Cash on hand and in banks	\$ 12,670,352
Investments	441,265,884
Total Deposits and Investments	<u>\$ 453,936,236</u>

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County pool and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Weighted Average Maturity

Information about the sensitivity of the fair value of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investments by maturity:

Investment Type	Fair Value	Weighted Average Maturity
U.S. Treasury Cash Reserves	\$ 1,853,305	36 Days
Mutual funds - equities	14,052,363	Not applicable
Mutual funds - fixed income	19,865,149	Not applicable
State Pool	10,094,665	173 Days
County Pool	395,400,402	517 Days
	<u>\$ 441,265,884</u>	

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 3 - DEPOSITS AND INVESTMENTS, continued

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the County pool are not required to be rated, nor have they been rated as of June 30, 2020.

Investment Type	Fair Value	Not Required To Be Rated	Rating as of Year-End	
			Aaa	Unrated
U.S. Treasury Cash Reserves	\$ 1,853,305	\$ -	\$ 1,853,305	\$ -
Mutual funds - equities	14,052,363	-	14,052,363	-
Mutual funds - fixed income	19,865,149	-	19,865,149	-
State Pool	10,094,665	10,094,665	-	-
County Pool	395,400,402	395,400,402	-	395,400,402
	<u>\$ 441,265,884</u>	<u>\$ 405,495,067</u>	<u>\$ 35,770,817</u>	<u>\$ 395,400,402</u>

Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit.) The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. 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, 2020, approximately \$131,325 of the District's bank balance was in excess of FDIC insured amounts, however, this amount was not exposed to custodial credit risk because of the pledged securities previously described.

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. The California government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 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 reasonable 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 Santa Clara County Treasury Investment Pool and/or Local Agency Investment Funds/State Investment Pools 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, 2020:

Investment Type	Fair Value	Fair Value Measurements Using			Uncategorized
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
U.S. Treasury Cash Reserves	\$ 1,853,305	\$ -	\$ 1,853,305	\$ -	\$ -
Mutual funds - equities	14,052,363	14,052,363	-	-	-
Mutual funds - fixed income	19,865,149	-	19,865,149	-	-
State Pool	10,094,665	-	-	10,094,665	-
County Pool	395,400,402	-	-	-	395,400,402
	<u>\$ 441,265,884</u>	<u>\$ 14,052,363</u>	<u>\$ 21,718,454</u>	<u>\$ 10,094,665</u>	<u>\$ 395,400,402</u>

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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivables for the District consisted primarily of intergovernmental grants, entitlements, interest, student receivables, and other local sources.

	2020	2019
Federal Government		
Categorical aid	\$ 1,859,835	\$ 1,865,084
State Government		
Categorical aid	285,490	1,286,718
Lottery	645,180	201,065
Other state sources	567,007	767,095
Local Government		
Interest	3,662,491	2,137,792
Student receivables, net	3,240,455	2,814,027
Other local sources	2,425,385	1,108,850
Total	<u>\$ 12,685,843</u>	<u>\$ 10,180,631</u>
Student receivables	\$ 4,211,425	\$ 3,666,279
Less: Allowance for bad debt	(970,970)	(852,252)
Student receivables, net	<u>\$ 3,240,455</u>	<u>\$ 2,814,027</u>

Discretely Presented Component Units

The Mission-West Valley Land Corporation's accounts receivable consist primarily of interest receivable.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Capital Assets Not being Depreciated				
Land	\$ 2,050,827	\$ -	\$ -	\$ 2,050,827
Construction in progress	89,345,356	28,141,489	64,397,802	53,089,043
Total Capital Assets Not Being Depreciated	<u>91,396,183</u>	<u>28,141,489</u>	<u>64,397,802</u>	<u>55,139,870</u>
Capital Assets Being Depreciated				
Land improvements	47,578,141	91,605	5,552	47,664,194
Buildings and improvements	486,414,573	64,188,209	925,520	549,677,262
Furniture and equipment	32,093,351	917,106	264,603	32,745,854
Vehicles	2,019,911	217,532	74,339	2,163,104
Total Capital Assets Being Depreciated	<u>568,105,976</u>	<u>65,414,452</u>	<u>1,270,014</u>	<u>632,250,414</u>
Total Capital Assets	<u>659,502,159</u>	<u>93,555,941</u>	<u>65,667,816</u>	<u>687,390,284</u>
Less Accumulated Depreciation				
Land improvements	15,495,680	2,379,624	3,054	17,872,250
Buildings and improvements	100,212,904	13,724,789	885,491	113,052,202
Furniture and equipment	15,959,235	2,105,669	263,738	17,801,166
Vehicles	1,541,734	136,695	31,900	1,646,529
Total Accumulated Depreciation	<u>133,209,553</u>	<u>18,346,777</u>	<u>1,184,183</u>	<u>150,372,147</u>
Net Capital Assets	<u>\$ 526,292,606</u>	<u>\$ 75,209,164</u>	<u>\$ 64,483,633</u>	<u>\$ 537,018,137</u>

Depreciation expense for the year was \$18,346,777.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 - CAPITAL ASSETS, continued

Capital asset activity for the District for the fiscal year ended June 30, 2019, was as follows:

	Beginning Balance July 1, 2018	Additions	Deductions	Beginning Balance June 30, 2019
Capital Assets not being Depreciated				
Land	\$ 2,050,827	\$ -	\$ -	\$ 2,050,827
Construction in progress	188,082,859	30,526,359	129,263,862	89,345,356
Total Capital Assets Not Being Depreciated	190,133,686	30,526,359	129,263,862	91,396,183
Capital Assets Being Depreciated				
Land improvements	44,726,227	2,908,445	56,531	47,578,141
Buildings and improvements	396,944,274	113,605,079	24,134,780	486,414,573
Furniture and equipment	16,275,509	15,828,474	10,632	32,093,351
Vehicles	1,992,046	113,791	85,926	2,019,911
Total Capital Assets Being Depreciated	459,938,056	132,455,789	24,287,869	568,105,976
Total Capital Assets	650,071,742	162,982,148	153,551,731	659,502,159
Less Accumulated Depreciation				
Land improvements	13,151,614	2,375,045	30,979	15,495,680
Buildings and improvements	105,554,546	12,527,172	17,868,814	100,212,904
Furniture and equipment	13,117,889	2,851,978	10,632	15,959,235
Vehicles	1,480,128	147,532	85,926	1,541,734
Total Accumulated Depreciation	133,304,177	17,901,727	17,996,351	133,209,553
Net Capital Assets	\$ 516,767,565	\$ 145,080,421	\$ 135,555,380	\$ 526,292,606

Depreciation expense for the year was \$17,901,727.

Discretely Presented Component Unit

As of June 30, 2020, and 2019, the Mission-West Valley Land Corporation owned land with a historical cost of \$16,702.

NOTE 7 - INTERFUND TRANSACTIONS

Operating Transfers

Operating transfers between District governmental funds 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 unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. These operating transfers within governmental funds have been eliminated through consolidation within the entity-wide financial statements. During the 2019-20 fiscal year the amount transferred to fiduciary funds from the primary government funds totaled to \$2,859,209.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 – ACCOUNTS PAYABLE

Accounts payable for the District consisted of the following:

	2020	2019
Accrued payroll benefits	\$ 4,387,273	\$ 3,639,392
Federal categoricals	52,379	59,985
State categoricals	1,086,772	233,385
Construction project related vendors	9,236,868	5,008,985
Vendors	1,140,452	1,214,950
Total	<u>\$ 15,903,744</u>	<u>\$ 10,156,697</u>

Discretely Presented Component Units

The accounts payable of Mission-West Valley Land Corporation and the West Valley-Mission Community College District Foundation consisted primarily of amounts owed to vendors for supplies and services.

NOTE 9 – UNEARNED REVENUE

Unearned Revenue consisted of the following:

	2020	2019
Federal financial assistance	\$ 15,272	\$ 195,962
State categorical aid	7,732,976	6,774,502
Enrollment fees	4,589,643	4,809,335
Capital projects	117,733	954,809
Other local	998,414	1,678,254
Total	<u>\$ 13,454,038</u>	<u>\$ 14,412,862</u>

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 - LONG-TERM OBLIGATIONS

Long-term Obligations Summary

The changes in the District's long-term obligations during the 2020 fiscal year consisted of the following:

	Balance			Balance	
	July 1, 2019	Additions	Deductions	June 30, 2020	Due Within One Year
Bonds and Notes Payable					
General obligation bonds	\$ 629,890,000	\$ -	\$ 12,560,000	\$ 617,330,000	\$ 28,250,000
Revenue bonds	38,140,000	-	24,070,000	14,070,000	930,000
Premiums, net	64,036,556	-	5,595,308	58,441,248	4,368,508
Total Bonds and Notes Payable	732,066,556	-	42,225,308	689,841,248	33,548,508
Other Long-Term Liabilities					
Compensated absences	17,720,824	3,751,031	-	21,471,855	1,312,782
Net pension liability	136,352,731	8,464,996	-	144,817,727	-
Total Other Long-Term Liabilities	154,073,555	12,216,027	-	166,289,582	1,312,782
Total Long-Term Obligations	\$ 886,140,111	\$ 12,216,027	\$ 42,225,308	\$ 856,130,830	\$ 34,861,290

The changes in the District's long-term obligations during the 2019 fiscal year consisted of the following:

	Balance			Balance	
	July 1, 2018	Additions	Deductions	June 30, 2019	Due Within One Year
Bonds and Notes Payable					
General obligation bonds	\$ 489,690,000	\$ 150,000,000	\$ 9,800,000	\$ 629,890,000	\$ 12,560,000
Revenue bonds	55,925,000	-	17,785,000	38,140,000	4,285,000
Premiums, net	56,480,792	13,987,544	6,431,780	64,036,556	4,826,505
Total Bonds and Notes Payable	602,095,792	163,987,544	34,016,780	732,066,556	21,671,505
Other Long-Term Liabilities					
Compensated absences	16,293,492	1,427,332	-	17,720,824	323,592
Net pension liability	120,780,867	15,571,864	-	136,352,731	-
Total Other Long-Term Liabilities	137,074,359	16,999,196	-	154,073,555	323,592
Total Long-Term Obligations	\$ 739,170,151	\$ 180,986,740	\$ 34,016,780	\$ 886,140,111	\$ 21,995,097

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 10 - LONG-TERM OBLIGATIONS, continued

Debt Maturity

General Obligation Bonds

Issue Date	Maturity Date	Yield	Original Issue	Bonds			Bonds Outstanding June 30, 2020	
				Outstanding July 1, 2019	Additions	Accretion		Redeemed
6/2/2009	8/1/2019	5.00%	\$ 14,184,692	\$ 2,385,000	\$ -	\$ -	\$ 2,385,000	\$ -
9/13/2012	8/1/2037	3.375-5.00%	100,000,000	67,095,000	-	-	2,255,000	64,840,000
9/13/2012	8/1/2025	2.00-5.00%	28,345,000	23,960,000	-	-	2,375,000	21,585,000
2/25/2015	8/1/2030	2.00-5.00%	28,100,000	27,920,000	-	-	-	27,920,000
2/25/2015	8/1/2040	3.00-5.00%	150,000,000	133,500,000	-	-	-	133,500,000
3/8/2017	8/1/2030	2.00-5.00%	10,340,000	9,635,000	-	-	365,000	9,270,000
3/8/2017	8/1/2035	3.00-5.00%	115,395,000	115,395,000	-	-	-	115,395,000
10/4/2017	8/1/2036	3.00-4.00%	100,000,000	100,000,000	-	-	5,180,000	94,820,000
4/11/2019	8/1/2044	3.00-5.00%	150,000,000	150,000,000	-	-	-	150,000,000
				\$ 629,890,000	\$ -	\$ -	\$ 12,560,000	\$ 617,330,000

The general obligation bonds mature through fiscal year 2044-45 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	\$ 28,250,000	\$ 25,652,181	\$ 53,902,181
2022	31,580,000	24,497,181	56,077,181
2023	29,810,000	23,192,406	53,002,406
2024	14,885,000	22,205,831	37,090,831
2025	16,755,000	21,470,856	38,225,856
2026-2030	114,385,000	92,849,416	207,234,416
2031-2035	186,380,000	59,200,263	245,580,263
2036-2040	130,480,000	24,314,525	154,794,525
2041-2045	64,805,000	5,426,700	70,231,700
Subtotal	\$ 617,330,000	\$ 298,809,359	\$ 916,139,359

Revenue Bonds

Issue Date	Maturity Date	Yield	Original Issue	Outstanding			Outstanding June 30, 2020
				Outstanding July 1, 2019	Additions	Redeemed	
11/5/2009	8/1/2028	2.00-5.00%	\$ 56,120,000	\$ 1,080,000	\$ -	\$ 1,080,000	\$ -
8/3/2011	6/1/2036	3.00-6.25%	9,905,000	5,000,000	-	2,480,000	2,520,000
12/1/2016	8/1/2028	3.00-5.00%	45,405,000	32,060,000	-	20,510,000	11,550,000
				\$ 38,140,000	\$ -	\$ 24,070,000	\$ 14,070,000

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019**

NOTE 10 - LONG-TERM OBLIGATIONS, continued

The revenue bonds mature through 2029 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	\$ 930,000	\$ 1,699,694	\$ 2,629,694
2022	1,140,000	1,662,494	2,802,494
2023	3,840,000	1,616,894	5,456,894
2024	5,640,000	1,424,894	7,064,894
2025	-	1,142,894	1,142,894
2026-2030	2,520,000	1,499,433	4,019,433
Subtotal	\$ 14,070,000	\$ 9,046,303	\$ 23,116,303

Compensated Absences and Faculty Banked Leave Liability

The District calculated the total long-term portion of compensated absences as of June 30, 2020 at \$21,471,855. Of this amount, \$17,455,369 was calculated for the unfunded faculty banked leave, \$4,016,486 for accrued vacation and compensatory time.

Aggregate Net Pension Obligation

At June 30, 2020, the liability for the aggregate net pension obligation amounted to \$144,817,727. See Note 13 for additional information.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 - POSTEMPLOYMENT BENEFITS

For the fiscal year ended June 30, 2020, the District reported net OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Net OPEB Liability (Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Benefit)
District Plan	\$ (12,204,065)	\$ -	\$ 1,206,469	\$ 4,087,442

Plan Description

The Postemployment Benefit Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by West Valley-Mission Community College District. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses.

	Faculty	Classified	Management
Benefit types provided	Medical and Dental	Medical and Dental	Medical and Dental
Duration of benefits	Lifetime	Lifetime	Lifetime
Required services	10 years*	10 years*	10 years*
Minimum age	55	50	50
Dependent coverage	Yes	Yes	Yes
District contribution	50-100%*	50-100%*	50-100%*
District cap	None	None	None

*Retirees receive 50% benefits for 10 years of service plus 10% for additional years of service to 100% for 15 years of service. Employees hired after January 1, 1994 are not eligible for medical benefits upon retirement.

Contribution Information

The contribution requirements of plan members and the District are established and may be amended by the District, the District's bargaining units and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually through the agreements between the District, the District's bargaining units and the unrepresented groups. For fiscal year 2019-20, the District did not contribute to the plan. The District recognizes the costs of providing those benefits and related costs when paid.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 - POSTEMPLOYMENT BENEFITS, continued

Employees Covered by Benefit Term

The following is a table of plan participants as of the June 30, 2019 measurement date:

	Number of Participants
Inactive Employees Receiving Benefits	494
Active Employees	32
	<u>526</u>

Contributions to Trust

Eligible employees are not permitted to make contributions to the Trust. The Plan administrator (CalPERS) shall, on behalf of the employer (District), make all contributions to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contribution rates, but contributes in an amount sufficient to fully fund the total OPEB obligation over a period not to exceed 30 years. The District has a net OPEB asset of \$12,204,065 as of June 30, 2020.

OPEB Plan Investments

The plan discount rate of 6.0% was determined using the following asset allocation and assumed rate of return:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	59%	5.50%
Global Debt Securities	25%	2.35%
Inflation Assets	5%	1.50%
Commodities	3%	1.75%
REITs	8%	3.65%
Total	<u>100%</u>	

Rolling periods of time for all asset classes in combination were used to appropriately reflect correlation between asset classes. This means that the average returns for any asset class do not necessarily reflect the averages over time individually, but reflect the return for the asset class for the portfolio average. Additionally, the historic 30-year real rates of return for each asset class along with the assumed long-term inflation assumption was used to set the discount rate. The investment return was offset by assumed investment expenses of 25 basis points. It was further assumed that contributions to the plan would be sufficient to fully fund the obligation over a period not to exceed 30 years.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 - POSTEMPLOYMENT BENEFITS, continued

Actuarial Assumptions

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2019
Measurement date	June 30, 2019
Census data	The census was provided by the District as of June 30, 2017
Actuarial cost methods	Entry age actuarial cost method
Inflation rate	2.75%
Investment rate of return	6.00%
Discount rate	6.00%
Health care cost trend rate	6.50% decreasing to 4.50%
Payroll increase	3.00%
Mortality	For Classified and Safety Employees: SOA Pub-2010 General Mortality Table fully generational using Scale MP-2018. For Faculty and Management Employees: SOA Pub-2010 Teacher Mortality Table fully generational using Scale MP-2018.

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2018	\$ 53,036,551	\$ 68,121,589	\$ (15,085,038)
Changes for the year:			
Service cost	93,763	-	93,763
Interest	3,049,607	-	3,049,607
Employer contributions	-	4,607,055	(4,607,055)
Changes of benefit terms	1,298,612	-	1,298,612
Difference between expected and actual experience	372,665	-	372,665
Assumption changes	7,585,302	-	7,585,302
Investment income	-	4,970,291	(4,970,291)
Administrative expense	-	(58,370)	58,370
Expected benefit payments	(4,607,055)	(4,607,055)	-
Net change	7,792,894	4,911,921	2,880,973
Balance June 30, 2019	\$ 60,829,445	\$ 73,033,510	\$ (12,204,065)

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 - POSTEMPLOYMENT BENEFITS, continued

Changes in the Net OPEB Liability, continued

Fiduciary Net Position as a % of the Total OPEB Liability/(Asset), at June 30, 2019 was 128%

Sensitivity of the net pension liability to assumptions

The following presents the net OPEB liability/(asset) calculated using the discount rate of 6.0 percent. The schedule also shows what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1 percent lower (5.0 percent) and 1 percent higher (7.0 percent):

	Discount Rate 1% Lower (5.0%)	Current Discount Rate (6.0%)	Discount Rate 1% Higher (7.0%)
Net OPEB liability (Asset)	\$ (6,071,949)	\$ (12,204,065)	\$ (17,394,260)

The following table presents the net OPEB liability/(asset) calculated using the health care cost trend rate of 6.5 percent decreasing to 4.5 percent. The schedule also shows what the net OPEB liability/(asset) would be if it were calculated using a health care cost trend rate that is 1 percent lower and 1 percent higher:

	Trend Rate 1% Lower (5.50% decreasing to 3.50%)	Healthcare Cost Trend Rate (6.50% decreasing to 4.50%)	Trend Rate 1% Higher (7.50% decreasing to 5.50%)
Net OPEB liability (Asset)	\$ (16,755,403)	\$ (12,204,065)	\$ (6,887,558)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$4,087,442. At June 30, 2020, the District reported no deferred outflows and a deferred inflow related to differences between projected and actual earnings on plan investments.

The deferred inflows of resources resulting from a change in assumption will be amortized to OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (343,173)
2022	(343,173)
2023	(343,172)
2024	(176,951)
	<u>\$ (1,206,469)</u>

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2020 AND 2019**

NOTE 12 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2020, the District contracted with the Bay Area Community College District JPA for property and general 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 2019-20, the District participated in the Northern California Community College Pool ("NCCCP") for workers' compensation insurance coverage. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. 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 ensures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

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

For the fiscal year ended June 30, 2020, the District reported its proportionate share of 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	\$ 75,449,446	\$ 20,815,255	\$ 5,451,176	\$ 9,951,675
CalPERS	69,368,281	18,452,954	2,109,624	14,894,562
Total	<u>\$ 144,817,727</u>	<u>\$ 39,268,209</u>	<u>\$ 7,560,800</u>	<u>\$ 24,846,237</u>

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the California State Teachers' Retirement System (CalSTRS); a cost-sharing multiple employer public employee retirement system defined benefit pension plan administered by CalSTRS. The plan provides retirement and disability benefits and survivor benefits to beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalSTRS annual financial report may be obtained from CalSTRS, 7919 Folsom Blvd., Sacramento, CA 95826.

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, 2020, are summarized as follows:

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%*
Required employer contribution rate	18.13%	18.13%
Required state contribution rate	10.328%	10.328%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS, continued

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, 2020, are presented above, and the District's total contributions were \$8,677,967.

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

At June 30, 2020, 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:

District's proportionate share of the net pension liability	\$ 75,449,446
State's proportionate share of the net pension liability associated with the District	<u>41,163,042</u>
Total	<u>\$ 116,612,488</u>

The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, was 0.084 percent and 0.080 percent, respectively, resulting in a net increase in the proportionate share of 0.004 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$9,951,675. In addition, the District recognized pension expense and revenue of \$1,126,200 for support provided by the State. At June 30, 2020, 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
Difference between projected and actual earnings on plan investments	\$ -	\$ 2,905,667
Differences between expected and actual experience	190,468	2,124,646
Changes in assumptions	9,541,632	-
Net changes in proportionate share of net pension liability	2,405,188	420,863
District contributions subsequent to the measurement date	8,677,967	-
Total	<u>\$ 20,815,255</u>	<u>\$ 5,451,176</u>

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS, continued

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 pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 2,186,370
2022	265,018
2023	2,262,946
2024	2,423,846
2025	(231,643)
Thereafter	(220,425)
	<u>\$ 6,686,112</u>

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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses 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 investment practice, a best estimate range was determined assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentile for the long-term distribution of annualized returns.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS, continued

The assumed asset allocation is based on 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 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Cash/Liquidity	2%	-1.00%
Risk Mitigating Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	100%	

*20-year geometric average

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 112,350,471	\$ 75,449,446	\$ 44,851,469

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement

System (CalPERS) Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

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, 2020, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.500%
Required employer contribution rate	19.72%	19.72%

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS, continued

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, 2020, are presented above, and the total District contributions were \$7,395,851.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$69,368,281. The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, was 0.238 percent and 0.234 percent, respectively, resulting in a net increase in the proportionate share of 0.004 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$14,894,562. At June 30, 2020, 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
Difference between projected and actual earnings on plan investments	\$ -	\$ 643,404
Differences between expected and actual experience	5,038,922	-
Changes in assumptions	3,302,145	-
Net changes in proportionate share of net pension liability	2,716,036	1,466,220
District contributions subsequent to the measurement date	7,395,851	-
Total	\$ 18,452,954	\$ 2,109,624

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS, continued

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 pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 5,778,645
2022	1,767,959
2023	1,137,329
2024	263,546
	\$ 8,947,479

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to a financial reporting actuarial valuation as of June 30, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997, through June 30, 2011
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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.

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS, continued

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	Real Return Years 1 - 10**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

**An expected inflation of 2.0% used for this period

***An expected inflation of 2.92% used for this period

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	\$ 99,989,816	\$ 69,368,281	\$ 43,965,601

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS, continued

Social Security

As established by Federal law, all public-sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its alternative plan for full time employees. Contributions made by the District and an employee vest immediately. The District contributes 6.2 percent of an employee's gross earnings. An employee is required to contribute 6.2 percent of his or her gross earnings to the pension plan.

Alternative Plan

The District offers Accumulation Program for Part-Time and Limited Service Employees (Apple Plan) approved in 1991 for part-time employees who are not members of CalSTRS and CalPERS. The District contributes 4 percent of their salary on behalf of the employees to the plan.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately \$6,743,210 to CalSTRS.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal, State and Local 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.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2020.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 14 - COMMITMENTS AND CONTINGENCIES, continued

Construction Commitments

As of June 30, 2020, the District had the following commitments with respect to the unfinished capital projects:

CAPITAL PROJECT	Remaining Construction Commitments	Expected Date of Completion
West Valley College		
Planetarium - New Building	\$ 7,770	12/31/2020
Fine Arts Replacement Building	1,484,900	6/30/2022
Learning Resource Center Reconstruction	104,955	1/31/2024
Athletic Field Turf Restoration - Phase 1	19,912,568	9/30/2021
Learning Resource Renovation	5,989,042	1/31/2024
Theater Renovation and Expansion	3,583	12/30/2026
Outdoor PE Facilities Upgrades	3,152,243	12/30/2022
Modular Classroom Removal and Site Restoration	98,975	6/30/2021
Signage and Wayfinding Master Plan and Implementation	10,000	6/30/2028
Mission College		
Performing Arts Center - New Construction	1,893,639	6/30/2024
CDC Building Renovation	787,105	1/31/2023
Outdoor Physical Educational Facilities Upgrades	3,119,311	6/30/2024
Library Renovation	1,083,594	12/30/2023
Student Campus Center Renovation	28,925	12/30/2029
Swing Space for Renovation Projects	231,787	6/30/2031
Campus Wide Landscaping Restoration and Gateway Additions	140,824	6/30/2031
Main Building Demo and Plaza Landscape	8,798,713	6/30/2021
MT Replacement Building Project	22,915,280	9/30/2022
Districtwide		
Administration Building at WV - New Construction	760,087	6/30/2027
Alternative Energy Projects at WV & MC	20,929,331	9/30/2021
ADA Barrier Removal at MC & WV	104,489	6/30/2027
Vasona Creek Improvements	99,132	6/30/2024
Security, Safety and Monitoring at MC & WV	148,180	6/30/2027
Utility and Electrical Upgrades for Buildings at MC & WV	36,245	6/30/2027
Underground Water and Sewer Line Upgrades at MC & WV	3,037	6/30/2027
Storm Water Master Plan and Implementation	48,283	6/30/2027
	<u>\$ 91,891,998</u>	

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

The District is a member of the Northern California Community College Pool ("NCCCP") and the Bay Area Community College District (BACCD) Joint Powers Authority JPAs. The District pays annual premiums for its property and general liability and workers' compensation coverage. The relationship between the District and the JPA 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, 2020, the District made payments of \$1,219,333 and \$629,463 to NCCCP and BACCD, respectively.

REQUIRED SUPPLEMENTARY INFORMATION

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 93,763	\$ 246,894	\$ 240,286
Interest	3,049,607	3,193,452	3,314,416
Changes of benefit terms	1,298,612	-	-
Difference between expected and actual experience	372,665	-	-
Assumption changes	7,585,302	-	-
Benefit payments	(4,607,055)	(7,009,091)	(4,145,664)
Net change in total OPEB liability	7,792,894	(3,568,745)	(590,962)
Total OPEB liability, beginning of year	53,036,551	56,605,296	57,196,258
Total OPEB liability, end of year (a)	\$ 60,829,445	\$ 53,036,551	\$ 56,605,296
Plan fiduciary net position			
Employer contributions	\$ 4,607,055	\$ 7,009,091	\$ 19,952,498
Investment income	4,970,291	3,812,227	5,349,830
Investment gains/losses	-	831,119	-
Administrative expense	(58,370)	(73,833)	(43,646)
Expected benefit payments	(4,607,055)	(7,009,091)	(4,145,664)
Change in plan fiduciary net position	4,911,921	4,569,513	21,113,018
Fiduciary trust net position, beginning of year	68,121,589	63,552,076	42,439,058
Fiduciary trust net position, end of year (b)	\$ 73,033,510	\$ 68,121,589	\$ 63,552,076
Net OPEB liability/(asset), ending (a) - (b)	\$ (12,204,065)	\$ (15,085,038)	\$ (6,946,780)
Covered payroll	\$ 3,373,439	\$ 3,612,127	\$ 4,868,772
Plan fiduciary net position as a percentage of the total OPEB liability/(asset)	120%	128%	112%
Net OPEB asset as a percentage of covered payroll	-362%	-418%	-143%

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

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019	2018
Actuarially determined contribution	\$ 4,611,710	\$ 4,318,952	\$ 7,009,091
Contributions in relations to the actuarially determined contribution	-	-	19,952,498
Contribution deficiency (excess)	<u>\$ 4,611,710</u>	<u>\$ 4,318,952</u>	<u>\$ (12,943,407)</u>
Covered-employee payroll	\$ 3,373,439	\$ 3,612,127	\$ 4,868,772
Contribution as a percentage of covered-employee payroll	136.71%	119.57%	143.96%

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

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

CalSTRS	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.0835%	0.0804%	0.0753%	0.0760%	0.0740%	0.0770%
District's proportionate share of the net pension liability	\$ 75,449,446	\$ 73,873,279	\$ 69,615,249	\$ 61,116,464	\$ 49,594,453	\$ 44,819,057
State's proportionate share of the net pension liability associated with the District	41,163,042	42,295,906	41,184,129	34,792,513	26,229,999	27,063,682
Total	<u>\$ 116,612,488</u>	<u>\$ 116,169,185</u>	<u>\$ 110,799,378</u>	<u>\$ 95,908,977</u>	<u>\$ 75,824,452</u>	<u>\$ 71,882,739</u>
District's covered - employee payroll	\$ 52,745,501	\$ 48,313,016	\$ 44,605,842	\$ 41,111,669	\$ 36,540,969	\$ 37,592,038
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	143.04%	152.91%	156.07%	148.66%	135.7%	119.2%
Plan fiduciary net position as a percentage of the total pension liability	72.6%	71.0%	69.0%	70.0%	74.0%	76.5%
CalPERS	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.238%	0.234%	0.214%	0.204%	0.211%	0.229%
District's proportionate share of the net pension liability	\$ 69,368,281	\$ 62,479,452	\$ 51,165,618	\$ 40,277,100	\$ 31,094,903	\$ 26,012,297
District's covered - employee payroll	\$ 37,118,778	\$ 34,841,561	\$ 37,300,936	\$ 27,151,548	\$ 24,418,785	\$ 26,116,643
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	186.88%	179.34%	137.17%	164.88%	119.08%	107.29%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2020**

CalSTRS	Reporting Fiscal Year					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 8,677,967	\$ 7,865,359	\$ 6,436,623	\$ 5,171,848	\$ 3,920,846	\$ 3,338,173
District's contributions in relation to the statutorily required contribution	8,677,967	7,865,359	6,436,623	5,171,848	3,920,846	3,338,173
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 52,745,501	\$ 48,313,016	\$ 44,605,842	\$ 41,111,669	\$ 36,540,969	\$ 37,592,038
District's contributions as a percentage of covered-employee payroll	16.45%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS	Reporting Fiscal Year					
	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 7,395,851	\$ 6,292,386	\$ 5,181,100	\$ 3,771,350	\$ 2,893,626	\$ 2,987,744
District's contributions in relation to the statutorily required contribution	7,395,851	6,292,386	5,181,100	3,771,350	2,893,626	2,987,744
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 37,118,778	\$ 34,841,561	\$ 37,300,936	\$ 27,151,548	\$ 24,418,785	\$ 26,116,643
District's contributions as a percentage of covered-employee payroll	19.92%	18.06%	13.89%	13.89%	11.85%	11.44%

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

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1 - PURPOSE OF SCHEDULES

Schedule of Changes in Net OPEB Liability and Related Ratios

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of 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 positions 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 Contributions – Pensions

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.

Changes in Benefit Terms

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

Changes in Assumptions

There were no change in discount rates from the previous valuation for either CalSTRS or CalPERS.

SUPPLEMENTARY INFORMATION

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATION
JUNE 30, 2020**

The West Valley-Mission Community College District was established in 1963 and provides higher education in Santa Clara County and a portion of Santa Cruz County. The District operates two colleges. West Valley College, founded in 1964, is situated on a 143-acre campus in the foothills of the Santa Cruz Mountains in Saratoga, California. Mission College, which opened in 1975, is located on a 164-acre site in Santa Clara, California. The Colleges are each fully accredited by the Accrediting Commission for Community and Junior Colleges (ACCJC).

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Susan Fish	President	2022
Randi Kinman	Vice President	2020
Adrienne Grey	Member	2020
Jack Lucas	Member	2022
Anne Kepner	Member	2022
Robert Owens	Member	2020
Karl Watanabe	Member	2020
Evelina Gromilina	Student Trustee MC	2020
Kian Lechner	Student Trustee WVC	2020

DISTRICT ADMINISTRATION

Bradley J. Davis
Chancellor

Ngoc Chim
Associate Vice Chancellor, Finance and Administration

Stephanie Kashima
President, West Valley College

Daniel Peck
President, Mission College

Eric Ramones
Associate Vice Chancellor, Human Resources

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Program Revenues				Total Program Expenditures
			Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	
U.S. DEPARTMENT OF EDUCATION							
Student Financial Aid Cluster							
Pell Grant	84.063	[1]	\$ 8,082,476	\$ 883,396	\$ -	\$ 8,965,872	\$ 8,965,872
Supplemental Educational Opportunity Grant (SEOG)	84.007	[1]	249,050	-	-	249,050	249,050
Federal Work Study Program	84.033	[1]	273,485	-	2,813	270,672	270,672
Federal Direct Student Loans	84.032	[1]	507,066	48,578	-	555,644	555,644
Student Financial Aid Administration Allowance	85.063	[1]	38,441	965	7,722	31,684	31,684
Student Financial Aid Veteran Admin	85.063	[1]	9,454	-	7,550	1,904	1,904
TRiO Project - ACCESS	84.042A	[1]	494,033	63,688	-	557,721	495,908
Higher Education - Institutional Aid (AANAPISI) - STEMlink	84.031L	[1]	271,472	41,215	-	312,687	312,687
Higher Education - Institutional Aid (HSI) - STEMlink	84.031C	[1]	1,168,805	235,794	-	1,404,599	1,404,599
Higher Education - Institutional Aid - Title III Part A	84.031A	[1]	478,069	43,967	-	522,036	498,904
Child Development - CCAMPIS	84.335A	[2]	44,313	1,479	-	45,792	44,366
Pass-Through California State Chancellor's Office							
Perkins, Title I-C	84.048	[1]	-	253,492	-	253,492	253,492
CARES Act 19-20 - Student Aid	84.425E	[2]	1,371,300	-	1,400	1,369,900	1,369,900
CARES Act 19-20 - Institutional Aid	84.425F	[2]	-	36,282	-	36,282	36,282
			<u>12,987,964</u>	<u>1,608,856</u>	<u>19,485</u>	<u>14,577,335</u>	<u>14,490,964</u>
U.S. DEPARTMENT OF LABOR							
American Apprenticeship	17.268	[1]	379,625	76,493	-	456,118	456,118
U.S. DEPARTMENT OF AGRICULTURE							
Pass-Through California Department of Education							
Child and Adult Care Food Program	10.558	[2]	35,653	-	-	35,653	35,653
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Pass-Through California State Chancellor's Office							
Temporary Assistance to Needy Families (TANF)	93.558	[2]	33,690	31,097	-	64,787	64,787
Pass-Through Santa Clara County							
CalWORKS	93.558	[2]	160,174	13,617	-	173,791	160,174
Title IV-E	93.658	[2]	1,068,669	66,590	193,952	941,307	874,717
Title IV-E - Foster and Kinship Care Education	93.658	[2]	56,089	56,089	22,017	90,161	34,072
Medical Assistance Program (MAA)	93.778	[2]	95,565	2,558	95,565	2,558	-
			<u>1,829,465</u>	<u>246,444</u>	<u>311,534</u>	<u>1,764,375</u>	<u>1,625,521</u>
Total			<u>\$ 14,817,429</u>	<u>\$ 1,855,300</u>	<u>\$ 331,019</u>	<u>\$ 16,341,710</u>	<u>\$ 16,116,485</u>

[1] Not applicable

[2] Not available

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Program	Program Revenues				Total Program Expenditures
	Cash Received	Accounts Receivable	Deferred Revenue	Total Revenue	
Lottery - Restricted	\$ 758,247	\$ 325,391	\$ 255,013	\$ 828,625	\$ 828,625
Basic Skills	503,585	-	-	503,585	503,585
State Financial Aid 2%	232,465	-	155,110	77,355	77,355
Human Resources Staff Diversity	79,423	-	47,650	31,773	31,773
Silicon Valley Engineering Tech Path (SV ETP)	10,000	348	-	10,348	10,348
Adult Education Block Grant (AEBG)	601,292	-	201,450	399,842	399,842
Instructional Block Grant	136,511	-	68,256	68,255	68,255
Apprenticeship RSI	480,759	-	151,914	328,845	328,845
Veteran's Resource Center	127,258	-	71,400	55,858	55,858
Veteran's Resource Center - One Time	18,278	10,310	-	28,588	28,588
Guided Pathways	1,100,754	-	754,332	346,422	346,422
FA Technology	143,515	-	138,248	5,267	5,267
CA College Promise (AB19)	1,651,499	-	234,666	1,416,833	1,416,833
Extended Opportunity Programs and Services (EOPS)	1,326,904	-	46,151	1,280,753	1,279,644
Cooperative Agencies Resources for Education (CARE)	141,361	-	-	141,361	141,357
Disabled Students Programs and Services (DSPS)	1,487,264	-	65,928	1,421,336	1,421,336
CalWorks	319,651	-	63,220	256,431	256,431
Student Equity and Achievement Program (SEAP) 19/20	4,534,826	-	1,326,819	3,208,007	3,208,007
Student Success Program (SSSP) - Credit 18/19	1,160,642	-	-	1,160,642	1,160,642
Student Success Program (SSSP) - Non Credit 18/19	30,134	-	-	30,134	30,134
Student Equity, Diversity and Success 18/19	483,477	-	-	483,477	483,477
Strong Workforce Direct	3,751,108	7,819	2,035,602	1,723,325	1,723,325
CTE - Transitions	-	92,388	-	92,388	92,388
CTE Nursing	140,522	-	-	140,522	140,522
Foster Care and Kinship	142,967	-	-	142,967	142,967
Math, Engineering & Science Achievement (MESA) FSS Grant	8,967	42,560	-	51,527	51,527
BFAP	451,011	-	-	451,011	451,011
Child Development Center - First 5 grant	12,900	-	-	12,900	12,900
Child Development Center - State grant (Tax Bailout)	55,888	-	-	55,888	55,888
Child Development Center - State grant - General	373,673	-	-	373,673	373,673
Child Development Consortium	28,009	-	-	28,009	28,009
Puente Project	4,500	-	1,413	3,087	3,087
Information Effectiveness	134,609	-	-	134,609	134,609
CTE Data Unlocked Fund	49,505	-	49,505	-	-
Hunger Free Campus	145,513	-	45,009	100,504	100,504
DSN Mini Grant	1,152	-	-	1,152	1,152
Campus Safety	4,531	-	1,048	3,483	3,483
Student Success Completion Grant	882,591	-	-	882,591	882,591
FA Technology - One Time	134,692	-	127,548	7,144	7,144
DACUM and Curriculum Dev	61,378	-	-	61,378	61,378
Mental Health Support	111,330	-	66,338	44,992	44,992
Umoja Program	15,501	-	-	15,501	15,501
Classified Professional Development	57,846	-	57,796	50	50
CA Virtual Campus Online Ed	101,813	132,066	-	233,879	233,879
1st Response Healthcare Student Support	4,545	-	-	4,545	4,545
Subtotal	\$ 22,002,396	\$ 610,882	\$ 5,964,416	\$ 16,648,862	\$ 16,647,749

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2020**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2019 only)			
1. Noncredit	185.97	-	185.97
2. Credit	1,415.88	-	1,415.88
B. Summer Intersession (Summer 2020 - Prior to July 1, 2020)			
1. Noncredit	3.87	-	3.87
2. Credit	25.45	-	25.45
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	6,839.72	-	6,839.72
(b) Daily Census Contact Hours	228.16	-	228.16
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	564.15	-	564.15
(b) Credit	81.27	-	81.27
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	1,376.38	-	1,376.38
(b) Daily Census Contact Hours	979.12	-	979.12
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	11,699.97	-	11,699.97
Supplemental Information (subset of above information)			
E. In-service Training Courses	6.59	-	6.59
F. Basic Skills Courses and Immigrant Education			
1. Credit	427.43	-	427.43
2. Noncredit	64.26	-	64.26
Total Basic Skills FTES	491.69	-	491.69

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2020**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	26,782,383	-	26,782,383	26,782,383	-	26,782,383
Other	1300	20,714,330	-	20,714,330	20,714,330	-	20,714,330
Total Instructional Salaries		47,496,713	-	47,496,713	47,496,713	-	47,496,713
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	12,145,390	-	12,145,390
Other	1400	-	-	-	360,368	-	360,368
Total Non-Instructional Salaries		-	-	-	12,505,758	-	12,505,758
Total Academic Salaries		47,496,713	-	47,496,713	60,002,471	-	60,002,471
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	21,511,561	-	21,511,561
Other	2300	-	-	-	1,486,035	-	1,486,035
Total Non-Instructional Salaries		-	-	-	22,997,596	-	22,997,596
Instructional Aides							
Regular Status	2200	1,208,644	-	1,208,644	1,208,644	-	1,208,644
Other	2400	150,077	-	150,077	150,077	-	150,077
Total Instructional Aides		1,358,721	-	1,358,721	1,358,721	-	1,358,721
Total Classssified Salaries		1,358,721	-	1,358,721	24,356,317	-	24,356,317
Employee Benefits	3000	16,742,720	-	16,742,720	32,559,646	-	32,559,646
Supplies and Materials	4000	-	-	-	582,469	-	582,469
Other Operating Expenses	5000	42,805	-	42,805	10,069,578	-	10,069,578
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		65,640,959	-	65,640,959	127,570,481	-	127,570,481

See accompanying note to supplementary information.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Svcs. Above Amount Collected	6441	-	-	-	150,503	-	150,503
Student Transportation	6491	-	-	-	105,904	-	105,904
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	6,139	-	6,139
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	1,362,004	-	1,362,004
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	488,970	-	488,970
Supplies and Materials	4000						
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	-	-	-
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400						
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 2,113,520	\$ -	\$ 2,113,520
Total for ECS 84362, 50% Law		\$ 65,640,959	\$ -	\$ 65,640,959	\$ 125,456,961	\$ -	\$ 125,456,961
Percent of CEE (Instructional Salary Cost/Total CEE)		52.32%	0.00%	52.32%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 62,728,481	\$ -	\$ 62,728,481

See accompanying note to supplementary information.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
 PROPOSITION 30 EDUCATION PROTECTION ACCOUNT EXPENDITURE REPORT
 FOR THE YEAR ENDED JUNE 30, 2020**

EPA Revenue	1,169,997
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	1,169,997	-	-	1,169,997
Total		1,169,997	-	-	1,169,997

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED
FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2020**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2020.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
JUNE 30, 2020**

**Total Fund Equity - District Funds Included
in the Reporting Entity:**

General Fund	\$	61,290,245	
Capital Projects Fund		254,072,616	
Special Revenue Funds		441,240	
Debt Service Funds		60,734,356	
Enterprise Funds		3,401,743	
Student Financial Aid Fund		28,868	
		<u>28,868</u>	\$ 379,969,068

Assets recorded within the statements of net position not included in the fund financial statements:

Nondepreciable capital assets	\$	55,139,870	
Depreciable capital assets		632,250,414	
Accumulated depreciation		<u>(150,372,147)</u>	537,018,137

Net OPEB Asset 12,204,065

Unmatured Interest (10,952,185)

Deferred outflows recorded within the statement of net position not included in the District fund financial statements:

Deferred outflows related to bond refundings	7,320,847
Deferred outflows related to pensions	39,268,209

Liabilities recorded within the statements of net position not recorded in the District fund financial statements:

General obligation bonds	\$	617,330,000	
Lease revenue bonds		14,070,000	
Premiums, net		58,441,248	
Compensated absences		20,159,073	
Net pension liability		<u>144,817,727</u>	(854,818,048)

Deferred inflows recorded within the statement of net position not included in the District fund financial statements:

Deferred charge on refunding	(2,995,668)
Deferred inflows related to OPEB	(1,206,469)
Deferred inflows related to pensions	<u>(7,560,800)</u>

**Net Position Reported Within the
Statements of Net Position**

\$ 98,247,156

WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020

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.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Assets-Primary Government and the related expenditures reported on the Schedule of Federal Awards. The reconciliation amounts consist primarily of funds that in the previous period were recorded as revenues but were unspent. These unspent balances have been expended in the current period. These unspent balances are reported as legally restricted ending balances within the Statement of Net Position-Primary Government.

	CFDA Number	Amount
Total Federal Revenues From the Statement of Revenues, Expenditures and Changes in Fund Balance		\$ 16,975,055
Fish and Wildlife	N/A	(5,353)
Lease Revenue Bonds	N/A	(850,402)
Fund Balance	N/A	(2,815)
Total Schedule of Expenditures of Federal Awards		<u>\$ 16,116,485</u>

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 System’s Office.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

NOTE 1 - PURPOSE OF SCHEDULES, continued

Schedule of Workload Measures for State General Apportionment – Annual Actual Attendance

Full-Time Equivalent Students (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. These schedules provide information regarding the annual attendance measurements of students throughout the District.

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

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

Proposition 30 Education Protection Account Expenditure Report

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

Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements

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

Reconciliation of Fund Equity to Net Position

The 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.

OTHER INDEPENDENT AUDITORS' REPORTS



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

The Board of Trustees
West Valley-Mission Community College District
Saratoga, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of West Valley-Mission Community College District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 28, 2020.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

District's Response to Findings

West Valley-Mission Community College District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. West Valley-Mission Community College District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

CWDL, Certified Public Accountants

San Diego, California
October 28, 2020



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Trustees
West Valley-Mission Community College District
Saratoga, California

Report on Compliance for Each Major Federal Program

We have audited West Valley-Mission 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, 2020. 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.

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, 2020.

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.

CWDL, Certified Public Accountants

San Diego, California
October 28, 2020



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
West Valley-Mission Community College District
Saratoga, California

Report on State Compliance

We have audited West Valley-Mission Community College District's (the District) compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2019-20*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on West Valley-Mission Community College District's compliance with the 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 *California Community Colleges Contracted District Audit Manual (CDAM) 2019-20*, 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state 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.

Opinion of State Compliance

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, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *California Community Colleges Contracted District Audit Manual (CDAM) 2019-20*, and which are described in the accompanying schedule of findings and questioned costs as item Finding #2020-001. Our opinion is not modified with respect to these matters.

Procedures Performed

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 411 – SCFF Data Management Control Environment
Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Activities Funded From Other Sources
Section 424 – Student Centered Funding Formula Base Allocation: FTES
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment (CCAP and Non-CCAP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 435 – Open Enrollment
Section 439 – Proposition 39 Clean Energy Fund
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 479 – To Be Arranged Hours (TBA)
Section 490 – Proposition 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds

Purpose of this Report

The purpose of this report on state compliance is solely to describe the results of testing based on the requirements of the *California Community Colleges Contracted District Audit Manual (CDAM) 2019-20*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
October 28, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2020**

Section I – Schedule of Audit Findings and Questioned Costs

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.007, 84.032, 84.033 84.063</u>	<u>Student Financial Aid Cluster</u>
<u>84.425E, 84.425F</u>	<u>CARES Act</u>

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

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards.

There were no financial statement findings or recommendations identified during 2019-20.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2019-20.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

FINDING #2020-001: 444 – APPRENTICESHIP RELATED AND SUPPLEMENTAL INSTRUCTION (RSI) FUNDS

Criteria or Specific Requirement:

Education Code Section 8152.5 states, "The Controller shall include instructions necessary to enforce this article [Apprenticeship Education] in the audit guide required by Section 14502.1. The instructions shall include, but not necessarily be limited to, procedures for verifying if the hours for related and supplemental instruction reported to each local educational agency by a participating apprenticeship program sponsor, pursuant to Section 8152, are eligible for reimbursement pursuant to Section 8152." Consequently, the audit guide requires auditors to "Select a representative sample of students and verify the hours claimed for RSI, as reported by a participation apprenticeship program sponsor pursuant to Education Code sections 8150.5, 8152, and 79149.3, are eligible for reimbursement, by tracing the hours reported for reimbursement to source documents (i.e. student sign in sheets)."

Condition:

The District incorrectly reported apprenticeship hours for several students, resulting in two instances of understatement amounting to 49 hours of understatement and two instances of overstatement of hours of participation amounting to 49.5 hours of overstatement. Taken together, the variances resulted in culminated in an overstatement of 0.5 hours. We note that this is a repeat finding from the prior year.

Questioned Costs:

The District's FY1920 Apprenticeship Attendance Report, certified and submitted to the CCCC was overstated, however there is no anticipated questioned cost due to the underfunded status of the Apprenticeship Education program, which causes valid participation hours to be well in excess of funded hours.

Context:

The District reported 44,162 Apprentice Hours of Instruction in 1st Period on the Apprenticeship Attendance Report. We selected 25 apprenticeship students across all three programs, PLM, HVC and VTA. For two of our student selections, we noted an overstatement of participation hours claimed on the Apprenticeship Attendance Report relative to source documents. For an additional two of our student selections, we noted an understatement of participation hours claimed on the Apprenticeship Attendance Report relative to source documents.

Effect:

Due to the netting of two instances of understatement and two instances of overstatement identified in our sample, Apprentice Hours of Instruction were overstated by 0.5 hours.

Cause:

Clerical error during the transfer of information from the District's third-party Apprenticeship partner to the District's departmental staff.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section IV – State Award Findings and Questioned Costs, continued

**FINDING #2020-001: 444 – APPRENTICESHIP RELATED AND SUPPLEMENTAL INSTRUCTION (RSI)
FUNDS, continued**

Recommendation:

It is recommended that the District review the methods used to obtain and review Apprenticeship attendance information from its third-party program partners. In addition, it is recommended that the District amend the FY1920 Apprenticeship Attendance Report, which will ensure that if the program is subsequently fully funded, the overstated hours are not erroneously funded.

Management's Response and Corrective Action Plan:

Management has noted the finding and has initiated procedures to actively monitor Apprenticeship attendance in conjunction with the program operator. Management has also initiated an enrollment and attendance review at the completion of each segment on this Apprenticeship program. Management will revise the RSI estimate to meet actuals in the first quarter 20/21 report to the State.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

FINDING #2019-001: AP 6250 – BUSINESS AND FISCAL AFFAIRS

Criteria or Specific Requirement:

District administrative procedures require the monitoring and revenue management of locally generated revenues such as interest income, property taxes, non-resident tuition and other miscellaneous sources of funds.

Condition:

In our testing of the District's Café revenue we noted that provisions of the contract with the Café vendor were unclear as to which elements of commission were applicable, and documentation of proper monitoring was not in place. In addition, multiple elements of the contract were not met by the vendor.

Questioned Costs:

From contract inception in September 2013, through June 2019 (the most recently available period during the audit visit), we noted an estimated potential understatement of \$106,332 based on the contract as written. Upon further inspection and District analysis, certain elements of the contract were not enforceable and had been negotiated out with the vendor during the last proposal period. No questioned costs were noted after District analysis.

Context:

The District did not collect or enforce the 6% commission on sales in excess of \$300,000 per college site per year as written in the contract. In addition, required annual donations as written in the contract do not appear to have been paid. During the proposal period these commission requirements were removed and offset by an increase in the base payment amount. The District appears to be in compliance with the contract as effective after negotiations, but the written and executed contract was not properly amended. Finally, a number of financial reports required under contract provisions were not provided to the District.

Effect:

Non-compliance with District administrative procedures.

Cause:

Lack of enforcement of contract provisions as written, and lack of proper contract management.

Recommendation:

We recommend the District establish regular reporting checklists for all contracts, including the Café, and ensure that contracts as written and executed are accurate and in effect. All changes and amendments should be document and stored with the contract so that proper monitoring can occur.

Management's Response and Corrective Action Plan:

The District is in agreement with the finding and have met with all parties involved to put procedures in place to ensure that the contracts are executed accurately and monitored throughout the terms of the agreement.

Status:

Implemented in 2019-20.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

FINDING #2019-002: 444 – APPRENTICESHIP RELATED AND SUPPLEMENTAL INSTRUCTION (RSI) FUNDS

Criteria or Specific Requirement:

Education Code Section 8152.5 states, "The Controller shall include instructions necessary to enforce this article [Apprenticeship Education] in the audit guide required by Section 14502.1. The instructions shall include, but not necessarily be limited to, procedures for verifying if the hours for related and supplemental instruction reported to each local educational agency by a participating apprenticeship program sponsor, pursuant to Section 8152, are eligible for reimbursement pursuant to Section 8152." Consequently, the audit guide requires auditors to "Select a representative sample of students and verify the hours claimed for RSI, as reported by a participation apprenticeship program sponsor pursuant to Education Code sections 8150.5, 8152, and 79149.3, are eligible for reimbursement, by tracing the hours reported for reimbursement to source documents (i.e. student sign in sheets)."

Condition:

The District incorrectly reported apprenticeship hours for several dropped students in excess of the actual hours they had participated in the program.

Questioned Costs:

The District's FY1819 Apprenticeship Attendance Report, certified and submitted to the CCCCCO was overstated, however there is no anticipated questioned cost due to the underfunded status of the Apprenticeship Education program, which causes valid participation hours to be well in excess of funded hours.

Context:

The District reported 132,835 Apprentice Hours of Instruction in 1st Period on the Apprenticeship Attendance Report. We selected 25 apprenticeship students across all three programs, PLM, HVC and VTA. For two of our student selections, we noted an overstatement of participation hours claimed on the Apprenticeship Attendance Report relative to source documents.

Effect:

Due to two dropped students being reported at full participation, Apprentice Hours of Instruction were overstated by 388.31 hours.

Cause:

Clerical error during the transfer of information from the District's third party Apprenticeship partner to the District's departmental staff.

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

**FINDING #2019-002: 444 – APPRENTICESHIP RELATED AND SUPPLEMENTAL INSTRUCTION (RSI)
FUNDS, continued**

Recommendation:

It is recommended that the District review the methods used to obtain and review Apprenticeship attendance information from its third-party program partners. In addition, it is recommended that the District amend the FY1819 Apprenticeship Attendance Report, which will ensure that if the program is subsequently fully funded, the overstated hours are not erroneously funded.

Management's Response and Corrective Action Plan:

Management has noted the finding and has initiated procedures to actively monitor Apprenticeship attendance in conjunction with the program operator. Management has also initiated an enrollment and attendance review at the completion of each segment on this Apprenticeship program. Management will revise the RSI estimate to meet actuals in the first quarter 19/20 report to the State.

Status:

See finding 2020-001.

UNAUDITED SUPPLEMENTARY INFORMATION

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2020**

	General Fund Unrestricted	General Fund Restricted	General Obligation Bonds Debt Service Fund	Retiree Health Benefits Fund	Lease Revenue Bond Debt Service Fund	Child Development Fund
ASSETS						
Cash and equivalents	\$ 65,365,270	\$ 7,928,011	\$ 49,102,006	\$ 11,140,375	\$ 373,943	\$ 452,626
Accounts receivable, net	3,943,218	3,075,449	130,920	25,000	-	2,496
Prepaid assets	2,044,112	-	-	17,923	-	-
Total Assets	\$ 71,352,600	\$ 11,003,460	\$ 49,232,926	\$ 11,183,298	\$ 373,943	\$ 455,122
LIABILITIES						
Accounts payable and accrued expenses	\$ 5,323,962	\$ 1,097,266	\$ -	\$ 55,811	\$ -	\$ 13,882
Deferred revenue	5,588,057	7,743,748	-	-	-	-
Compensated absences	1,312,782	-	-	-	-	-
Total Liabilities	12,224,801	8,841,014	-	55,811	-	13,882
FUND EQUITY						
Restricted	-	2,162,446	49,232,926	11,127,487	373,943	441,240
Unrestricted	59,127,799	-	-	-	-	-
Total Fund Equity	59,127,799	2,162,446	49,232,926	11,127,487	373,943	441,240
Total Liabilities and Fund Equity	\$ 71,352,600	\$ 11,003,460	\$ 49,232,926	\$ 11,183,298	\$ 373,943	\$ 455,122

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEETS
JUNE 30, 2020**

	Capital Outlay Projects Fund	General Obligation Bond Fund	Community Education Workforce and Economic Development Fund	Entrepreneurial Funds	Student Financial Aid Fund	Total
ASSETS						
Cash and equivalents	\$ 8,788,008	\$ 250,287,462	\$ 1,292,883	\$ 2,080,727	\$ (919,557)	\$ 395,891,754
Accounts receivable, net	2,465,466	1,886,281	171,181	36,007	949,825	12,685,843
Prepaid assets	-	-	-	-	-	2,062,035
Total Assets	\$ 11,253,474	\$ 252,173,743	\$ 1,464,064	\$ 2,116,734	\$ 30,268	\$ 410,639,632
LIABILITIES						
Accounts payable and accrued expenses	\$ 592,693	\$ 8,644,175	\$ 72,187	\$ 103,768	\$ -	\$ 15,903,744
Deferred revenue	117,733	-	3,100	-	1,400	13,454,038
Compensated absences	-	-	-	-	-	1,312,782
Total Liabilities	710,426	8,644,175	75,287	103,768	1,400	30,670,564
FUND EQUITY						
Restricted	10,543,048	243,529,568	-	-	-	317,410,658
Unrestricted	-	-	1,388,777	2,012,966	28,868	62,558,410
Total Fund Equity	10,543,048	243,529,568	1,388,777	2,012,966	28,868	379,969,068
Total Liabilities and Fund Equity	\$ 11,253,474	\$ 252,173,743	\$ 1,464,064	\$ 2,116,734	\$ 30,268	\$ 410,639,632

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	General Fund Unrestricted	General Fund Restricted	General Obligation Bonds Debt Service Fund	Retiree Health Benefits Fund	Lease Revenue Bond Debt Service Fund	Child Development Fund
REVENUES						
Federal	\$ 5,353	\$ 4,669,696	\$ -	\$ -	\$ 850,402	\$ 35,653
State	9,974,445	16,246,069	129,770	-	-	401,682
Local	163,125,345	6,091,200	45,266,851	-	88,554	1,462,194
Total Revenues	173,105,143	27,006,965	45,396,621	-	938,956	1,899,529
EXPENDITURES						
Academic salaries	60,320,326	4,894,030	-	-	-	-
Classified salaries	24,908,824	7,914,998	-	-	-	1,405,624
Employee benefits	32,856,847	4,244,490	-	4,358,996	-	642,839
Supplies and materials	632,800	1,389,108	-	-	-	59,089
Other operating expenses	10,379,133	4,075,671	-	56,876	-	43,054
Capital outlay	107,739	1,596,319	-	-	-	-
Debt Service - Principal	13,410,695	-	12,560,000	-	10,659,305	-
Debt Service - Interest and other issuance costs	9,094,995	-	25,252,604	-	3,491,013	-
Total Expenditures	151,711,359	24,114,616	37,812,604	4,415,872	14,150,318	2,150,606
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	21,393,784	2,892,349	7,584,017	(4,415,872)	(13,211,362)	(251,077)
OTHER FINANCING SOURCES (USES)						
Operating transfer in	1,403	435,099	-	4,415,871	4,730,122	34,500
Operating transfer out	(17,495,356)	(50,422)	-	-	(9,890)	(4,501)
Other sources	23,382	-	-	-	-	-
Other uses	(150,857)	(3,226,809)	-	-	-	(28,006)
Total Other Financing Sources (Uses)	(17,621,428)	(2,842,132)	-	4,415,871	4,720,232	1,993
NET CHANGE IN FUND BALANCE	3,772,356	50,217	7,584,017	(1)	(8,491,130)	(249,084)
FUND BALANCE - BEGINNING	55,355,443	2,112,229	41,648,909	11,127,488	8,865,073	690,324
FUND BALANCE - ENDING	\$ 59,127,799	\$ 2,162,446	\$ 49,232,926	\$ 11,127,487	\$ 373,943	\$ 441,240

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
GOVERNMENTAL FUNDS
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

	Capital Outlay Projects Fund	General Obligation Bond Fund	Community Education Workforce and Economic Development Fund	Entrepreneurial Funds	Student Financial Aid Fund	Total
REVENUES						
Federal	\$ -	\$ -	\$ -	\$ -	11,413,951	\$ 16,975,055
State	1,801,676	-	-	-	1,126,697	29,680,339
Local	5,573,739	5,175,524	2,147,084	1,373,389	-	230,303,880
Total Revenues	7,375,415	5,175,524	2,147,084	1,373,389	12,540,648	276,959,274
EXPENDITURES						
Academic salaries	-	-	90,603	87,281	-	65,392,240
Classified salaries	47,017	1,377,228	1,615,895	457,025	252,207	37,978,818
Employee benefits	4,152	550,088	421,388	167,985	900	43,247,685
Supplies and materials	121,843	-	51,539	92,445	-	2,346,824
Other operating expenses	2,098,300	13,730	763,810	466,706	-	17,897,280
Capital outlay	4,545,939	24,619,026	44,848	131,401	-	31,045,272
Debt Service - Principal	-	-	-	-	-	36,630,000
Debt Service - Interest and other issuance costs	-	5,289	-	-	-	37,843,901
Total Expenditures	6,817,251	26,565,361	2,988,083	1,402,843	253,107	272,382,020
EXCESS/(DEFICIENCY) OF REVENUES OVER EXPENDITURES	558,164	(21,389,837)	(840,999)	(29,454)	12,287,541	4,577,254
OTHER FINANCING SOURCES (USES)						
Operating transfer in	5,000,000	-	-	469,978	30,000	15,116,973
Operating transfer out	-	-	(7,828)	(374,542)	(33,643)	(17,976,182)
Other sources	-	-	-	-	-	23,382
Other uses	-	-	(6,110)	-	(12,276,958)	(15,688,740)
Total Other Financing Sources (Uses)	5,000,000	-	(13,938)	95,436	(12,280,601)	(18,524,567)
NET CHANGE IN FUND BALANCE	5,558,164	(21,389,837)	(854,937)	65,982	6,940	(13,947,313)
FUND BALANCE - BEGINNING	4,984,884	264,919,405	2,243,714	1,946,984	21,928	393,916,381
FUND BALANCE - ENDING	\$ 10,543,048	\$ 243,529,568	\$ 1,388,777	\$ 2,012,966	\$ 28,868	\$ 379,969,068

**WEST VALLEY-MISSION COMMUNITY COLLEGE DISTRICT
NOTE TO UNAUDITED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - PURPOSE OF SCHEDULES

Fund Financial Statements

The accompanying financial statements report the governmental fund 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.